

IN THE
Supreme Court of the United States

B&B HARDWARE, INC.,

Petitioner,

v.

HARGIS INDUSTRIES, INC.,
D/B/A SEALTITE BUILDING FASTENERS,
D/B/A EAST TEXAS FASTENERS, *et al.*,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE EIGHTH CIRCUIT

**BRIEF OF THE NEW YORK
INTELLECTUAL PROPERTY LAW
ASSOCIATION AS *AMICUS CURIAE* IN
SUPPORT OF RESPONDENTS**

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INTEREST OF *AMICUS CURIAE*

The New York Intellectual Property Law Association (“NYIPLA” or “Association”) respectfully submits this *amicus curiae* brief in support of Respondents, Hargis Industries, Inc., d/b/a Sealtite Building Fasteners, d/b/a East Texas Fasteners, *et al.* (“Respondents”).¹

The arguments set forth herein were approved on October 16, 2014 by an absolute majority of the officers and members of the Board of Directors of the NYIPLA, including any officers or directors who did not vote for any reason, including recusal, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Committee on *Amicus* Briefs who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party in this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters that may be affected by the outcome of this litigation.

1. Respondents consented to the filing of *amicus curiae* briefs in support of either party or neither party in a docket entry dated August 15, 2014, and Petitioner consented to the filing of *amicus curiae* briefs in support of either party or neither party in separate docket entry dated September 3, 2014. Pursuant to Sup. Ct. R. 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the NYIPLA, its members, or its counsel made a monetary contribution to its preparation or submission.

The NYIPLA is a professional association of approximately 1,300 attorneys whose interests and practices lie in the area of patent, trademark, copyright, trade secret and other intellectual property law. The Association's members are frequent participants in federal litigations and in administrative proceedings before the United States Patent and Trademark Office ("PTO") and the Trademark Trial and Appeal Board ("TTAB") with respect to trademark claims brought under the Trademark Act of 1946 (the "Lanham Act"), 15 U.S.C. §§ 1051 *et seq.*, state law and common law, and therefore are interested in the development of clear, consistent, and equitable principles of trademark law.

The NYIPLA's members and their respective clients have a strong interest in this case because it will provide settled expectations with respect to the preclusive effect a TTAB decision will have in a later litigation. Because NYIPLA's members regularly practice before both the TTAB and district courts in trademark disputes, and because their preparation for trial in TTAB proceedings and trademark infringement litigations depends on knowing the effect one will have on the other, NYIPLA members and their clients have a particularly strong interest in clarifying the controlling law at issue in this case.

SUMMARY OF ARGUMENT

NYIPLA urges the Court not to apply issue preclusion as a matter of law in district court cases involving allegations of infringement caused by use of a trademark that has been the subject of a final determination by the TTAB concerning that mark's registrability. In

NYIPLA's experience, the issues presented in and the focus of a federal trademark registration proceeding are fundamentally different than in an infringement action, and issue preclusion should not apply as a matter of course. Instead, if the record demonstrates that the TTAB fairly considered the context of the marketplace in a meaningful way when it determined whether a mark meets the statutory requirements for registration on the Principal Register, then it may be appropriate for a district court to afford minimal evidentiary weight to the decision on the narrow issue of entitlement to registration.

BACKGROUND

Prior to commencing the instant litigation, Petitioner B&B Hardware, Inc. ("B&B") commenced a proceeding in the TTAB opposing an application filed by Respondents Hargis Industries, Inc. that sought to register the mark SEALTITE for self-drilling and self-tapping metal screws commonly used in the construction of metal buildings. While the TTAB proceedings were pending, Petitioner brought a trademark infringement action against the Respondents in the United States District Court for the Eastern District of Arkansas.² Petitioner alleged that Respondents' use of SEALTITE in connection with its fastener products infringed Petitioner's use of SEALTIGHT in connection with purportedly related goods.

2. Petitioner's action was initially dismissed by the district court on collateral estoppel grounds because of an earlier filed litigation between the parties. The United States Court of Appeals for the Eighth Circuit reversed that holding. *B&B Hardware, Inc. v. Hargis Indus.*, 569 F.3d 383 (8th Cir. 2009), *cert. denied*, 558 U.S. 1113 (2010).

The TTAB ultimately sustained Petitioner's opposition, finding that Respondents' SEALTITE mark was likely to cause confusion with the prior SEALTIGHT mark for metal fasteners and screws used by Respondents in the aerospace industry. Petitioner then urged the district court that the TTAB's likelihood of confusion determination should be given preclusive effect or deference, which the district court rejected. The jury subsequently returned a verdict in favor of Respondents, finding that Respondents' use of the SEALTITE mark was not likely to cause confusion.

The district court also rejected Petitioner's request for a new trial on preclusion grounds. The Eighth Circuit affirmed the district court's decision.

ARGUMENT

I. A TTAB DECISION SHOULD NOT BE ENTITLED TO PRECLUSIVE EFFECT AS A MATTER OF COURSE

The doctrine of issue preclusion seeks to “protect against ‘the expense and vexation attending multiple lawsuits, conserv[e] judicial resources, and foste[r] reliance on judicial action by minimizing the possibility of inconsistent decisions.” *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008) (quoting *Montana v. United States*, 440 U.S. 147, 153-154 (1979)). For issue preclusion to apply, the following four *Montana* factors must be met:

- (1) the issues in both proceedings must be identical,

(2) the issue in the prior proceeding must have been actually litigated and actually decided,

(3) there must have been a full and fair opportunity for litigation in the prior proceeding, and

(4) the issue previously litigated must have been necessary to support a valid and final judgment on the merits.

Id. Because, as a practical matter, the first factor is not generally met, issue preclusion on the likelihood of confusion should not automatically apply any time a former TTAB party seeks relief in federal court regarding use of the same marks that were involved in a registration dispute before the TTAB. Likewise, the third factor is also not usually met because of the TTAB's historical practice of not considering the same scope of discovery as that presented in a federal litigation.

A. The First *Montana* Factor Is Not Met Because the Standards for Assessing “Likelihood of Confusion” Are Different

At its heart, the inquiry and the determination made by the TTAB in a registration opposition or cancellation proceeding, while related, are not identical to the inquiry and determination made by a district court in an infringement action.

The sole function of the TTAB is “to determine and decide the respective rights of registration.” 15 U.S.C.

§ 1067. The TTAB only determines whether a mark is entitled to registration, not “broader questions of infringement and unfair competition.” TTAB Manual of Examining Procedure § 102.01 (3d ed. 2011) (“The Board is empowered to determine only the right to register. The Board is not authorized to determine the right to use, nor may it decide broader questions of infringement or unfair competition.”); *see also Skookum Packers’ Ass’n v. Pacific Nw. Canning Co.*, 45 F.2d 912, 915 (C.C.P.A. 1930), *cert. denied*, 283 U.S. 858 (1931) (noting that the court’s decision to deny applicant’s registration application “is based wholly upon the question of the right to register, and not the right of appellee to use its mark”).

In contrast, a district court is empowered to address both registrability and infringement. *See* 15 U.S.C. §§ 1114 and 1125. The central differences in focus and function between the TTAB and the courts affect the standards that they each apply to assess whether a mark is entitled to registration and whether it infringes or may be used. *See Harry Winston, Inc. v. Bruce Winston Gem Corp.*, 111 U.S.P.Q.2d 1419, 1445 (T.T.A.B. July 9, 2014) (admissions in litigation are not relevant to a TTAB opposition proceeding because the “registration requested in the application is not limited to the types of commercial activities that applicant was engaged in at the time of trial”). The TTAB concentrates on the four corners of the application because its focus is on registrability. *Octocom Sys. Inc. v. Houston Computer Servs.*, 918 F.2d 937, 942 (Fed. Cir. 1990) (“[T]he question of registrability of an applicant’s mark must be decided on the basis of the identification of goods set forth in the application regardless of what the record may reveal as to the particular nature of an applicant’s goods, the particular channels of trade or the class of purchasers to which sales of the goods are directed.”)

Because the emphasis is on the identified goods and services in the application/registration, the TTAB often expressly rejects consideration of marketplace realities and the parties' use of their respective marks. *See Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317 (Fed. Cir. 2014) (sustaining opposition and limiting evidentiary review to services identified in the application rather than a consideration of actual use by the applicant); *Coach Servs., Inc. v. Triumph Learning LLC*, 96 U.S.P.Q.2d 1600, 1608 (T.T.A.B. Sept. 17, 2010) (refusing to consider evidence of use of the mark on goods that were not identified in the application and instead presuming scope of goods and channels of trade based on the identified goods in the application); *Lacoste Alligator S.A. v. Maxoly, Inc.*, 91 U.S.P.Q.2d 1594, 1598 (T.T.A.B. July 31, 2009) (rejecting applicant's argument that clothing is intended for a particular community noting that "the question of likelihood of confusion must be determined on the basis of the goods set forth in the application and opposer's registration, rather than on what any evidence may show those goods to be"); *Tea Board of India v. Republic of Tea, Inc.*, 80 U.S.P.Q.2d 1881, 1897 (T.T.A.B. Aug. 23, 2006) ("Because the goods are identical and there are no restrictions in the identification of goods, the channels of trade as well as the purchasers for such goods are deemed identical. It is not significant, either in law or fact, that the channels of trade for opposer's certified tea may actually be broader than applicant's channels of trade.").

In *Stone Lion Capital*, the Federal Circuit affirmed the TTAB's decision to only consider the broad scope of the services recited in the application instead of the parties' actual investment practices. 746 F.3d at 1323-24. The

court held that the latter assessment “would be improper because the services recited in the application determine the scope of the post-grant benefit of registration.” *Id.* at 1324. This notion is especially true when the application is based upon an intent-to-use, because if a party chooses to broadly define its goods and services, that description will guide the TTAB regardless of whether the actual services rendered are narrower. *Id.*

Even though the TTAB and a court may be evaluating what seem to be similar factors, their approaches and analyses involve distinct perspectives and the consideration of vastly different evidence. *Jim Beam Brands Co. v. Beamish & Crawford, Ltd.*, 937 F.2d 729, 734 (2d Cir. 1991), *cert. denied*, 502 U.S. 1094 (1992) (refusing to apply collateral estoppel in a litigation subsequent to a cancellation proceeding because “the factual frame of reference used by the adjudicating body is different”). For example, in assessing whether marks are similar in sight, sound, meaning and commercial impression, if the drawing for at least one of the marks is in standard character form, the TTAB will compare the marks visually and phonetically without regard to the intended stylization. *See, e.g., Cunningham v. Laser Golf Corp.*, 222 F.3d 943, 950 (Fed. Cir. 2000) (“Registrations with typed drawings are not limited to any particular rendition of the mark and, in particular, are not limited to the mark as it is used in commerce.”); *Squirtco v. Tomy Corp.*, 697 F.2d 1038, 1041 (Fed. Cir. 1983) (rejecting argument that SQUIRT SQUAD in standard letters is distinct from SQUIRT registered in “distinctive lettering on a dark medallion”).

In contrast, in a litigation, the court’s analysis of this critical “similarity” factor will assess the visual similarities as well as the marks’ actual pronunciation, stylization and appearance in the marketplace. *See, e.g., Federal Express Corp. v. Federal Espresso, Inc.*, 201 F.3d 168 (2d Cir. 2000) (affirming lower court’s finding that the marks were not confusingly similar because they have different pronunciations and use different typefaces, colors and logos); *Spring Mills, Inc. v. Ultracashmere House, Ltd.*, 689 F.2d 1127, 1130 (2d Cir. 1982) (“[A]n inquiry into the degree of similarity between two marks does not end with a comparison of the marks themselves. . . . ‘the setting in which a designation is used affects its appearance and colors the impression conveyed by it.’”) (citations omitted)).

Similarly, with respect to other factors, like the relatedness of the goods and the channels of trade, the TTAB presumes that the goods will move through the ordinary channels of trade for those types of goods and often refuses to consider whether the particular goods are a certain type (i.e., luxury or inexpensive) if the registration or application does not contain such a restriction. *See, e.g., Stone Lion Capital*, 746 F.3d at 1323 (“Even assuming there is no overlap between [the parties’] current customers, the Board correctly declined to look beyond the application and registered marks at issue. An application with ‘no restriction on trade channels’ cannot be ‘narrowed by testimony that the applicant’s use is, in fact, restricted to a particular class of purchasers.’”) (quoting *Octocom Sys.*, 918 F.2d at 943)); *L’Oreal S.A. v. Marcon*, 102 U.S.P.Q.2d 1434, 1441 (T.T.A.B. Mar. 20, 2012) (presuming that applicant’s drinks and opposer’s cosmetics will be sold to the same classes of

purchasers, through the same channels of trade, because the application and registrations contain no restrictions); *Brown Shoe Co. v. Robbins*, 90 U.S.P.Q. 2d 1752, 1774-75 (T.T.A.B. May 13, 2009) (rejecting applicant’s argument that opposer presented no evidence of actual usage of the goods or channels of trade as “misplaced” because the TTAB presumes that the goods are sold in the same channels of trade where the identified goods are identical).

In contrast, a court will consider marketplace realities including actual purchase price points, packaging, advertising, merchandising markets and targeted consumer. *See, e.g., Network Automation Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011) (vacating preliminary injunction finding that the district court erred by not considering the goods “in conjunction with the labeling and appearance of the advertisements and the degree of care exercised by the consumers ... By weighing this factor in isolation and failing to consider whether the parties’ status as direct competitors would actually lead to a likelihood of confusion, the district court allowed this factor to weigh too heavily in the analysis”); *Betterbox Commc’n, Ltd. v. BB Tech., Inc.*, 300 F.3d 325 (3d Cir. 2002) (affirming declaration of no infringement allowing evidence of foreign registrations as probative of defendant’s intent; concurrent opposition proceeding pending before TTAB); *Checkpoint Sys., Inc. v. CheckPoint Software Tech., Inc.*, 269 F.3d 270 (3d Cir. 2001) (affirming lower court’s conclusion that although the goods fall under the same general product category, they operate in distinct niches making confusion unlikely); *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 504 (2d Cir. 1996) (finding that the “separation between the markets for luncheon meat and

puppet entertainment carries over into the secondary merchandising market”); *W.W.W. Pharmaceutical Co. v. Gillette Co.*, 984 F.2d 567, 574 (2d Cir. 1993) (finding that while both products are sold in drug stores, lip balm is generally sold at the checkout counter and deodorant is sold in its own section); *Anheuser-Busch, Inc. v. L&L Wings, Inc.*, 962 F.2d 316 (4th Cir.), *cert. denied*, 506 U.S. 872 (1992) (affirming jury verdict that confusion not likely based upon manner in which the junior mark appeared on the goods); *Union Carbide Corp. v. Every-Ready, Inc.*, 531 F.2d 366, 384 (7th Cir. 1976) (“Assuming the clerk was confused, this gives rise to an inference that purchasers would also be confused because salespersons are more likely than customers to be familiar with various marks on the merchandise they sell and hence are less likely to be confused.”).

Although the Eighth Circuit did not specifically examine these issues, it correctly held that the likelihood of confusion analysis conducted by the TTAB is not identical to the likelihood of confusion determination made by the district court. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 716 F.3d 1020, 1026-27 (8th Cir. 2013). Nor should they be. The TTAB places a premium on the precise description of goods and services identified in the application rather than actual use by either party. This makes sense because it is the mark as presented in the application that is being analyzed and approved or disapproved. In litigation, however, it is actual use of the mark that is at issue. Marketplace realities, in this context, can make all the difference with respect to whether consumer confusion is indeed likely. Because the consideration of evidence and assessment of the confusion factors is different before the TTAB and a court, the first *Montana* factor is not present,

and a TTAB decision should not be given preclusive effect in a subsequent litigation.

B. The Third *Montana* Factor Is Not Met Because the Parties Are Not Usually Given a Full and Fair Opportunity for Litigation

Because the issues presented before a district court and the TTAB are different, parties deliberately choose to garner and present different types of evidence within each forum. Moreover, the TTAB prohibits the use of some discovery devices that are routine in a district court, and the trial before the TTAB is done by deposition testimony rather than live testimony. As the analysis, evidence and manner of trial are different, the third *Montana* factor – that the parties were given a full and fair opportunity for litigation – is not likely to be met.

For example, the quality of the defendant's goods is an important factor in many courts' infringement analyses, including the Second Circuit. Under this factor, a court examines "whether the senior user's reputation could be jeopardized by virtue of the fact that the junior user's product is of inferior quality." *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 398 (2d Cir. 1995) (citations omitted); see also *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 152 (2d Cir. 2003) ("The quality of the secondary user's product goes more to the harm that confusion can cause the plaintiff's mark and reputation than to the likelihood of confusion."). Notably absent from the *DuPont* factors considered by the TTAB is an assessment of whether the quality of the applicant's products will have an adverse effect on the senior rights holder's reputation and goodwill. Compare *Polaroid Corp. v. Polarad Elecs. Corp.*, 287

F.2d 492 (2d Cir. 1961) (listing eight factors considered for determining likelihood of confusion in the Second Circuit) *with In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973) (listing thirteen factors considered for determining likelihood of confusion in TTAB proceedings).

As another example, surveys are designed differently depending on the forum. For a TTAB proceeding, the respondent is presented with the mark as it appears in the drawing. *See Miles Labs., Inc. v. Naturally Vitamin Supplements Inc.*, 1 U.S.P.Q.2d 1445 (T.T.A.B. Dec. 2, 1986). But in a litigation, the respondent is shown the party's product or packaging displaying the mark as it appears in the marketplace. Indeed, failure to replicate market conditions may be a basis to exclude a survey from evidence. *THOIP v. Walt Disney Co.*, 690 F. Supp. 2d 218, 231 (S.D.N.Y. 2010) (noting that greater evidentiary weight is afforded to survey methods that "mirror the situation in which the ordinary person would encounter the trademark"). These designs and methodology may lead to different results depending on numerous factors, including the description of the goods and the stylization of the mark.

These two examples highlight the degree to which the very nature of discovery is different depending on the forum because the issue of registration is narrower than the issue of infringement. This practical reality explains why parties often opt not to expend resources on discovery depositions in a TTAB proceeding as opposed to a litigation where depositions are often critical. In fact, the TTAB even discourages the parties from engaging in electronic discovery, which is routine in a federal case. *See Frito-Lay N. Am., Inc. v. Princeton Vanguard, LLC*, 100

U.S.P.Q.2d 1904 (T.T.A.B. Nov. 16, 2011) (denying request for e-discovery on the grounds that the TTAB has limited jurisdiction and such discovery is unduly burdensome).

Thus, in NYIPLA's experience, the TTAB rarely considers the "context of the marketplace" thoroughly enough to allow a court to conclude that the parties have had a full and fair opportunity to litigate the issue of likelihood of confusion in an infringement context. For this reason, the third *Montana* factor is not met and issue preclusion should not be applied.

C. The Plain Language of the Lanham Act Does Not Compel a Different Result

Petitioner's argument that the statutory text "likely ... to cause confusion" appears in both the registration and infringement provisions of the Lanham Act, and thus, must be interpreted to trigger identical analysis, is overly simplistic. The registration provision of the Lanham Act reads:

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it ... (d) consists of or comprises a mark which so resembles *a mark registered* in the Patent and Trademark Office ... as to be likely, *when used on or in connection with the goods of the applicant*, to cause confusion

15 U.S.C. § 1052(d) (emphasis added). By contrast, the infringement provision of the Lanham Act reads:

Any person who shall, without the consent of the registrant ... *use in commerce* any reproduction, counterfeit, copy, or colorable imitation of a registered mark *in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use* is likely to cause confusion, or to cause mistake, or to deceive....

15 U.S.C. § 1114(1)(a) (emphasis added). Whether the Court construes the Lanham Act with ordinary construction, *FDIC v. Meyer*, 510 U.S. 471, 476 (1994), or the Court looks to the policies of the Lanham Act, *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1388 (2014), the conclusion is the same: the courts and the TTAB make different inquiries and consider different evidence when assessing a likelihood of confusion and a TTAB decision should, therefore, not be given preclusive effect.

The plain language of the statute demonstrates the different functions of the two governing bodies. First, the powers of the TTAB are restricted to deciding the sole issue of registration based upon a comparison of the application to the prior trademark. Pursuant to the registration provision, a “likely ... to cause confusion” determination concerns a comparison of a mark as set forth in a trademark application to a mark as stated in a previous registration. 15 U.S.C. § 1052(d). The infringement provision, on the other hand, requires that the “likely ... to cause confusion” finding be made only after a later filed mark is actually “use[d] in commerce ... in connection with the sale, offering for sale, distribution, or advertising of any goods or services....” 15 U.S.C. § 1114(1)(a). The TTAB cannot issue a decision that pertains to

whether the mark can be used in commerce, just whether it is registrable. *See Skookum Packers*, 45 F.2d at 915 (“It may well be that, in a suit in equity between the parties, appellee may successfully invoke the doctrine of estoppel against appellant, but the registration of a trade-mark is a statutory proceeding, and the statute governs the rights of the parties so far as registration is concerned. . . . Nothing in this opinion should be construed as implying that appellee has not the right to use its mark; our decision is based wholly upon the question of the right to register, and not the right of appellee to use its mark.”).

Second, the practical difference between the statutory language is that a lawsuit cannot be based on an intent-to-use application (whether as a plaintiff or a defendant), whereas such an intent-to-use application can be the subject of a TTAB proceeding. The evidentiary consequence is that in proceedings involving an intent-to-use application, the TTAB presumes the parties’ channels of trade and targeted consumers based on the goods or services identified in the application. If that same application was later the subject of a litigation, a court should be able to consider the actual channels of trade and targeted consumers, and not be bound to a decision based on a presumption.

Even where the TTAB applied presumptions when considering confusion factors for determining registrability that are similar to those assessed by a court for determining infringement, its decision should not automatically be given preclusive effect in a litigation. In other words, while the factors may be similarly named, the relevant evidence considered is usually fundamentally different. Thus, based on the statutory language alone,

issue preclusion should not apply as a matter of law in every subsequent infringement action.

In NYIPLA's view, it is appropriate that the procedure before the administrative agency TTAB is more limited than before a district court because the issue of registrability is much narrower than whether a mark can be used without the risk of confusion. Allowing a TTAB decision preclusive effect will likely have a dramatic impact on the manner in which evidence is presented before the TTAB. The parties' current practices before the TTAB are generally efficient and cost-effective. The looming prospect that an adverse decision may be given a preclusive effect in a subsequent litigation is likely to affect trial strategy before the TTAB and encourage litigants to engage in discovery practice usually reserved for a federal case rather than a traditionally limited administrative proceeding. To hold otherwise can turn what to date has been a discrete litigation before an administrative agency into a more extensive and costly proceeding. For this additional policy reason – to maintain the status quo that TTAB proceedings are generally more cost-efficient than litigations – the Court should affirm the decision below.

II. MINIMAL EVIDENTIARY WEIGHT SHOULD ONLY BE GIVEN ON THE RARE OCCASION THAT THE TTAB CONSIDERS THE MARKETPLACE CONTEXT IN A MEANINGFUL WAY

The Eighth Circuit properly ruled below that the district court was not required to give deference to the TTAB decision because the issues litigated and the

evidence presented were not identical.³ While, at times, the TTAB has considered some marketplace usage, this is often an exception to the rule. This is why the Second Circuit has suggested that, in order for a district court to accord a collateral estoppel effect to a TTAB proceeding, the TTAB “must have taken into account, in a meaningful way, the context of the marketplace.” *Levy v. Kosher Overseers Ass’n of Am., Inc.*, 104 F.3d 38, 42 (2d Cir. 1997); see also *FirstHealth of Carolinas v. Carefirst of Maryland*, 479 F.3d 825, 828 (Fed. Cir. 2007) (“The Board’s decision does not bar CareFirst from using the CAREFIRST mark or from asserting that mark in subsequent claims against FirstHealth for trademark infringement or unfair competition. ... Although the Board’s findings may preclude CareFirst from re-litigating the narrow issues addressed by the Board in the opposition proceeding, the CAREFIRST mark may still be used to cause “damage” by means that do not involve inquiries into likelihood of confusion or dilution.”).

In NYIPLA’s experience, this circumstance will be rare.

3. The issue below concerned what “deference,” if any, should be afforded to the TTAB’s determination on a likelihood of confusion. However, in NYIPLA’s view, because the district court is not reviewing a TTAB decision on appeal further to the Administrative Procedure Act, but rather it is considering whether to afford preclusive effect to a decision from a parallel proceeding, NYIPLA respectfully submits that the proper question does not concern “deference” but rather what evidentiary weight, if any, should be afforded to the TTAB’s decision concerning whether a mark is entitled to registration. *Cf. Kappos v. Hyatt*, 132 S. Ct. 1690 (2012).

TTAB proceedings generally involve a much narrower set of discovery than that involved in a federal litigation, and are therefore a more cost-effective measure for a party to enforce its trademark rights as an initial measure against a perceived infringer. As discussed above, the TTAB's usual refusal to consider marketplace evidence effectively limits the scope of discovery in the administrative proceeding. As such, a party often chooses to *not* present the same evidence before the TTAB that it would normally present before a federal court, without impacting the result of a TTAB proceeding. The decision to not present evidence is based upon the customary practice and procedure of the TTAB to exclude such evidence. That marketplace usage is not considered in the administrative proceeding – whether it is because the TTAB excluded the evidence or the parties chose not to present it on the assumption that it was not cost-effective to do so because the TTAB would likely exclude it – means the parties will not have been afforded a “full and fair opportunity” to litigate the issues. *Taylor*, 553 U.S. at 892; *see also Gelb v. Royal Globe Ins. Co.*, 798 F.2d 38, 42 (2d Cir. 1986), *cert. denied*, 480 U.S. 948 (1987), *cert. denied*, 502 U.S. 1005 (1991).

For this additional reason, the Eighth Circuit properly affirmed the decision below. Although the TTAB had considered some evidence of marketplace usage, the court found that the probative value of submitting the TTAB's decision on the issue of confusion was outweighed by the prejudicial effect on the jury because the jury was presented with similar evidence regarding likelihood of confusion as it pertains to the factors considered for infringement.

Although we anticipate that it will not often happen, if the district court does determine that the TTAB has indeed fairly considered the context of the marketplace, then that TTAB decision should be afforded minimal evidentiary weight on the narrow issue of entitlement to registration and not to the issue of whether there is a likelihood of confusion.

CONCLUSION

For the foregoing reasons, the Court should affirm the decision of the Eighth Circuit.

Respectfully submitted,

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