

Administrative Trademark Decisions May Preclude Infringement Litigation

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The U.S. **Supreme Court** ruled on March 24, 2015, that ***Trademark Trial and Appeal Board*** (“**TTAB**”) decisions “can be weighty enough” to preclude a district court from litigating the likelihood of confusion between trademarks in a subsequent infringement suit. The decision in ***B&B Hardware, Inc. v Hargis Industries, Inc.*** may not settle the nearly 20-year dispute between the owners of the **SEALTIGHT** and **SEALTITE** marks; however, the ruling is likely to increase the importance of TTAB proceedings. In certain circumstances, federal district courts may be bound by TTAB determinations that trademarks are confusingly similar under the doctrine of issue preclusion. Issue preclusion prevents the same issues from being litigated more than once, saving time and resources.

As the Court explained, “[t]he full story [of the parties’ dispute] could fill a long, unhappy book.” By 2003, the year B&B filed its opposition with the TTAB to stop Hargis from obtaining a federal trademark registration for a SEALTITE mark, the parties had been litigating trademark infringement claims for eight years. B&B, the owner of a federal registration for SEALTIGHT for metal fasteners used in the aerospace industry, asserted that Hargis’ SEALTITE mark for fasteners used in building construction created a likelihood of confusion.

B&B won the TTAB opposition proceeding, and Hargis was denied federal registration of the SEALTITE mark. The TTAB determined that the SEALTITE mark was likely to cause confusion with the prior-registered SEALTIGHT mark. The TTAB made the determination based on a multi-factor likelihood of confusion analysis that examines the similarity of the marks, the goods, the customers and the trade channels, among other considerations.

In this case, the TTAB only decided the narrow issue of the right to own a federal trademark registration. In contrast to a federal court, the TTAB cannot order a party to stop using a mark. Following its loss at the TTAB, Hargis continued use of its SEALTITE mark. In subsequent infringement proceedings, B&B argued that the TTAB’s finding of a likelihood of confusion between the parties’ marks should stand, and that Hargis should not be able to re-litigate the issue. Both the district court and the Eighth Circuit rejected B&B’s argument and found that issue preclusion did not apply.

The Supreme Court reversed the Eighth Circuit and held that “[s]o long as the other ordinary elements of issue preclusion are met, when the usages adjudicated by the TTAB are materially the

same as those before the district court, issue preclusion should apply.” The Court gave several reasons for this decision, including its observation that “the same likelihood-of-confusion standard applies to both registration and infringement.”

The case is now remanded to the lower court to determine if issue preclusion should apply on these specific facts, and thus the fight over the SEALTIGHT and SEALTITE marks is likely to continue. The Court also explained that “for a great many registration decisions [from the TTAB] issue preclusion obviously will not apply because the ordinary elements will not be met.”

For example, the Court recognized the ordinary elements will not be met when the owner of a mark uses its mark in ways that are materially different from the trademark uses disclosed in a trademark application for registration. The TTAB decision will not have a preclusive effect “if the TTAB does not consider the marketplace usage of the parties’ marks[.]”

The impact of *B&B Hardware* on brand owners may be minimal. TTAB proceedings are routinely suspended for federal litigation involving the same parties and the same marks; however, parties that participate in a TTAB case will need to carefully evaluate the potential for issue preclusion in a subsequent action. Indeed, as the Court explained, “[w]hen registration is opposed, there is a good reason to think that both sides will take the matter seriously.”

For trademark owners that disagree with a TTAB decision, they can pursue a de novo review of the TTAB decision before either the Federal Circuit or a U.S. District Court. Otherwise, there is a possibility that issue preclusion may impact subsequent infringement litigation involving the same marks.

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