

No. 13-352

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IN THE  
**Supreme Court of the United States**

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B&B HARDWARE, INC.,  
*Petitioner,*

v.

HARGIS INDUSTRIES, INC.,  
D/B/A SEALTITE BUILDING FASTENERS,  
D/B/A EAST TEXAS FASTENERS, ET AL.,  
*Respondents.*

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On Writ of Certiorari  
to the United States Court of Appeals  
for the Eighth Circuit

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**BRIEF FOR PETITIONER**

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## QUESTION PRESENTED

Under the Trademark Act of 1946 (Lanham Act), a person generally may neither use nor register a mark that would be “likely to cause confusion” with an existing mark. If a person uses a mark that “is likely to cause confusion” with an existing registered mark, the owner of the registered mark may sue in federal court for trademark infringement. 15 U.S.C. § 1114(1). If a person seeks to register a mark that is “likely . . . to cause confusion” with an existing registered mark, the owner of the existing registered mark may oppose the registration of the new mark before the Trademark Trial and Appeal Board (Board). 15 U.S.C. § 1052(d); *see id.* §§ 1063, 1067(a).

In this case, petitioner B&B Hardware, Inc. (B&B), manufactures sealing fasteners and owns the registered mark “SEALTIGHT.” Respondent Hargis Industries, Inc. (Hargis), also manufactures sealing fasteners; it used and sought to register the mark “SEALTITE.” The Board held that Hargis’s mark created a likelihood of confusion with B&B’s mark.

The questions presented are as follows:

1. Whether the Board’s finding of a likelihood of confusion precludes Hargis from relitigating that issue in infringement litigation, in which likelihood of confusion is an element.
2. Whether, if issue preclusion does not apply, the district court was obliged to defer to the Board’s finding of a likelihood of confusion absent strong evidence to rebut it.

### **PARTIES TO THE PROCEEDING**

In addition to the parties named in the caption, “East Texas Fasteners” and John Does 1-10 were named as defendants in the district court and listed as appellees in the court of appeals. Only Hargis Industries, Inc., appeared as a party.

### **RULE 29.6 STATEMENT**

Petitioner has no parent corporation, and no publicly held company owns 10% or more of its stock.

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## BRIEF FOR PETITIONER

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Liability in this case turns on whether consumers would be confused by the similarity of the marks “SEALTIGHT” and “SEALTITE” (owned, respectively, by petitioner B&B Hardware and respondent Hargis Industries). The Lanham Act asks whether SEALTITE, when used by Hargis to sell construction fasteners, would be “likely . . . to cause confusion” with SEALTIGHT, which B&B uses to sell aerospace fasteners. After a lengthy adversarial proceeding, the Trademark Trial and Appeal Board (Board or TTAB) answered “yes”—confusion is likely. The marks are almost identical, the Board held, and while the parties’ fasteners are somewhat different, the evidence about the marketplace convinced the Board that the differences do not dispel the confusion. Hargis did not appeal.

The question before this Court is whether Hargis may relitigate that same question—likelihood of confusion—in district court. Under the law of judgments, the answer is no: Hargis had its chance before the Board. But the courts below refused to apply preclusion—and then disagreed with the Board on the merits, finding *no* likelihood of confusion.

The Eighth Circuit insisted that the Board and the district court considered different questions, because the Eighth Circuit thought the Board’s answer would not pass muster under circuit precedent. But disagreement is never a basis for ignoring a valid judgment. Nor did the judgment need to conform with Eighth Circuit standards anyway: under the *statute*, “likely to cause confusion” means the same thing before the Board as it does before a district court.

The parties litigated the identical dispute to completion before the Board. The lower courts erred in allowing respondent a do-over.

### OPINIONS BELOW

The decision of the court of appeals (Pet. App. 1a-20a) is reported at 716 F.3d 1020. The decision of the district court denying petitioner's post-verdict motions (Pet. App. 21a-38a) is reported at 736 F. Supp. 2d 1212. A prior decision of the court of appeals in this case is reported at 569 F.3d 383.

### JURISDICTION

The judgment of the court of appeals was entered on May 1, 2013. A petition for rehearing was denied on June 20, 2013 (Pet. App. 39a-40a). The petition for a writ of certiorari was filed on September 18, 2013, and granted on July 1, 2014. The jurisdiction of this Court rests on 28 U.S.C. § 1254(1).

### STATUTORY PROVISIONS INVOLVED

Pertinent provisions of the Trademark Act of 1946 (Lanham Act) are reprinted in the Appendix, *infra*, at 1a-15a.

### STATEMENT

**A. Under The Lanham Act, Likelihood Of Confusion Is Litigated In Both Registration Proceedings And Infringement Proceedings.**

This case concerns two of the ways in which the “likelihood of confusion” between two trademarks may be litigated under the Lanham Act. Those two

paths involve different procedures and different decisionmakers, but the same statutory question, expressed in the same statutory language: is one party's mark "likely . . . to cause confusion" with the other party's mark, when the marks are used in connection with particular goods?

1. a. The first way in which federal trademark law considers likelihood of confusion is in granting or denying registration. Registering a trademark with the Patent and Trademark Office (PTO) confers certain legal benefits.<sup>1</sup> But no trademark can be registered if it would create confusion with an existing mark. The statute provides that the PTO may not register an applicant's trademark if it "[c]onsists of or comprises a mark which so resembles a mark registered in the [PTO], or a mark or trade name previously used in the United States by another and not abandoned, as to be *likely*, when used on or in connection with the goods of the applicant, *to cause confusion*, or to cause mistake, or to deceive." 15 U.S.C. § 1052(d) (emphasis added).

When an applicant seeks to register a trademark, the PTO first examines the mark for compliance with the statutory requirements. If the PTO determines that the mark appears to be entitled to registration, the PTO will publish the mark in its Official Gazette to solicit opposition. *See id.* § 1062; 37 C.F.R. §§ 2.80, 2.101(c). At that time, the owner of a competing mark (or some other person with standing) may initiate an "opposition" proceeding within the PTO and raise the likelihood of confusion as a reason for denying registration. 15 U.S.C. § 1063.

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<sup>1</sup> *See, e.g.*, 15 U.S.C. § 1115 (registration creates presumption that the registrant has the exclusive right to use the mark).

If the registration is granted without opposition, an objection may still be raised in a “cancellation” proceeding within the PTO. After five years, a mark’s registration becomes “incontestable.” After that time, it is too late to raise some grounds for cancellation—including likelihood of confusion. *See id.* § 1064.

b. Opposition and cancellation proceedings take place before the Trademark Trial and Appeal Board (Board or TTAB). That body consists primarily of administrative trademark judges—specialist adjudicators appointed by the Secretary of Commerce—as well as certain high-ranking officials of the PTO. *See* 15 U.S.C. § 1067(b). Opposition and cancellation proceedings are known as “*inter partes*” proceedings (“between parties,” as opposed to the PTO’s *ex parte* examination of an application).<sup>2</sup> *Inter partes* proceedings are generally resolved by a three-judge panel of the TTAB.

“An *inter partes* proceeding before the Board is similar to a civil action in a federal district court.” *TTAB Manual of Procedure* § 102.03, at 100-12. In an opposition proceeding, the opposer is the plaintiff. 37 C.F.R. § 2.116(b). The plaintiff bears the burden of proof; if the opposition is not sustained, the registration must issue. 15 U.S.C. § 1063(b).

The proceedings are governed by the Federal Rules of Civil Procedure and the Federal Rules of Evidence, with limited exceptions set out in the Board’s rules. *See* 37 C.F.R. §§ 2.116(a), 2.122(a). As in district court, the parties may take written discovery and

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<sup>2</sup> If the PTO examiner rejects an application for registration, the applicant can appeal *ex parte* to the Board.

depositions. Each side then is given a specified time period to present its case-in-chief for trial, primarily by taking “testimony depositions.” *Id.* §§ 2.121, 2.123. The parties may also rely on testimony from other proceedings between the same parties. *Id.* § 2.122(f). Once testimony is complete, the parties may appear before the Board to orally argue their case. *Id.* § 2.129.

Decisions of the Board may be reviewed in either of two ways. A losing party may appeal directly to the Federal Circuit, or may instead file an action in a federal district court for review of the Board’s decision. *See* 15 U.S.C. §1071.

Federal district courts also hear direct challenges to trademark registrations under certain circumstances. A court that is already hearing an infringement action may also entertain a claim or counterclaim seeking to cancel or modify a registration. *See* 15 U.S.C. § 1119.

2. Parties may also litigate “likelihood of confusion” directly in district court. The Lanham Act creates a civil cause of action that allows the owner of a registered mark to enforce its rights against any infringement that would create a likelihood of confusion.<sup>3</sup> The statute provides for civil liability for “us[ing] 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

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<sup>3</sup> Owners of unregistered marks sue under a different provision, 15 U.S.C. § 1125(a)(1)(A), which also turns on whether the defendant’s use “is likely to cause confusion, or to cause mistake, or to deceive.”

connection with which such use is *likely to cause confusion*, or to cause mistake, or to deceive.” 15 U.S.C. § 1114(1) (emphasis added).

**B. The Board Rules That Hargis’s Mark Creates A Likelihood Of Confusion With B&B’s Mark.**

Since 2006, when the opposition proceeding began, the crucial issue between the parties has been whether Hargis’s mark SEALTITE, used with Hargis’s fasteners, creates a likelihood of confusion with B&B’s mark SEALTIGHT, used with B&B’s fasteners. The Board was the first tribunal to answer that question, and its answer was yes: after extensive examination of the marks, the goods, and the marketplace for fasteners, the Board found a likelihood of confusion. Pet. App. 41a-71a.

1. B&B and Hargis<sup>4</sup> are both in the fastener business. B&B’s signature product is a self-sealing fastener, sold under the name “SEALTIGHT,” which is designed to seal any hole using a metal screw and a rubber washer. In 1990, B&B applied to register the mark “SEALTIGHT” for use on its fasteners. See Pet. App. 42a. The registration issued in 1993. JA223a. The registration recites that the mark is for use on “threaded or unthreaded metal fasteners and other related hardware; namely, self-sealing nuts, bolts, screws, rivets and washers, all having a captive O-ring, for use in the aerospace industry.” *Id.*

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<sup>4</sup> Hargis does business as Sealtite Building Fasteners, which has no separate corporate existence but is named as a party in some pleadings.

In 1996, Hargis applied to register the mark “SEALTITE.” JA70a-75a. The application specified that the mark was for use “on or in connection with” a particular kind of sealing fastener: “self-piercing and self-drilling metal screws for use in the manufacture of metal and post-frame buildings.” JA70a. Respondent initially asserted that it had used the mark since 1989, JA71a, but it later withdrew that claim and asserted that it first used the mark in 1992, after B&B had already applied to register its mark. Pet. App. 42a.

While Hargis’s trademark application was pending before the PTO, B&B filed an infringement action against Hargis in federal district court (a different action from this case). In 2000, a jury found for Hargis. *See B&B Hardware, Inc. v. Hargis Indus., Inc.*, 252 F.3d 1010 (8th Cir. 2001). But the jury did not resolve whether Hargis’s mark created a likelihood of confusion with B&B’s. Instead, it found that B&B’s mark was “merely descriptive” and therefore not eligible for trademark protection. *See* JA62a; Pet. App. 48a; *see also* 15 U.S.C. § 1052(e)(1).

2. In 2002, Hargis sought to cancel B&B’s trademark registration. The Board initially granted Hargis’s request, based on the jury’s conclusion that B&B’s mark is merely descriptive. JA82a-94a; *see* 15 U.S.C. § 1052(e)(1). But on reconsideration, the Board recognized that Hargis had not timely raised the “descriptiveness” argument, because B&B’s mark had been registered and in use for more than five years and was no longer subject to challenge on these grounds. *See* 15 U.S.C. § 1064(1), 1065. Accordingly, the Board rejected Hargis’s challenge to B&B’s registration. *See* JA98a-99a.

3. During the brief period in 2002 before the Board granted reconsideration, the PTO published Hargis's trademark application for potential allowance. *Trademark Official Gazette* TM345 (Nov. 5, 2002). B&B timely filed an opposition to respondent's application. Relevant here, B&B asserted that Hargis's mark would create a likelihood of confusion with B&B's senior mark.<sup>5</sup> This opposition proceeding would be the first time the parties fully litigated the question of likelihood of confusion.

a. In discovery, Hargis admitted that there had been actual incidents of customer confusion between B&B's "SEALTIGHT" fasteners and Hargis's "SEALTITE" fasteners. B&B accordingly commenced this case, a civil action against Hargis for infringement of a registered trademark.<sup>6</sup> See Section C, *infra*.

b. As a preliminary matter, Hargis contended that the previous judgment barred B&B from proceeding before the Board. But the jury had never decided the likelihood of confusion—only whether B&B's mark was descriptive. That verdict precluded B&B from relying on common-law rights, but it could not affect B&B's federal statutory rights, which were incontestable. Pet. App. 47a-48a, 54a-55a; JA100a-08a.

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<sup>5</sup> All filings before the Board are available online at <http://ttabvue.uspto.gov/ttabvue/> (search for proceeding number 91155687), except for a few evidentiary materials filed under seal.

<sup>6</sup> B&B brought the case in the Central District of California, where B&B is located; that court transferred it to the Eastern District of Arkansas. JA30a-31a.

c. Following extensive discovery, testimony, and cross-examination, *see* Pet. App. 43a-44a, the parties submitted their case. B&B emphasized the similarity of SEALTIGHT and SEALTITE, but also repeatedly urged the Board to “take into consideration the realities of the goods and services *in the marketplace*.” B&B Trial Br. 6, TTAB Docket No. 39 (Aug. 19, 2006) (emphasis added); *see id.* at 7. The two companies sell their fasteners through overlapping channels; both sell through Fastenal, the nation’s largest fastener distributor, and both sell online, where the similar names will likely cause confusion. *Id.* at 11-12. B&B presented evidence that consumers had actually confused the companies’ products.

Hargis’s defense rested on the argument that the companies’ products were very different. Hargis “absolutely agree[d]” with B&B’s position that the Board “must take into account the realities of the goods and services in the marketplace.” Hargis Trial Br. 19, TTAB Docket No. 42 (Sept. 20, 2006) (internal quotation marks omitted); *see also id.* at 17 (Hargis “agrees with B&B’s assessment . . . regarding the particular DuPont factors most applicable in this proceeding”). But Hargis contended that the marketplace evidence favored its position, because the two companies’ fasteners had different “physical characteristics,” “uses,” “channels of distribution,” and “prices.” *Id.* at 20.

d. In August 2007, the Board sustained B&B’s opposition and denied respondent’s attempt to register the mark “SEALTITE.” *Id.* at 41a-71a. The Board concluded that because the marks were “substantially identical” and “used on closely related

products,” respondent’s mark was likely to cause confusion with B&B’s. *Id.* at 70a.

The Board’s decision reflected a balancing of the numerous factors that, under TTAB and Federal Circuit precedent, inform the likelihood-of-confusion analysis. Pet. App. 55a (citing *In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973)). The Board concluded that the marks are highly similar, *id.* at 56a-57a; that the goods are similar enough that the similar marks would confuse consumers, *id.* at 61a-62a; and that there was evidence of actual consumer confusion, even if not “especially compelling” evidence. The Board acknowledged that B&B’s mark is not famous and that the parties’ products move in different channels of trade, which cut in respondent’s favor. *Id.* at 55a-56a, 62a-64a. Considering all the factors, but giving particular weight to the similarity of the marks and of the goods, the Board found a likelihood of confusion. *Id.* at 70a-71a.

At the end of its decision, after announcing its finding of likely confusion, the Board added: “To the extent that any doubts might exist as to the correctness of our likelihood of confusion analysis, especially considering the prior determination that [B&B’s] mark is merely descriptive and has not acquired secondary meaning, we resolve such doubts against [respondent].” Pet. App. 71a.

Respondent did not appeal the Board’s decision to either the Federal Circuit or a district court.

**C. The Eighth Circuit Disagrees With The TTAB's Finding Of Likelihood Of Confusion.**

The action then returned to district court, where B&B pressed its trademark-infringement action against respondent. Both the district court and, on appeal, a divided panel of the Eighth Circuit refused to accord preclusive effect to the TTAB's decision.

1. While the TTAB proceedings were ongoing, the district court dismissed the infringement action as precluded by the 2000 jury verdict. In 2009, after the Board ruled, the Eighth Circuit reversed that decision, because the jury in the prior action never decided likelihood of confusion, and because B&B's mark is incontestable and cannot be invalidated as descriptive. JA61a-62a. The Eighth Circuit declined to decide whether the Board's decision might have preclusive effect in B&B's favor, JA63a-64a & n.4, but remanded that issue.

2. B&B sought summary judgment based on the issue-preclusive effect of the Board's decision on likelihood of confusion. JA108a-32a.<sup>7</sup> Hargis resisted preclusion on a number of grounds, but it never disputed that the salient facts on likelihood of confusion in the district court would be the same salient facts on likelihood of confusion that were before the Board. Rather, it contended that the Board's decision could have no preclusive effect as a *legal* matter, because of structural differences between the two tribunals. JA178a-99a.

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<sup>7</sup> The other elements of infringement (B&B's priority and Hargis's use of the mark in commerce) were undisputed. See JA 134a, 201a.

The district court refused to apply issue preclusion. In an oral ruling the day before trial, the court emphasized that the Board's decision had not been appealed to an Article III court, and it stated incorrectly that B&B had not borne the burden before the Board. JA216a.

The case proceeded to trial. B&B sought to introduce the TTAB's decision into evidence. The district court precluded its admission. Pet. App. 3a, 28a-29a. The district court allowed the jury to hear of the Board's ultimate conclusion, but not how it resolved the likelihood-of-confusion issue. JA245a-46a. To the contrary, the district court instructed the jury that "what you are having to decide does not have anything to do with all that litigation [before the TTAB] that went really kind of back and forth." JA235a-36a; *see* JA317a.

At trial, Hargis once again defended on the ground that the two companies' fasteners "are different products for different applications sold to different markets." JA281a-82a; *see* JA282a-85a. The jury found for Hargis on the trademark-infringement claim.<sup>8</sup>

B&B filed post-judgment motions, again seeking to have the TTAB's decision treated as preclusive or at least admitted into evidence. The district court denied those motions. Pet. App. 27a-29a.

The district court's rationale for rejecting preclusion was that "the findings were made by the TTAB" and not "affirmed by . . . an Article III court." *Id.* at 28a. The district court also reiterated its decision to

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<sup>8</sup> The jury also found for respondent on other claims and counterclaims not at issue here. Pet. App. 21a-22a.

bar the TTAB's decision from evidence, principally because "not all of the factors" that the TTAB relied upon are factors in the Eighth Circuit's own multi-factor test for likelihood of confusion. *Id.* at 28a-29a.

Finally, the district court assessed both costs and attorney's fees against B&B, under the Lanham Act's attorney's-fee provision, 15 U.S.C. § 1117(a). The court found that B&B's Lanham Act claim was so extraordinary as to justify awarding fees against B&B, chiefly because the court thought that B&B had falsely asserted at trial that it was going to expand into the construction fastener market. JA363a-76a.

3. On appeal, a divided panel of the Eighth Circuit affirmed in relevant part. Pet. App. 1a-20a.<sup>9</sup>

a. The panel majority refused to apply issue preclusion because it thought "the same likelihood-of-confusion issues were not decided by the TTAB as those brought in the action before the district court." Pet. App. 7a. No other element of preclusion was at issue. *Id.* at 8a.

The Eighth Circuit noted that the TTAB applies the thirteen-factor *DuPont* test for likelihood of confusion, whereas the Eighth Circuit has its own six-factor test, set out in *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086 (8th Cir. 1980), and only "some" of the factors overlap. Pet. App. 8a-9a. The majority viewed the TTAB as having given inadequate weight to "the marketplace usage of the marks and products." *Id.* at 10a. The panel majority acknowledged that the TTAB had *considered* the "market usage of the prod-

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<sup>9</sup> The court did reverse the trial court's extraordinary decision to require B&B to pay Hargis's fees incurred in litigating the 2007 appeal, in which *B&B* had prevailed.

ucts,” *id.* at 9a, but had held those facts to be outweighed by the similarity of the marks and the goods, *id.* In the Eighth Circuit’s view, the evidence of “marketplace usage” was “critical” to the issue before it, and so the TTAB’s approach was not “appropriate” to an infringement proceeding. *Id.* at 10a.<sup>10</sup>

The majority also added an observation about the burden of proof. It gave some citations for the proposition that a party’s “failure to carry the burden of persuasion” in one proceeding is not preclusive in a second proceeding where that party does not have the burden. Pet. App. 10a-11a (citations omitted). “Thus,” it observed, “the fact that [respondent] was unable to overcome B&B’s challenge to the registration of [respondent’s] mark on the basis of likelihood of confusion does not establish that B&B can meet its burden of persuasion for trademark infringement purposes.” *Id.* at 11a.

The majority also rejected B&B’s claims for lesser relief. It declined to instruct the district court to give greater deference to the TTAB’s findings (finding B&B’s case citation distinguishable). *Id.* at 11a-12a. And it sustained the district court’s decision to exclude the TTAB’s opinion, reiterating the view that the issues before the TTAB were different from the issues before the district court. *Id.* at 12a-13a.

Finally, the majority sustained the award of attorney’s fees against B&B. Even though the TTAB had

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<sup>10</sup> The court of appeals did not endorse the district court’s apparent view that Board decisions may never be preclusive because the Board is not an Article III court. *See id.* at 7a (noting that applying collateral estoppel to administrative tribunals’ decisions “may be appropriate,” but only “[a]ssuming” that TTAB rulings “may be entitled to preclusive effect”).

ruled in B&B's favor, the panel nonetheless characterized B&B's Lanham Act claim as sufficiently "groundless" to warrant an award of fees. Pet. App. 14a. The panel did reduce the award slightly, because the district court erroneously awarded fees even for an appeal on which B&B prevailed, *id.*; the district court has now entered judgment against B&B for more than \$540,000 in attorney's fees. Dkt. No. 310.

b. Judge Colloton dissented. Pet. App. 14a-20a. He warned that the majority's rule was "tantamount to holding that a finding of the [TTAB] on likelihood of confusion will never be preclusive in an infringement action." *Id.* at 18a.

Judge Colloton concluded that the issues before the TTAB and the district court were in fact the same. *Id.* at 17a-19a. That the TTAB relied on different factors than the ones recited in the Eighth Circuit's *SquirtCo* precedent reflects only a "[m]odest difference in analytical approach," not a full-scale rupture between two different concepts of likelihood of confusion. *Id.* at 17a. The TTAB did look at the "entire marketplace context"; while it weighed that factor differently than the Eighth Circuit would, that is no reason to deny preclusion, Judge Colloton stated. *Id.* at 18a. Indeed, he noted, every one of the various federal judicial circuits has a different test for likelihood of confusion, each with its own list of factors—yet one circuit's decision still has preclusive effect in another, as between the same parties. *Id.* at 17a-18a.

Ultimately, Judge Colloton stated, the panel majority simply *disagrees with* the TTAB's analysis, based on its own precedent. But "issue preclusion

prevent[s] relitigation of wrong decisions just as much as right ones. Otherwise, the doctrine[] would have no effect and be useless.” *Id.* at 19a (citing *Clark v. Clark*, 984 F.2d 272, 273 (8th Cir. 1993)).

Judge Colloton also refuted the panel majority’s observation about the burden of proof. In this case, he stated, “the burden of persuasion was not material to the [TTAB’s] decision.” *Id.* The TTAB mentioned it in a single sentence, only after the TTAB had completed its analysis, and only “[t]o the extent that any doubts might exist.” *Id.* At most, therefore, it was “an alternative holding based on an uncertain contingency,” and it could not undermine the preclusive effect of the TTAB’s decision. *Id.* at 20a.

Finally, Judge Colloton rejected the district court’s different, even more categorical holding that TTAB decisions may never be preclusive because the TTAB is an administrative body. *Id.* at 16a.

### SUMMARY OF ARGUMENT

“Likelihood of confusion” is one concept, not two. The comparison between two marks, and the goods on which they appear, works the same way whether the underlying dispute concerns infringement, registration, or both. The analysis is fact-sensitive, and different tribunals can sometimes come to different conclusions about whether one mark is “likely . . . to cause confusion” with another. But that is exactly why the issue should be litigated *once*, not twice, for a single set of facts. Once a tribunal has answered the likelihood-of-confusion question, that answer is final under the law of judgments—whether the first tribunal is a district court or the Board.

A. The Lanham Act draws no distinction between likelihood of confusion *for registration purposes* and likelihood of confusion *for infringement purposes*. When Congress adopted the Lanham Act in 1946, it wrote identical language about likely confusion into both the registration and infringement provisions. And nothing rebuts the presumption that identical words in the same statute mean the same thing.

Indeed, likelihood of confusion was a well-established concept in trademark law long before the Lanham Act. Congress transplanted that concept into the Lanham Act—in both places.

Dividing likelihood of confusion into substantively different branches for registration and infringement would render trademark proceedings incoherent. Often registration and infringement are litigated before the same district court at the same time, involving the same marks and the same goods. When a trademark plaintiff seeks infringement damages *and* cancellation of the defendant's mark, both on the ground of likelihood of confusion, the two forms of relief should stand or fall together. The Eighth Circuit's approach would require the same court to apply two different concepts of confusion, and potentially reach two different outcomes.

B. The Eighth Circuit concluded that preclusion should not apply because likelihood of confusion was a different issue before the Board than before the district court. But the parties litigated the same marks, the same goods, and the same theories before the Board as they did at trial. In particular, they submitted considerable evidence of how the fastener marketplace works and how B&B's and Hargis's products move within that market. The Board

weighed that evidence and found that, while the parties' products were different in important respects, the close similarity between SEALTIGHT and SEALTITE outweighed any differences between construction fasteners and aerospace fasteners.

The Eighth Circuit disagreed with the balance the Board struck between comparing the mark and evaluating the market, and it therefore let Hargis relitigate that issue. But under the law of judgments, issue preclusion applies when a question has already been answered—not when the second tribunal *likes* the answer.

C. Facts essential to a judgment may change; parties are free to litigate likelihood of confusion a second time if, for example, the second case considers a materially different range of goods. But there is no basis for relitigation where, as here, the parties are the same, the marks are the same, and the goods are the same. The only differences were the tribunal—and the outcome. Issue preclusion exists precisely to prevent this sort of repeat litigation.

### ARGUMENT

This case is about the basic principle that the same parties cannot relitigate an issue once it is fully and finally determined by a competent tribunal. The Eighth Circuit in this case refused to apply preclusion on grounds that “likelihood of confusion” means one thing in trademark-registration proceedings and another in trademark-infringement actions. That reasoning erroneously undermines the finality of court judgments *and* Board judgments: it would allow the loser in a district-court action to relitigate before the Board, just as it allowed the loser before

the Board to relitigate the same issue in district court in this case. The Lanham Act requires no such result. Correctly understood, the Lanham Act contains only one concept of “likelihood of confusion. Because the Board has already applied that concept to resolve the parties’ dispute, the Eighth Circuit’s denial of preclusion should be reversed.

**I. In The Federal System, Litigants Get One Full And Fair Opportunity To Litigate And Appeal An Issue.**

**A. The Parties To A Final Judgment May Not Relitigate The Same Issue In A New Proceeding.**

Federal courts limit litigants to one full and fair adjudication. Once a federal court of competent jurisdiction has “actually and necessarily” decided an issue of fact or law as part of a final judgment, the same parties may not relitigate that same issue in a subsequent action, because the first determination “is conclusive” and the matter is “forever settled.” *E.g., Montana v. United States*, 440 U.S. 147, 153 (1979); *Baldwin v. Iowa State Traveling Men’s Ass’n*, 283 U.S. 522, 525 (1931); accord *Cromwell v. Cnty. of Sac*, 94 U.S. 351, 354 (1877) (“[T]he determination of a question directly involved in one action is conclusive as to that question in a second suit between the same parties upon a different cause of action.”). “Such has been the rule of the common law from an early period of its history down to the present time.” *Beloit v. Morgan*, 74 U.S. (7 Wall.) 619, 622 (1869). The modern label is “issue preclusion.”

Preclusion doctrines, including issue preclusion, are “central to the purpose for which civil courts

have been established, the conclusive resolution of disputes within their jurisdictions.” *Montana*, 440 U.S. at 153. The value of “enforcing repose” is “equally implicated” when the adjudicator is an agency tribunal rather than a federal district court. *Univ. of Tenn. v. Elliot*, 478 U.S. 788, 798 (1986).

Such a “conclusive resolution” serves not just “the parties’ interest in avoiding the cost and vexation of repetitive litigation,” but the public interest as well. *Elliot*, 478 U.S. at 798. “[P]reventing inconsistent decisions” promotes public confidence and “encourage[s] reliance on adjudication.” *Allen v. McCurry*, 449 U.S. 90, 94 (1980). Indeed, as Judge Friendly explained, “altering a legal ruling as to the same litigants” after final judgment risks sending the message that “this may reflect only a change in the membership of the tribunal”—*i.e.*, that it is never too late to forum-shop. *Zdanok v. Glidden Co.*, 327 F.2d 944, 953 (2d Cir. 1964). Moreover, the court system benefits from “conserving judicial resources” that re-litigation could divert. *Elliot*, 478 U.S. at 798.

These benefits are not party-specific; issue preclusion serves the same salutary purpose of finality whether it is a plaintiff or a defendant who invokes it. Accordingly, the same test applies whether the winner of the first judgment seeks to use preclusion defensively, to bar new litigation, or affirmatively, to claim legal relief that follows from the first court’s decision. *Restatement (Second) of Judgments* § 27 & cmt. a (1982). Preclusion is the reason why a dispute over a lease does not need to be relitigated every time a month’s rent comes due: the judgment awarding the first month’s rent can be invoked to resolve disputes over future months’ rent as well. *See, e.g.*,

*United States v. Moser*, 266 U.S. 236, 240-41 (1924) (judgment that officer was entitled to higher salary was preclusive in his successive lawsuits to recover additional installments of the same salary).

Thus, the winning party's ability to invoke the judgment in a new action does not turn on how the parties to that new action are aligned. Under any alignment, the same parties may not relitigate the same issue.<sup>11</sup>

**B. Preclusion Law Protects Against Errors Because It Binds Only Litigants Who Have Had An Opportunity For Appellate Review.**

The “most significant safeguard” of federal preclusion doctrine is the requirement of full and fair litigation before the first tribunal. *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313, 329 (1971). Among other things, that protection means that issue preclusion will not apply unless the losing party had an adequate opportunity for appellate review. The disputed issue must be “necessary” to the court’s judgment, so that it will not be insulated from appellate review. *Partmar Corp. v. Paramount Pictures Theatres Corp.*, 347 U.S. 89, 99 n.6 (1954); *Restatement (Second) of Judgments* § 27 cmt. h. And appellate review must be available. If the trial court’s resolution of an issue cannot be reviewed on appeal (for instance, if a party loses an issue pretrial, but wins at trial, and so cannot appeal the judgment

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<sup>11</sup> Some special limitations apply when one party differs—when a nonparty seeks to use a judgment against someone who was a party—but not when both parties are the same. See, e.g., *United States v. Stauffer Chem. Co.*, 464 U.S. 165, 173 (1984).

in its favor), there is no preclusion. *See, e.g., id.* § 28(1) & cmt. a.

The flip side of that protection is that a losing litigant must appeal when the opportunity arises. A litigant cannot resist the preclusive effect of a final judgment by arguing that the judgment was wrong on the merits. *Ticor Title Ins. Co. v. Brown*, 511 U.S. 117, 121 (1994) (“[E]ven though [the first tribunal’s] determination may have been wrong, it is conclusive upon these parties”); *Federated Dep’t Stores, Inc. v. Moitie*, 452 U.S. 394, 398 (1981) (the “res judicata consequences of a final, unappealed judgment on the merits” are not “altered by the fact that the judgment may have been wrong”); *Reed v. Allen*, 286 U.S. 191, 201 (1932) (applying the “well settled rule” that “a judgment, not set aside on appeal or otherwise, is equally effective as an estoppel upon the points decided, whether the decision be right or wrong”).

Rather, the proper avenue for a challenge is an appeal. And if a litigant fails to appeal, the resulting “predicament . . . is of his own making.” *Reed*, 286 U.S. at 198; *see also, e.g., Partmar Corp.*, 347 U.S. at 99 (“While Partmar did not appeal, it might have.”).

The same is true of litigants who fail to seek judicial review of an agency’s adjudication. “They are in no different position from any claimant who seeks to avoid the bar of res judicata on the ground that the decision was wrong.” *Pittston Coal Grp. v. Sebben*, 488 U.S. 105, 123 (1988); *accord, e.g., Elliott*, 478 U.S. at 796-99 (giving preclusive effect to an unappealed agency adjudication).

**C. Unlike Claim Preclusion, Issue Preclusion Does Not Require The Same Cause of Action, Just The Same Issue.**

Issue preclusion bars relitigation of the same *issue*, no matter whether that issue is resolved in the context of the same *claim* or *cause of action*. This basic principle renders irrelevant many of the differences between registration and infringement proceedings on which Hargis sought to rely at the certiorari stage.

Issue preclusion encompasses the two doctrines of “collateral estoppel” and “direct estoppel.” *See, e.g., Taylor v. Sturgell*, 553 U.S. 880, 892 n.5 (2008), and the sole distinction between those terms was that collateral estoppel involves different claims (and thus is “more frequently” invoked), while direct estoppel involves separate suits on the same claim. *Restatement (Second) of Judgments* § 27 cmt. b; *Restatement (First) of Judgments* § 45 cmts. c & d (1942). Thus, this Court has long recognized that “an issue of fact or law, actually litigated and resolved by a valid final judgment, binds the parties in a subsequent action, *whether on the same or a different claim.*” *Baker v. Gen. Motors Corp.*, 522 U.S. 222, 233 n.5 (1998) (emphasis added); *see, e.g., Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979); *Mercoïd Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 671 (1944); *Myers v. Int’l Trust Co.*, 263 U.S. 264, 70-71 (1923) (bankruptcy case and action for deceit).

The focus therefore is properly on the legal or factual issue, not on the context or claim in which it arises. The relief sought in the two proceedings may

be completely different.<sup>12</sup> And even the sources of law may be completely different.<sup>13</sup> Yet when the two proceedings entail resolving the same legal or factual issue, the first judgment controls notwithstanding these superficial differences.

Here issue preclusion turns on whether “likelihood of confusion” means the same thing in registration and infringement proceedings. At the certiorari stage, Hargis emphasized a number of differences between a registration proceeding and an infringement action that have no bearing on that question. *See, e.g.*, Br. in Opp. 4. It is certainly true that the Board does not award money damages or issue injunctions precluding litigants from using a mark. But it is also completely irrelevant; the *criminal* court that issued the preclusive judgment in *Allen*,

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<sup>12</sup> *See, e.g., Parklane Hosiery*, 439 U.S. at 324 (injunctive relief versus damages); *Partmar Corp.*, 347 U.S. at 93 (injunctive relief for unlawful detainer versus treble damages under the Sherman Act); *Myers*, 263 U.S. at 69-70 (acceptance of a bankruptcy plan versus damages for deceit).

<sup>13</sup> *See Kremer v. Chem. Constr. Corp.*, 456 U.S. 461, 479-80 (1982) (elements of state cause of action were “virtually identical” to federal Title VII claim, so state judgment was preclusive); *see also San Remo Hotel, L.P. v. City of San Francisco*, 545 U.S. 323, 335 & n.14, 337 n.18 (2005) (holding that state decision on state constitutional law precluded federal litigation of federal constitutional claim, on the assumption that the two issues were substantively identical); *Becher v. Contoure Labs.*, 279 U.S. 388, 390-91 (1929) (holding that action under state common law determined ownership of patent and thus was determinative of suit under federal patent law); 18 Charles Alan Wright et al., *Federal Practice & Procedure* § 4417, at 462 & n.65 (citing cases); *see also Baker*, 522 U.S. at 245-46 (Kennedy, J., concurring in judgment) (recognizing that one state’s court could bind another’s, if the relevant law “were the same in both jurisdictions”).

449 U.S. at 92-93, could not award money damages, either.

The issue of “likelihood of confusion” indisputably was actually litigated and finally decided before the Board. All that matters for *issue preclusion* is whether that *issue* is the same issue raised in the infringement litigation.

## **II. Likelihood of Confusion Before The TTAB Is The Same Issue As Likelihood Of Confusion Before A District Court.**

The court of appeals found only one element of issue preclusion lacking: it thought that the likelihood-of-confusion issue before the district court was not “the same as the [likelihood-of-confusion] issue involved in the prior action.” Pet. App. 8a. The court relied on the notion that “[i]ssues that may bear the same label are nonetheless not identical if the standards governing them are significantly different.” *Id.* (citation omitted). But here the standards are not different at all: the Lanham Act contains *one* concept of likelihood of confusion, not more.

The statute uses the same words in several different places—the registration provision and two different infringement provisions—but those words do the same thing in each place: they incorporate into the Lanham Act the single concept of “likelihood of confusion” that has been in use since before trademark law was reduced to writing. When one tribunal has already applied that unitary Lanham Act standard to a pair of goods, issue preclusion bars a second tribunal from re-examining the issue as to the same pair of goods. In this case the two proceedings involved the same goods: SEALTITE construction fas-

teners and SEALTIGHT aerospace fasteners. Issue preclusion should have barred the second tribunal from second-guessing the first.

### A. The Statute Uses The Same Language Throughout.

The Lanham Act refers to likelihood of confusion in three places, but they all carry the same meaning. The *consequence* may differ—infringement of a registered mark, infringement of an unregistered mark, or refusal to register a mark. But the *concept* is the same under each section, as the text makes clear.

A mark cannot be registered if its resemblance to an existing mark (registered or unregistered) is “**likely**, when used on or in connection with the goods of the applicant, **to cause confusion, or to cause mistake, or to deceive.**” 15 U.S.C. § 1052(d) (emphasis added).

The same wording appears in indistinguishable form in the two infringement provisions—one for registered marks, one for unregistered marks. Both statutes impose infringement liability when (as relevant here) the defendant’s use of a mark “**is likely to cause confusion, or to cause mistake, or to deceive.**” 15 U.S.C. §§ 1114(1)(a), 1125(a)(1)(A) (emphasis added). And both infringement provisions echo the requirement that the infringing use be “on or in connection with” particular “goods.”<sup>14</sup> *Id.* §§ 1114(1)(a), 1125(a)(1)(A).<sup>15</sup>

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<sup>14</sup> The infringement provisions also allow an infringing use to be “on or in connection with . . . services”; Section 1052 does not expressly address service marks because they are provided for

The “normal rule of statutory construction” is “that words repeated in different parts of the same statute generally have the same meaning.” *E.g.*, *Law v. Siegel*, 134 S. Ct. 1188, 1195 (2014) (quoting *Dep’t of Revenue v. ACF Indus., Inc.*, 510 U.S. 332, 342 (1994)). That presumption carries all the more force where the three relevant sections of the Lanham Act were adopted at the same time, in the same legislation, in essentially the same form as they exist today. Lanham Act, ch. 540, tit. I, §§ 2, 32, 43, 60 Stat. 427, 428, 437, 441 (1946); *see, e.g.*, *Taniguchi v. Kan Pac. Saipan, Ltd.*, 132 S. Ct. 1997, 2004-05 & n.5 (2012) (emphasizing consistent usage throughout the same statute).

There certainly are some textual differences between the registration and infringement provisions, but those differences pertain only to which uses of the mark are being compared, not to the nature of the likelihood-of-confusion comparison. In what amounts to a jurisdictional element, the infringement provisions require that the infringer have used the infringing mark “in commerce,” “in connection with the sale, offering for sale, distribution, or advertising” of goods or services. 15 U.S.C. § 1114(1)(a). The registration provisions have their own, somewhat more permissive jurisdictional element: the applicant need only show that he is using *or intends to use* the mark “in commerce,” *id.* § 1051(a), (b), and

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under a separate provision, 15 U.S.C. § 1053, but the registration standards are the same, *see id.*

<sup>15</sup> The phrase (minus the second “to cause”) also appears in the definition of the term “colorable imitation,” 15 U.S.C. § 1127. A “colorable imitation” of a registered mark can be infringing under § 1114(1)(a) and may be subject to destruction under 15 U.S.C. § 1118.

in assessing whether to grant registration, the PTO examines the likelihood of confusion with any mark “used in the United States by another and not abandoned” or registered with the PTO, not necessarily a mark used in commerce. *Id.* § 1052(d). But once a mark comes within the scope of what the registration or infringement provisions examine, there is no textual distinction whatsoever in the likelihood-of-confusion analysis.

**B. Both § 1057 and § 1114 Incorporate  
A Single Concept Dating Back to  
1881.**

The concept of “likelihood of confusion” has a lengthy history. When Congress adopted it in the Lanham Act as the test for both registration *and* infringement, it was adopting this same established concept—in both places. “[I]t is a cardinal rule of statutory construction that, when Congress employs a term of art, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken.” *FAA v. Cooper*, 132 S. Ct. 1441, 1449 (2012) (citations omitted). That presumption has double force in the case of the phrase “likely to cause confusion,” which had a “well-settled meaning” at common law *and* had already been given that same meaning when adopted into previous federal trademark statutes. *E.g.*, *Sekhar v. United States*, 133 S. Ct. 2720, 2724 (2013) (“[A]bsent other indication, ‘Congress intends to incorporate the well-settled meaning of the common-law terms it uses.’”). Both the registration and infringement provisions inherit that settled construction of “likelihood of confusion.”

The concept of likely confusion—and its close relative, likely deception of the public—entered the trademark statutes as part of the test for registration, not infringement. The first federal trademark-registration statute barred registration of any mark “which so nearly resembles [an already-registered mark appropriate to the same class of merchandise] as to be likely to deceive the public.”<sup>16</sup> After that statute was struck down for lack of a constitutionally adequate connection with interstate and foreign commerce,<sup>17</sup> other, narrower federal trademark statutes followed, all of which preserved the concept of likely confusion as a bar to registration. The modern three-part formulation entered federal law shortly after this Court’s decision, with the 1881 statute providing for registration of trademarks used in foreign or Indian commerce. That statute barred registration of a trademark that “so nearly resembles” another mark “as to be likely to cause confusion or mistake in the mind of the public, or to deceive purchasers.”<sup>18</sup> The same formulation appeared in the more substantial trademark acts of 1905 and 1920.<sup>19</sup>

Infringement picked up the same concept. The substantive law of infringement during that period

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<sup>16</sup> Act of July 8, 1870, ch. 230, § 79, 16 Stat. 198, 211.

<sup>17</sup> See *The Trade-Mark Cases*, 100 U.S. 82 (1879).

<sup>18</sup> Act of Mar. 3, 1881, ch. 138, § 3, 21 Stat. 502, 503.

<sup>19</sup> See Act of Feb. 20, 1905, ch. 592, § 5 (first proviso), 33 Stat. 724, 725-26 (same three-part formulation); Act of Mar. 19, 1920, ch. 104, § 1(b), 41 Stat. 533, 534 (same, except omitting the comma after “public”), amended by Act of June 10, 1938. The 1920 statute provided for registration on what today would be called the Supplemental Register, see 15 U.S.C. §§ 1091 *et seq.*, of marks that could not be registered under the 1905 statute, on what today would be called the Principal Register.

was largely a matter of common law; although federally registered trademarks could be enforced in federal court, the federal component of the infringement action was procedural rather than substantive. And common-law courts were beginning to require a likelihood of confusion or consumer deception in trademark-related cases of unfair competition. Just as the Lanham Act began working its way through Congress, the American Law Institute expressly adopted that principle of confusing similarity as the basis for common-law trademark infringement. *See Restatement (First) of Torts* § 717(1)(a), (2)(a) (1938) (to be liable for infringement of a trade-mark or trade name, the alleged infringer's mark or name must be "identical with or confusingly similar to" the plaintiff's); *id.* § 728 cmt. a (describing "[l]ikelihood of confusion" as the "ultimate test of whether or not there is a confusing similarity"); *id.* § 730 cmt. b ("likelihood of confusion of prospective purchasers" marks the "limits" of trademark protection).

Thus, by the time the Lanham Act was adopted, Congress well understood what it was doing when it wrote "likely to cause confusion, or to cause mistake, or to deceive" into both the registration and the infringement provisions. *See Developments in the Law—Trade-Marks and Unfair Competition*, 68 Harv. L. Rev. 814, 846 (1955) (noting that the "new standard" Congress adopted in 1946 was "the one in fact employed in many decisions before the Lanham Act"). By making "likelihood of confusion" the key test, Congress consciously abandoned rival concepts that previous trademark laws had employed: for example, previous cases had debated whether likely confusion carried more or less weight than whether the marked goods had the "same descriptive proper-

ties.” See, e.g., Walter J. Derenberg, *Trade-Marks Ante Portas*, 52 Yale L.J. 829, 838-39 (1943) (“[P]assage of the Lanham Bill would put an end to this dilemma” by eliminating “the phrase ‘same descriptive properties’ . . . . This fact indicates that the soundness of the ‘confusion’ test is almost universally recognized . . . .”). The Lanham Act’s goal was to simplify matters—not to complicate them further by perpetuating substantive distinctions between the registration test and the infringement test.

**C. The Statutory Structure  
Demonstrates That Registration  
And Infringement Proceedings  
Both Apply The Same Concept Of  
Likelihood of Confusion.**

Even if the statute *could* plausibly be read to create two different likelihood-of-confusion standards—one for purposes of registration, and one for purposes of infringement—the statutory structure gives compelling reasons to reject any such reading. Registration-related proceedings and infringement proceedings cannot be neatly separated: the Eighth Circuit panel seemed to think that registration-related proceedings take place exclusively before the Board, but that is not correct. Under the Lanham Act, registration and infringement proceedings can actually take place before the *same district court* in the *same case*. That creates a strong structural inference that the likelihood-of-confusion issues are governed by the *same standard*. The alternative would require district courts to read and apply the same statutory language in two different, potentially conflicting ways at the same time.

1. District courts must apply the registration standard as part of their power to resolve disputes over a party's federal trademark registration.<sup>20</sup> Exercising that power usually means ordering a registered mark canceled. See 15 U.S.C. § 1119; *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 192 (1985). Less commonly, the district court can also order a mark registered,<sup>21</sup> or a registration modified. In entertaining a claim for registration or cancellation, the district court must apply the same registration standard that the PTO and Board apply.

The statute expressly authorizes a court to “order the cancelation of registrations.” 15 U.S.C. § 1119. Because that provision does not set any independent standard for district courts to apply, it naturally incorporates the Lanham Act's provision for cancellation, which specifies the grounds on which a mark may be cancelled even once it becomes incontestable. *Id.* § 1064(3)-(5). Within the first five years after registration, a mark may also be cancelled simply because it should not have been registered. See *id.* § 1064(1); 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 20:52, at 20-137 to 20-138 (until a mark becomes incontestable, “cancellation may be based on any ground in the Lanham Act that would have barred registration in the first instance”). So the grounds for cancellation

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<sup>20</sup> A district court's power over registration kicks in when the court is hearing “[an] action involving a registered mark,” whether plaintiff's mark or defendant's mark. 15 U.S.C. § 1119. Thus, for instance, if a plaintiff sues for infringement of a registered mark, the defendant may counterclaim to cancel the plaintiff's registration.

<sup>21</sup> See *In re Fortex Indus., Inc.*, 18 U.S.P.Q.2d 1224 (Dec. Comm'r Pat. 1990).

before the district court are the same as grounds for cancellation before the Board. *Accord* 5 McCarthy § 30:112, at 30-202. And as discussed above, one ground for denying registration is a likelihood of confusion. 15 U.S.C. § 1052(d). So a district court entertaining a request to cancel the other party's mark will be applying the same standards as the Board. Indeed, district courts in those circumstances regularly rely on precedent from the Board and the courts that review Board decisions directly.<sup>22</sup>

Similarly, district courts have the power to review Board decisions directly, when the dissatisfied litigant opts to proceed that way instead of by review in the Federal Circuit. *See* 15 U.S.C. § 1071(b). And once the case gets to district court, one party or the other often adds a claim for infringement. *See, e.g., CAE, Inc. v. Clean Air Eng'g, Inc.*, 267 F.3d 660, 670 (7th Cir. 2001); *Coryn Grp. II, LLC v. O.C. Seacrets, Inc.*, 2011 WL 6202479, at \*1 (D. Md. Dec. 6, 2011).

2. When a single court in a single case is applying the same statutory language (“likely . . . to cause confusion”), to the same parties, the same marks, and the same goods, there is no textual basis for the court to reach different results as to infringement and registration. But that is precisely what would happen if the standards really did differ: a district court could enjoin a defendant from using its mark, because of a likelihood of confusion with the infringement plaintiff's mark—yet order the defendant's mark registered, because the likelihood of confusion does not meet the standard for denying registration. Or, inversely, the court might cancel the de-

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<sup>22</sup> *See, e.g., Scorpiniti v. Fox Television Studios, Inc.*, 918 F. Supp. 2d 866, 877 (N.D. Iowa 2013).

fendant’s existing registration—but award the plaintiff no damages and no injunction, because the likelihood of confusion does not meet the standard of infringement.

Unsurprisingly, courts do not interpret these Lanham Act provisions in that way. Rather, when a district court or a regional circuit is called upon to decide likelihood of confusion in the registration context, it simply applies the same standard it applies to an infringement claim.<sup>23</sup> Indeed, the Eighth Circuit itself has reviewed infringement and cancellation claims under the same standard. *See John Deere & Co. v. Payless Cashways, Inc.*, 681 F.2d 520, 522, 523-24 (8th Cir. 1982) (reviewing rejection of infringement and cancellation claims under same standard). As well it should. The substantial overlap between registration and infringement proceedings further reinforces what the text makes plain: the legal meaning of likelihood of confusion does not vary.

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<sup>23</sup> *See, e.g., Bd. of Regents v. Phoenix Int’l Software, Inc.*, 653 F.3d 448, 454 (7th Cir. 2011) (applying the same factors the court applies in infringement cases); *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.3d 616, 623 (6th Cir. 2003) (same); *Jet, Inc. v. Sewage Aeration Sys.*, 165 F.3d 419, 425 (6th Cir. 1999) (“Our holding on Jet’s trademark infringement claim, that there is not a likelihood of confusion, necessarily precludes cancellation of SAS’s mark.”); *Wells Fargo & Co. v. Stagecoach Props., Inc.*, 685 F.2d 302, 306 (9th Cir. 1982) (“The test of likelihood of confusion [in reviewing a Board decision] is the same as that applied in infringement actions.”).

**D. Congress Consciously Amended  
The Lanham Act To Ensure That  
The Board Could Consider All  
Relevant Evidence.**

Some courts have denied preclusive effect to Board decisions based on the notion that the Board does not actually analyze anything except the competing marks themselves, in isolation. *See, e.g., Levy v. Kosher Overseers of Am.*, 104 F.3d 38, 42 (2d Cir. 1997). Even if some individual cases might require nothing more than comparison of the marks, the Board plainly has the *authority* to consider the same sort of evidence as the district courts—evidence about how the products compete in the marketplace. The Board’s authority to receive and consider that evidence confirms that its likelihood-of-confusion inquiry is legally no different from a district court’s.

The 1988 revisions to the Lanham Act were intended to make absolutely clear that the Board can not only consider this evidence, but modify an actual or requested registration to conform to marketplace realities. The proposal originated with the United States Trademark Association (USTA), now the International Trademark Association (INTA), following a comprehensive review of the Lanham Act. One of the USTA’s observations was that the Board had an “undesirable” tendency to “decide[] the likelihood of confusion on hypothetical, not real world, grounds.” *Trademark Review Commission Report to USTA President and Board of Directors*, 77 Trademark Rep. 375, 452 (1987) (*Trademark Review Commission Report*). Congress accordingly decided to amend the statute to “permit the Board to base determinations of likelihood of confusion on marketplace realities ra-

ther than on hypothetical facts.” S. Rep. No. 100-515, at 35. Thus, for instance, Congress wanted the Board’s likelihood-of-confusion determination to be able to take into account “distinctions between the actual products,” or distinctions between “their channels of trade,” rather than just identifications “on paper” of the products that will bear the marks. *Id.*

Congress accordingly amended the statute to give the Board additional authority over registration, as the USTA had recommended. *See* Trademark Law Revision Act of 1988, Pub. L. No. 100-667, Tit. I, § 118, 102 Stat. 3941 (amending 15 U.S.C. § 1068); *Trademark Review Commission Report* 453. Instead of just taking the goods as recited in the registration applications, the Board may consider the goods’ real-world interactions, and may “modify the application or registration by limiting the goods or services therein” to avoid a likelihood of confusion between the goods as registered. *See also Eurostar, Inc. v. “Euro-Star” Reitmoden GmbH & Co. KG*, 34 U.S.P.Q.2d 1266, 1270 (TTAB 1994) (explaining that the Board will only impose such a limitation where it is “commercially significant,” *i.e.*, will avoid a likelihood of confusion).

The 1988 amendment makes clear in the statute what is already apparent from Board decisions: the Board may, and does, consider evidence of marketplace context—the nature of the goods, the nature of their markets, and the ways in which the goods interact in commerce. *See, e.g., Bd. of Regents v. Phoenix Int’l Software, Inc.*, 653 F.3d 448, 456 (7th Cir. 2011) (“The TTAB committed no error when it declared that it was considering the nature of the par-

ties’ goods ‘[t]o the extent that these facts provide some information about the market and purchasers of these goods’ ” (brackets in original); *Coach Servs., Inc. v. Triumph Learning LLC*, 96 U.S.P.Q.2d 1600, 1608 (TTAB 2010) (reviewing evidence of the people to whom the two companies marketed their products and through what channels), *aff’d in relevant part*, 668 F.3d 1356 (Fed. Cir. 2012). The amendment is further confirmation that the “likelihood of confusion” concept means the same thing for registration and infringement.

### **E. Minor Variations In Factors Between Circuits Are Irrelevant.**

The panel majority appeared to hold that even if the registration and infringement provisions are textually no different, the Eighth Circuit, the Federal Circuit, and the Board have *interpreted* them differently by adopting different multi-factor balancing tests. Pet. App. 8a-10a. But U.S. Code sections are not Galapagos finches: they do not evolve into distinct species through the process of interpretation by each regional court of appeals. And even if the law of preclusion doctrine could recognize this sort of statutory speciation, it would not do so in the Lanham Act context, because there simply is no pertinent difference between the Board’s test and the Eighth Circuit’s—or any other tribunal’s. “Minor variations in the application of what is in essence the same legal standard do not defeat preclusion . . . .” *Smith v. Bayer Corp.*, 131 S. Ct. 2368, 2378 n.9 (2011).<sup>24</sup>

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<sup>24</sup> Circuits have long disagreed over whether “likelihood of confusion” is a factual finding or a mixed question of law and fact. *E.g.*, *Elby’s Big Boy of Steubenville, Inc. v. Frisch’s Restaurants*,

1. The *statute*, not the regional circuits' interpretations of it, is what determines whether "the issues presented by this litigation are in substance the same as those resolved" in the previous litigation. *Montana*, 440 U.S. at 155. When circuits disagree on the interpretation of a statute, their disagreement does not mean that there are now two statutes and two different legal issues. It just means that the circuits have adopted *different tests* for answering *the same question*. One test may be right and (at least) one test may be wrong, but the legal issue is still identical for preclusion purposes. *See, e.g., Yamaha Corp. of Am. v. United States*, 961 F.2d 245, 258 (D.C. Cir. 1992) ("[T]he fact that the substantive law may be different in the [D.C. and Ninth Circuits] does not affect the application of issue preclusion."). The judgment of one circuit is therefore still preclusive in the other. Trying to distinguish the legal issues based on differing circuit precedent "is just another way of saying that the [first tribunal's] decision is wrong." *Nat'l Post Office Mail Handlers v. Am. Postal Workers Union*, 907 F.2d 190, 194 (D.C. Cir. 1990). And that is exactly what the law of judgments forbids a second tribunal to do. *See, e.g., Moitie*, 452 U.S. at 398; p. 22, *supra*.

This Court regularly resolves circuit conflicts over whether a statutory cause of action requires proof of a particular element. *See, e.g., Bridge v. Phoenix Bond & Indem. Co.*, 553 U.S. 639, 646 (2008) ("whether first-party reliance is an element of a civil

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*Inc.*, 459 U.S. 916, 917 (1982) (White, J., dissenting from denial of certiorari); 4 McCarthy § 23:73. The answer does not matter here, because issue preclusion applies to both types of determinations.

RICO claim predicated on mail fraud”). When Bridge’s suit was thrown out by the Seventh Circuit for failure to plead reliance, he was not free to go sue on the same theory in the Fourth Circuit, which required no reliance element. If he had tried, he would have been precluded. That is because, both before and after this Court’s decision, there was only one RICO statute. This Court’s “construction of a statute is an authoritative statement of what the statute meant before as well as after the decision of the case giving rise to that construction,” and courts of appeals that previously took the opposite view “were *incorrect*,” “by the rules that necessarily govern our hierarchical court system.” *Rivers v. Roadway Express, Inc.*, 511 U.S. 298, 312-13 (1994).

The issue before the Board was whether Hargis’s mark was “likely to cause confusion” with B&B’s. The issue before the district court was precisely the same. The Eighth Circuit may have thought the Board’s approach to that issue deeply flawed, but that has no bearing on whether to give the decision preclusive effect.

2. Even if the Eighth Circuit and the Board were not interpreting the same Lanham Act, but applying legally distinct sets of laws as state and federal courts do, preclusion would still be appropriate. That is because as a *substantive* matter the Board’s approach to the likelihood-of-confusion inquiry is perfectly compatible with the Eighth Circuit’s. *Cf. Smith*, 131 S. Ct. at 2377 (if state and federal courts “follow the same approach,” preclusion is appropriate because “the issues in the two cases would indeed be

the same” despite the different sources of law).<sup>25</sup> For that reason, the Board regularly holds itself precluded by a district court’s likelihood-of-confusion finding.<sup>26</sup> Preclusion is a two-way street: if a district court can bind the Board, the Board can bind a district court, because the *issue* is the same. That is true here, for three reasons.

*First*, both tribunals acknowledge that the multi-factor test is just a “non-exclusive” guide to help courts wade through a fact-sensitive inquiry. *See, e.g., Everest Capital Ltd. v. Everest Funds Mgmt. LLC*, 393 F.3d 755, 759-60 (8th Cir. 2005) (jury instructed to “consider all relevant evidence”).<sup>27</sup> The

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<sup>25</sup> State unfair-competition law often does mirror federal trademark law in this respect. *See, e.g., M2 Software, Inc. v. Madacy Entm’t*, 421 F.3d 1073, 1080 (9th Cir. 2005); *Marathon Mfg. Co. v. Enerlite Products Corp.*, 767 F.2d 214, 217 (5th Cir. 1985); 6 McCarthy § 32:91, at 32-328 to 32-329. When the issues truly are the same, a state-law judgment can be preclusive in federal court or before the Board. *See Mother’s Restaurant Inc. v. Mama’s Pizza, Inc.*, 723 F.2d 1566, 1570 (Fed. Cir. 1983).

<sup>26</sup> *See, e.g., Midland Cooperatives, Inc. v. Midland Int’l Corp.*, 421 F.2d 754, 756 (C.C.P.A. 1970); *GMA Accessories, Inc. v. Dorfman-Pac. Co.*, 2013 WL 5407289, at \*4 (TTAB June 7, 2013).

<sup>27</sup> While each circuit has its own verbal formulation, there is broad agreement that the factors are “non-exclusive.” *E.g., IP Lund Trading ApS v. Kohler Co.*, 163 F. 3d 27, 43 (1st Cir. 1998); *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1002 (2d Cir. 1997); *accord Brookfield Commc’ns, Inc. v. W. Coast Entm’t*, 174 F.3d 1036, 1054 (9th Cir. 1999). Many of these multi-factor tests trace back to Judge Friendly’s opinion in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961). *See, e.g., Robert G. Bone, Taking the Confusion out of “Likelihood of Confusion,”* 106 Nw. U.L. Rev. 1307, 1334 (2012). Judge Friendly expressly cautioned that even the “extensive catalogue” of factors set out in the opinion “does not ex-

mere fact that each circuit “has developed its own version of the list” of likelihood-of-confusion factors, and “jealous[ly]” adhered to that version, 4 McCarthy § 24:30, at 24-80, certainly does not mean that each circuit is deciding a different “issue of fact or law.”

*Second*, the Board’s test lets it consider everything that a district court can consider. The Board expressly follows a test that allows it to consider “*any . . . established fact probative of the effect of use,*” whether or not that fact fits into one of the 12 other factors. *DuPont*, 476 F.2d at 1361 (emphasis added); *see, e.g., Harry Winston, Inc. v. Bruce Winston Gem Corp.*, 111 U.S.P.Q.2d 1419, 1440 n.120 (TTAB 2014) (emphasis added).<sup>28</sup> Thus, for instance, Hargis em-

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haust the possibilities—the court may have to take still other variables into account.” *Polaroid*, 287 F.2d at 495.

<sup>28</sup> The full set of *DuPont* factors is as follows:

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i. e. “impulse” vs. careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
- (9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).
- (10) The market interface between applicant and the owner of a prior mark:

phasized in the district court that the Eighth Circuit’s test expressly considers evidence of the defendant’s intent, whereas the Board’s does not. JA189a. But that does not stop the Board from considering intent where it is relevant. “Whether there is evidence of intent to trade on the goodwill of another is a factor to be considered” under the Board’s test, thanks to the catchall factor. *J & J Snack Foods Corp. v. McDonald’s Corp.* 932 F.2d 1460, 1462 (Fed. Cir. 1991).<sup>29</sup> It is not a dispositive factor, but then no factor is dispositive.<sup>30</sup>

*Third*, even if the tests set out the exclusive evidence to be considered, they would still be compatible. Most of the Eighth Circuit’s factors—strength of the owner’s mark, similarity of the marks at issue,

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(a) a mere “consent” to register or use.

(b) agreement provisions designed to preclude confusion, *i.e.* limitations on continued use of the marks by each party.

(c) assignment of mark, application, registration and good will of the related business.

(d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.

(11) The extent to which applicant has a right to exclude others from use of its mark on its goods.

(12) The extent of potential confusion, *i. e.*, whether *de minimis* or substantial.

(13) Any other established fact probative of the effect of use.

*DuPont*, 476 F.2d at 1361.

<sup>29</sup> *Accord*, *e.g.*, *L’Oreal S.A. v. Marcon*, 102 U.S.P.Q.2d 1434, 1442 (TTAB 2012); *L.C. Licensing Inc. v. Berman*, 86 U.S.P.Q.2d 1883, 1890 (TTAB 2008).

<sup>30</sup> Indeed, treating (lack of) intent as dispositive would make scienter an element of trademark infringement, which it is not. *See, e.g., Thaddeus Davids Co. v. Davids*, 233 U.S. 461, 471 (1914) (holding it “not . . . necessary” for an infringement plaintiff to “show wrongful intent”); 4 McCarthy § 23:107, at 23-420 to 23-433.

incidents of actual confusion, and “the type of product, its costs and conditions of purchase”—appear in the Board’s test by a different name. A fifth factor, the degree of competition between the goods, is part of the Board’s consideration of the channels of trade as well.<sup>31</sup>

<b>Eighth Circuit</b>	<b>Federal Circuit</b>
Fame of the mark	Strength of the mark
Similarity of the marks	Similarity of the marks
Incidents of actual confusion	Incidents of actual confusion
The type of product, its costs and conditions of purchase	Similarity and nature of the goods Similarity of trade channels Degree of consumer care
Degree of competition	Similarity of trade channels
Infringer’s intent	[considered under catchall factor]

Thus, even if it were appropriate to engage in a factor-by-factor comparison to determine whether issue preclusion would apply—and it is not—the

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<sup>31</sup> Because a key purpose of the Lanham Act was to provide protection against trademark infringement by *noncompeting* goods, see 4 McCarthy ch. 24, it would hardly be proper to make competition an indispensable element of the likelihood-of-confusion test. It is a factor, nothing more,

side-by-side comparison of all the factors demonstrates how compatible the analyses really are.

Confronted with the question whether a judgment in the Eighth Circuit could preclude a Lanham Act infringement claim in the Sixth Circuit, the latter court had no trouble concluding that “[a]lthough the two tests are enumerated differently, their substance is largely identical.” *See, e.g., Ga.-Pac. Consumer Prods. LP v. Four-U-Packaging, Inc.*, 701 F.3d 1093, 1101 (6th Cir. 2012). Any differences were immaterial, “because we weigh all the factors combined and no one factor alone is determinative of whether confusion exists.” *Id.*; *see* Pet. App. 17a-18a (Colloton, J., dissenting). The same is true here.

**F. An Opposer In A Registration Proceeding And A Plaintiff In An Infringement Proceeding Bear The Same Burden.**

The court of appeals’ final reason for treating the issues as different was also its most misguided: the court acted on the incorrect assumption that *Hargis* had the burden of persuasion before the Board, and that B&B (the plaintiff) therefore cannot rely on preclusion to carry *its* burden in district court. *See* Pet. App. 10a-11a. If the court’s premise were correct, a Board decision on likelihood of confusion could *never* be preclusive in infringement litigation (and vice versa), because the burden would always shift. But the Eighth Circuit’s premise is simply wrong. B&B, as the opposer, was “in the position of plaintiff” before the Board, just as it is here, and it unequivocally bore the burden of proof before the Board. 37 C.F.R. § 2.116(b); *see, e.g.,* 3 McCarthy § 20:3, at 20-10; *id.*

§ 20:15, at 20-42. The government has confirmed that the Eighth Circuit's understanding of PTO procedure was simply wrong. U.S. Invitation Br. 16.

Hargis has never contended otherwise in this Court. *See* Br. in Opp. 33-34. Indeed, Hargis carefully *avoided* citing the Restatement principle that deals with how to handle preclusion when “the burden has shifted to [the] adversary” of the party who lost the first case. *Compare id. with Restatement (Second) of Judgments* § 28(4). Hargis's (entirely proper) decision not to defend the Eighth Circuit's reasoning is enough to dispose of that supposed “alternative” ground for decision here. *See* Sup. Ct. R. 15.2.

What Hargis has instead offered (Br. in Opp. 34) is the notion that preclusion is inappropriate because the Board recited the principle that “[t]o the extent that any doubts might exist,” those doubts are resolved in favor of the senior user, Pet. App. 71a, because the junior user could have chosen to enter the field with a different, less confusing mark. This Court need not take up that issue. But if it does, that boilerplate statement does not defeat preclusion, for three reasons.

*First*, the tiebreaker principle is a common-law principle that has just as much place in infringement litigation as in registration proceedings. Judge Learned Hand recognized as much in an infringement case long before the Lanham Act was adopted. *Lambert Pharmacal Co. v. Bolton Chem. Corp.*, 219 F. 325, 326 (S.D.N.Y. 1915) (“In choosing an arbitrary trade-name, there was no reason whatever why [the defendant] should have selected one which bore so much resemblance to the plaintiff's; and in such

cases any possible doubt of the likelihood of damage should be resolved in favor of the plaintiff.”). And numerous federal courts and leading commentators have held that the Lanham Act carries forward the same principle in infringement litigation. *See, e.g., Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 n.14 (9th Cir. 1997); *Telechron, Inc. v. Telicon Corp.*, 198 F.2d 903, 909 (3d Cir. 1952); *Brockmeyer v. Hearst Corp.*, 248 F. Supp. 2d 281, 294 (S.D.N.Y. 2003); 4 McCarthy § 23.64.<sup>32</sup> A rule that applies in both contexts cannot defeat preclusion.

*Second*, this sort of last-resort tiebreaker does not make B&B’s burden “*significantly* heavier” in the district court than it was before the Board, and it therefore does not justify an exception to the ordinary rule against relitigation. *Restatement (Second) of Judgments* § 28(4) (emphasis added). B&B still had the burden of proving all of the facts supporting the likelihood of confusion, including especially the admitted similarity between the marks and the fact that Hargis adopted its name later. Even in a close case, the tiebreaker does not affect the opposer’s burden to prove the necessary facts; it affects only the outcome of the balancing test, which does not go to burden of proof at all. *Cf. Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2253 (2011) (Breyer, J., concurring).

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<sup>32</sup> Hargis has noted that the jury in this case was not instructed on this tiebreaker principle. But to the extent the Board actually decided that the tiebreaker principle applies, *but see* p. 47, *infra*, that decision is binding on Hargis. Even if it were not, the jury instructions came only after the district court had already rejected preclusion. And in any event, B&B has consistently argued that the burden-shifting argument does not defeat preclusion. *E.g.*, JA213a.

And even if it did, the difference between a tie and a broken tie is not a “significantly heavier” burden; it is an infinitesimal difference.

*Third*, even if *applying* the tiebreaker could signify that the evidence before the Board was truly in equipoise, the tiebreaker made no difference here. The Board had already set out its conclusion that B&B prevailed; only then did it mention the tiebreaker “[t]o the extent that any doubts might exist.” Pet. App. 71a. The Board routinely recites this tiebreaker rule in likelihood-of-confusion cases—so frequently that it cannot possibly mean to suggest that the evidence is in equipoise in every single one of those decisions.<sup>33</sup> *Cf. Schaffer v. Weast*, 546 U.S. 49, 58 (2005) (“[V]ery few cases will be in evidentiary equipoise.”). Rather, the Board’s recital of the doubts-favor-the-senior-mark rule is akin to an appellate court’s rote recital of the standard of review—which does *not* signify, standing alone, that the standard is outcome-determinative in that particular case.

### **III. The Eighth Circuit Wrongly Second-Guessed The Substance Of The Board’s Decision.**

The Eighth Circuit in this case did not like how the Board struck the balance among the competing fac-

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<sup>33</sup> *E.g., In re Quesada Samper*, 2006 WL 2860216 (TTAB Sept. 20, 2006) (“Accordingly, if we had any doubt in this case, and we do not, we would resolve it in favor of the prior registrant.”); *In re Hutchinson*, 2006 WL 1968612, at \*6 (TTAB July 7, 2006) (reciting the rule “[a]lthough we have no doubt in this case”); *Tyr Sport, Inc. v. Datanation, LLC*, 2004 WL 474682, at \*4 (TTAB Mar. 9, 2004) (reciting the rule even though “[w]e do not have any doubt”); *In re Field Fresh Foods, Inc.*, 1999 WL 181162, at \*3 (TTAB Mar. 23, 1999) (same).

tors. But the Eighth Circuit’s view of the merits is totally irrelevant to the preclusion question. Indeed, if a second tribunal could reopen a judgment and re-litigate an issue based purely on its disagreement with the first tribunal’s decision, “the very purpose of the doctrine of [preclusion]” would be frustrated. *Moitie*, 452 U.S. at 399 (quoting *Reed*, 286 U.S. at 201).

The only questions pertinent to preclusion are: Did the Board necessarily and finally decide the likelihood-of-confusion issue? Undisputedly, it did. *See* Pet. App. 7a-8a. Did Hargis have a full and fair opportunity to litigate that issue? Also undisputedly, it did. *See id.* And the question presented here: Is that issue the same one that was before the district court? As shown above, it is.

The Eighth Circuit purported to apply precedent from another circuit that treated the Board and a district court as resolving different issues. But the Eighth Circuit fundamentally misread those cases. No case authorized the Eighth Circuit to do what it did here: to deny preclusion because it thought the outcome should have been different.

#### **A. The Board Considered Marketplace Context.**

This was not a case in which the Board, or the parties before the Board, ignored marketplace context. To the contrary: *both parties urged the Board* to consider the marketplace. *See* p. 9, *supra*. The panel majority acknowledged that the Board had taken “evidence of marketplace context—that the types of fasteners are different and marketed to . . . different

industries and customers.”<sup>34</sup> Pet. App. 10a. And the panel agreed that the Board had factored that evidence into its analysis, favoring Hargis and “weigh[ing] against a finding of likelihood of confusion.” *Id.* But even though the Board had received and considered *the same evidence* of marketplace context as the district court, that was not good enough for the Eighth Circuit—solely because the Board reached a different *decision*.

Hargis therefore cannot justify the decision below based on a few cases opining that, for preclusion purposes, whether the Board and a district court consider the same issue depends on whether the Board examines the “market context” as well as the marks themselves. *See* Resp. Supp. Br. 6-7. The Eighth Circuit fundamentally misread that line of cases: it based its decision on whether the Board *balanced the factors* the way that the Eighth Circuit would and *gave heavy weight* (perhaps dispositive weight) to the marketplace factors the way that the Eighth Circuit would. The cases Hargis cites do not countenance such re-balancing; in none of them did the Board even consider marketplace evidence *at all*. *See Jim Beam Brands Co. v. Beamish & Crawford Ltd.*, 937 F.2d 729, 735 (2d Cir. 1991) (the Board “compared only the typewritten marks”) (internal quotation marks and brackets omitted); *Levy*, 104

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<sup>34</sup> The panel majority characterized the evidence before the Board as showing that the products were “marketed to *vastly* different industries and customers,” Pet. App. 10a, which is not a fair characterization of how the Board read the evidence. *See id.* at 61a, 64a, 67a.

F.3d at 42 (the Board “relied solely on a visual examination of the two marks”).<sup>35</sup>

The Eighth Circuit faulted the Board for having “placed greater emphasis on the appearance and sound when spoken of the two marks.” Pet. App. 10a. That “greater emphasis,” the Eighth Circuit wrote, amounted to “ignor[ing] . . . the marketplace usage of the marks and products.” *Id.* Apparently the panel thought marketplace usage must always be the trump card.

Even supposing the Eighth Circuit were right as a matter of substantive trademark law—and it is not right—the purported error would not matter one bit. Issue preclusion turns on whether the Board and the district court asked the *same question* (here, whether Hargis’s use of its mark was likely to cause confusion), not whether they would get to the *same answer*. See, e.g., *Moitie*, 452 U.S. at 398 (“a final, unappealed judgment on the merits” is still preclusive despite “the fact that the judgment may have been wrong”); p. 22, *supra*. If the Board erred, then Hargis’s option was to appeal. Hargis made a calculated decision not to do so.

And the Board did not err. The Lanham Act does not require that the similarity of the goods, or other evidence of marketplace context, carry any particular weight in the analysis. In fact, the multi-factor balancing test began to creep into the law precisely because of the problem of identical marks on quite dis-

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<sup>35</sup> In *Jim Beam*, the Board decision came before the 1988 statutory amendment expanding the Board’s authority to take evidence. See 937 F.2d at 731; pp. 35-37, *supra*. *Levy* relied on *Jim Beam*.

similar products—products that did not compete with each other, such as locks and flashlights; mechanical pens and razor blades; or magazines and girdles. *See Polaroid*, 287 F.2d at 496 (citing cases involving all these product comparisons); 4 McCarthy § 24:61. Someone who uses an infringing mark on a non-competing good may not be stealing sales from the owner of the senior mark, but instead stealing and trading on the senior mark’s reputation. That is infringement even if it does not lead to a single lost sale. Even if “[t]here is indeed a limit” and some goods are “too remote” from one another, *L.E. Waterman Co. v. Gordon*, 72 F.2d 272, 273 (2d Cir. 1934) (L. Hand, J.) (“It would be hard, for example, for the seller of a steam shovel to find ground for complaint in the use of his trade-mark on a lipstick.”), precisely where to draw the line is a thoroughly fact-sensitive question. The Board’s decision that SEALTIGHT aerospace fasteners were not too remote from SEALTIGHT construction fasteners was perfectly reasonable; the Eighth Circuit was thoroughly *unreasonable* in characterizing the Board as essentially applying a completely different law.

### **B. Preclusion Does Not Turn On The Board’s Analysis Of Each Factor.**

The Court need not decide whether the Second Circuit was right that preclusion can turn on whether the Board expressly considers marketplace context, because here the Board *did* address marketplace context. But if the Board had not done so, that should not change the analysis.

If a party presents evidence that the marketplace context either ameliorates or exacerbates the likely

confusion between the marks, that evidence constitutes just one *set of facts*, or one *argument*, that the tribunal considers en route to resolving the issue of likely confusion. The Board is open to such evidence and considers it under the rubric of the *du Pont* factors.<sup>36</sup> A proceeding before the Board therefore gives the parties a fair opportunity to litigate marketplace issues as part of the likelihood-of-confusion analysis.

But the Board is not required to address that issue separately—especially if the parties choose not to present evidence on that issue. And that decision is no less final and binding just because the parties passed up or overlooked some arguments or evidence on the question whether confusion is or is not likely. *See, e.g., Restatement (Second) of Judgments* § 27 cmt. c (issue preclusion bars the losing litigant from advancing “new evidentiary facts” or “new arguments . . . to obtain a different determination”); *Pignons S.A. de Mecanique v. Polaroid Corp.*, 701 F.2d 1, 2 (1st Cir. 1983) (Breyer, J.) (holding, in a likelihood-of-confusion case, that issue preclusion barred the plaintiff from advancing “new theories, evidence, and arguments,” because the plaintiff “had

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<sup>36</sup> For instance, the Board considers evidence of “commercial impression” and channels of trade. *See, e.g., In re Green Supreme, Inc.*, 2014 WL 3686868, at \*5 (TTAB July 18, 2014) (“Evidence of the context in which a particular mark is used on labels, packaging, etc., or in advertising is probative of the significance which the mark is likely to project to purchasers.”) (quoting *Nw. Golf Co. v. Acushnet Co.*, 226 U.S.P.Q. 240, 244 (TTAB 1985)); *see also Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 396 F.3d 1369, 1371-72 (Fed. Cir. 2005) (explaining the role of “commercial impression” in the *DuPont* factors).

a fair opportunity to make these arguments and to introduce this evidence the first time”).

This Court therefore should not hold that a decision is preclusive only as to factors that the Board explicitly addresses. Juries, after all, do not render factor-by-factor findings; a jury’s verdict on likelihood of confusion is preclusive as to that issue, not as to each non-binding sub-factor. So too with the Board. To the extent that the Board’s failure to *discuss* an issue constitutes failure to *weigh* an issue, that is at most a ground for appeal. It is not a ground for relitigation by a party that forgoes its appeal.

**IV. Because The Two Proceedings Involved The Same Legal Issue, The Same Marks, And The Same Goods, The Eighth Circuit’s Denial Of Preclusion Should Be Reversed.**

The preclusive effect of a tribunal’s decision is tied to the “facts essential to [the] judgment.” *Montana*, 440 U.S. at 159, 161. Those facts may vary somewhat from case to case; there is no requirement “that two cases presenting the same legal issue must arise from the very same facts or transaction before [issue preclusion] can be applied.” *Stauffer Chem. Co.*, 464 U.S. at 172 n.5. But the law of preclusion recognizes that “essential” facts can change.

In the likelihood-of-confusion context, the “essential” facts are the marks and the goods on which they are to be used. A tribunal’s finding is preclusive in subsequent litigation when, as here, the two cases involve the same marks, the same set of goods, and the same market conditions.

For instance, the Board always considers all goods recited in the application or registration (here, construction fasteners and aerospace fasteners, [Hargis application; B&B registration]). In some cases, especially where the applicant has not actually begun to use the mark, the infringement action may involve a narrower set of goods than claimed in the application or registration, and the narrower set of goods may present less danger of confusion. *See, e.g., Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 1373 (Fed. Cir. 2013) (jury’s no-likelihood-of-confusion verdict as to products from a single line of clothing did not preclude the Board from finding a likelihood of confusion as to a registration claiming *all* “jeans, skirts, shorts, pants and jackets”). But where the goods recited in the registration are the same goods in actual use, and the market conditions have not changed, there will be no factual obstacle to preclusion.

That is the case here. Hargis’s theory before the district court was exactly the same as its theory before the Board: that B&B’s SEALTIGHT mark appears on aerospace fasteners, Hargis’s SEALTITE mark appears on construction fasteners, and the two products are sufficiently distinct to overcome the similarity of the marks. *E.g.*, JA229a-30a, 280a-85a. Once the first tribunal rejected that theory, Hargis was no longer entitled to press it before a second.

If some significant factual difference could have justified relitigating the same defense, it was Hargis’s burden to identify it. *See, e.g., DeCosta v. Viacom Int’l, Inc.*, 981 F.2d 602, 610-11 (1st Cir. 1992) (Breyer, C.J.) (in a likelihood-of-confusion case, placing the burden on the litigant who lost the first ac-

tion to show “significantly different circumstances”); accord *Restatement (Second) of Judgments* § 27 cmt. c; *Liberty Mut. Ins. Co. v. FAG Bearings Corp.*, 335 F.3d 752, 761-65 (8th Cir. 2003) (rejecting changed-circumstances argument by defendant relying on “new” evidence that it could have relied on in the earlier proceeding, but for its own lack of diligence). Yet below, Hargis never argued that *factual* distinctions separated the infringement action from the registration proceeding. Rather, all of Hargis’s arguments were *legal* in nature. JA178a-99a, 346a-62a.

At the certiorari stage, B&B pointed out that there had been “no difference in scope” between the Board proceedings and the trial. Pet. 16 n.7. Hargis did not dispute that factual point, silently conceding it. See Br. in Opp. 33-35; Sup. Ct. R. 15.2.

Subsequently, Hargis belatedly asserted that the issues may differ because Hargis “always” uses the term SEALTITE “in the context of ‘Sealtite Building Fasteners,’” and the Board did not consider that fact. Resp. Supp. Br. 12 (quoting Pet. App. 35a). That is doubly wrong. First, the evidence did not show (and no one testified) that Hargis *never* used SEALTITE standing alone;<sup>37</sup> to the contrary, Hargis’s primary website was *www.sealtite.com*. JA240a-41a. Second, the context was before the Board. Pursuant to Board practice, Hargis provided the Board with a specimen of how it would use the mark SEALTITE in its labeling, including the words “Building Fasteners.”<sup>38</sup> The

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<sup>37</sup> Hargis made that assertion in its postjudgment brief, without any citation, ECF No. 222, at 27 (Aug. 16, 2010), and the district court simply repeated it.

<sup>38</sup> See <http://tsdr.uspto.gov/documentviewer?caseId=sn75129229&docId=SPE20041230131154>.

use of the phrase “Building Fasteners” did not save Hargis from a finding of likelihood of confusion, and it does not save Hargis from issue preclusion, precisely because the Board definitively *rejected* Hargis’s defense that building fasteners are sufficiently distinct from aerospace fasteners.

Significantly, Hargis has never argued that its operations are *geographically* distinct from B&B’s or that sheer physical separation will prevent confusion. B&B sells fasteners primarily through nationwide distributors, as well as online. JA231a-34a. It accordingly sells in the same markets where Hargis does business (including the online market).<sup>39</sup>

Because Hargis has never identified any likelihood-of-confusion argument not precluded by the Board’s decision, there is no need to remand the preclusion issue. The appropriate disposition is to reverse and remand for the district court to enter summary judgment for B&B on infringement: the Board’s judgment resolves likelihood of confusion, and Hargis does not dispute the priority of B&B’s mark or Hargis’s use of the infringing mark in commerce. *See* JA146a (¶ 25), 133a-40a, 200a-07a. Further proceedings to determine a remedy would be appropriate.

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<sup>39</sup> If Hargis had such a geographic argument, it might not have been precluded from raising it in district court, because geographic arguments—uniquely—could not be raised before the Board in deciding B&B’s opposition. The Board decides registration issues on a nationwide basis and therefore generally will not consider arguments that two products are geographically distinct, except in special “concurrent use” proceedings. 37 C.F.R. § 2.133(c); *see* 15 U.S.C. § 1052(d) (proviso). But this restriction applies only to geographic arguments, and as a factual matter Hargis has no geographic argument.

\* \* \* \*

Two tribunals in this case decided the same issue: do the nearly-identical marks SEALTITE and SEALTIGHT threaten to cause confusion, or are the parties' fasteners sufficiently different from one another as to keep the marks distinct in the consumer's eye? The question was the same, even if the answer might have different consequences in each case (registration versus infringement). Once the first tribunal answered the question, Hargis's remedy was to appeal. Instead, *seven years* after the final TTAB ruling, Hargis still disputes the likelihood of confusion. It is time to declare that issue closed.

**CONCLUSION**

The judgment of the court of appeals should be reversed, and the case should be remanded with instructions to enter judgment for B&B on infringement.

Respectfully submitted.

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## APPENDIX

15 U.S.C. § 1052 provides in pertinent part:

### **Trademarks registrable on principal register; concurrent registration**

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, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive:  
*Provided*, That if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously

issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Director when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Director shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, (4) is primarily merely a surname, or (5) comprises any matter that, as a whole, is functional.

\* \* \* \*

15 U.S.C. § 1063 provides in pertinent part:

**Opposition to registration**

(a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, including the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 1125(c) of this title, may, upon payment of the prescribed fee, file an opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 1062 of this title of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the Director for good cause when requested prior to the expiration of an extension. The Director shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the Director.

(b) Unless registration is successfully opposed—  
(1) a mark entitled to registration on the principal register based on an application filed under section 1051(a) of this title or pursuant to section 1126 of this title shall be registered in the Patent and Trademark Office, a certificate of registration shall be issued, and notice of the registration shall be published in the Official Gazette of the Patent and Trademark Office; or

(2) a notice of allowance shall be issued to the applicant if the applicant applied for registration under section 1051(b) of this title.

\* \* \* \*

15 U.S.C. § 1064 provides in pertinent part:

### **Cancellation of Registration**

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905:

- (1) Within five years from the date of the registration of the mark under this chapter.
- (2) Within five years from the date of publication under section 1062(c) of this title of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905:
- (3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of

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section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

\* \* \* \*

15 U.S.C. § 1065 provides in pertinent part:

**Incontestability of right to use mark under certain conditions**

Except on a ground for which application to cancel may be filed at any time under paragraphs (3) and (5) of section 1064 of this title, and except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of

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such registered mark, the right of the owner to use such registered mark in commerce for the goods or services on or in connection with which such registered mark has been in continuous use for five consecutive years subsequent to the date of such registration and is still in use in commerce, shall be incontestable: *Provided*, That—

(1)there has been no final decision adverse to the owner's claim of ownership of such mark for such goods or services, or to the owner's right to register the same or to keep the same on the register; and

(2)there is no proceeding involving said rights pending in the United States Patent and Trademark Office or in a court and not finally disposed of; and

(3)an affidavit is filed with the Director within one year after the expiration of any such five-year period setting forth those goods or services stated in the registration on or in connection with which such mark has been in continuous use for such five consecutive years and is still in use in commerce, and other matters specified in paragraphs (1) and (2) of this section; and

(4)no incontestable right shall be acquired in a mark which is the generic name for the goods or services or a portion thereof, for which it is registered.

\* \* \* \*

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15 U.S.C. § 1067 provides in pertinent part:

**Interference, opposition, and proceedings for concurrent use registration or for cancellation, notice, Trademark Trial and Appeal Board**

(a) In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Director shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration.

\* \* \* \*

15 U.S.C. § 1068 provides:

**Action of Director in interference, opposition, and proceedings for concurrent use registration or for cancellation**

In such proceedings the Director may refuse to register the opposed mark, may cancel the registration, in whole or in part, may modify the application or registration by limiting the goods or services specified therein, may otherwise restrict or rectify with respect to the register the registration of a registered mark, may refuse to register any or all of several interfering marks, or may register the mark or marks for the person or persons entitled thereto, as the rights of the parties under this chapter may be established in the proceedings: *Provided*, That in the case of the registration of any

mark based on concurrent use, the Director shall determine and fix the conditions and limitations provided for in subsection (d) of section 1052 of this title. However, no final judgment shall be entered in favor of an applicant under section 1051(b) of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) of this title.

15 U.S.C. § 1071 provides in pertinent part:

**Appeal to courts**

(a) Persons entitled to appeal; United States Court of Appeals for the Federal Circuit; waiver of civil action; election of civil action by adverse party; procedure

(1) An applicant for registration of a mark, party to an interference proceeding, party to an opposition proceeding, party to an application to register as a lawful concurrent user, party to a cancellation proceeding, a registrant who has filed an affidavit as provided in section 1058 or section 1141k of this title, or an applicant for renewal, who is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, may appeal to the United States Court of Appeals for the Federal Circuit thereby waiving his right to proceed under subsection (b) of this section: *Provided*, That such appeal shall be dismissed if any adverse party to the proceeding, other than the Director, shall, within twenty days after the appellant has filed notice of appeal according to paragraph (2) of this section, files notice

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with the Director that he elects to have all further proceedings conducted as provided in subsection (b) of this section. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under subsection (b) of this section, in default of which the decision appealed from shall govern the further proceedings in the case.

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(4) The United States Court of Appeals for the Federal Circuit shall review the decision from which the appeal is taken on the record before the United States Patent and Trademark Office. Upon its determination the court shall issue its mandate and opinion to the Director, which shall be entered of record in the United States Patent and Trademark Office and shall govern the further proceedings in the case. However, no final judgment shall be entered in favor of an applicant under section 1051(b) of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) of this title.

(b) Civil action; persons entitled to; jurisdiction of court; status of Director; procedure

(1) Whenever a person authorized by subsection (a) of this section to appeal to the United States Court of Appeals for the Federal Circuit is dissatisfied with the decision of the Director or Trademark Trial and Appeal Board, said person may, unless appeal has been taken to said United States Court of Appeals for the Federal Circuit, have remedy by a civil action

if commenced within such time after such decision, not less than sixty days, as the Director appoints or as provided in subsection (a) of this section. The court may adjudge that an applicant is entitled to a registration upon the application involved, that a registration involved should be canceled, or such other matter as the issues in the proceeding require, as the facts in the case may appear. Such adjudication shall authorize the Director to take any necessary action, upon compliance with the requirements of law. However, no final judgment shall be entered in favor of an applicant under section 1051(b) of this title before the mark is registered, if such applicant cannot prevail without establishing constructive use pursuant to section 1057(c) of this title.

(2) The Director shall not be made a party to an inter partes proceeding under this subsection, but he shall be notified of the filing of the complaint by the clerk of the court in which it is filed and shall have the right to intervene in the action.

(3) In any case where there is no adverse party, a copy of the complaint shall be served on the Director, and, unless the court finds the expenses to be unreasonable, all the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not. In suits brought hereunder, the record in the United States Patent and Trademark Office shall be admitted on motion of any party, upon such terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of any party

to take further testimony. The testimony and exhibits of the record in the United States Patent and Trademark Office, when admitted, shall have the same effect as if originally taken and produced in the suit.

(4) Where there is an adverse party, such suit may be instituted against the party in interest as shown by the records of the United States Patent and Trademark Office at the time of the decision complained of, but any party in interest may become a party to the action. If there are adverse parties residing in a plurality of districts not embraced within the same State, or an adverse party residing in a foreign country, the United States District Court for the District of Columbia shall have jurisdiction and may issue summons against the adverse parties directed to the marshal of any district in which any adverse party resides. Summons against adverse parties residing in foreign countries may be served by publication or otherwise as the court directs.

15 U.S.C. § 1114 provides in pertinent part:

**Remedies; infringement; innocent infringement by printers and publishers**

(1) Any person who shall, without the consent of the registrant—

(a) 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

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services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

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15 U.S.C. § 1117 provides in pertinent part:

**Recovery for violation of rights:**

(a) Profits; damages and costs; attorney fees  
When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising

under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

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15 U.S.C. § 1119 provides:

**Power of court over registration**

In any action involving a registered mark the court may determine the right to registration, order the cancelation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.

15 U.S.C. § 1125 provides in pertinent part:

**False designations of origin, false descriptions, and dilution forbidden**

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her

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goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

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