

No. 13-352

IN THE
Supreme Court of the United States

B&B HARDWARE, INC.,
Petitioner,

v.

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

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

REPLY BRIEF FOR PETITIONER

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RULE 29.6 STATEMENT

The corporate disclosure statement included in the opening brief remains accurate.

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REPLY BRIEF FOR PETITIONER

I. The Registration And Infringement Provisions Contain The Same Language And The Same Concept

Hargis’s discussion of the principal issue in this case—whether “likelihood of confusion” means the same thing in registration and infringement proceedings—occupies a mere three pages beginning on page 42 of its brief. And Hargis makes no attempt to defend the Eighth Circuit’s flawed reasoning that different multi-factor tests in different tribunals can defeat preclusion. *See* Pet. Br. 37-44.

Instead, Hargis has a single statutory point, based on the word “use” in one provision and the word “resembles” in the other. But what Hargis overlooks is that *both* key terms actually appear in *both* provisions. The statutory concept of likelihood of confusion does not differ—either textually or in application.

Hargis offers *no* response to the other key points: The Lanham Act repeats the phrase “likely . . . to cause confusion” in the registration *and* the infringement provisions. Pet. Br. 26-28. That phrase adverted to a well-known and well-defined common-law meaning—again, a single concept that Congress deliberately applied to both registration and infringement. Pet. Br. 28-31. And it is not just the Board that applies that likelihood-of-confusion standard in making registration decisions. District courts make registration decisions as well, generally in tandem with an infringement decision, which fur-

ther confirms that both decisions use the same likelihood-of-confusion standard. Pet. Br. 31-34.

**A. Both Provisions Incorporate “Use”
And “Resemblance”**

Hargis’s entire argument depends on the notion that, as a matter of statutory text, registration is all about the marks’ “resemblance” and not their “use,” whereas infringement is only about “use” and not about “resemblance” at all. But that is just not true: *both concepts* appear in *both provisions*, and the relevant wording is identical in every material respect. The registration provision *expressly requires* consideration of how the mark is “used.” 15 U.S.C. § 1052(d). And through a definitional provision that Hargis does not cite, the registered-mark infringement provision *expressly requires* consideration of “resembl[ance].” *Id.* § 1127 (definition of “colorable imitation”); *see id.* § 1114(1)(a). The *only* textual difference Hargis identifies turns out to be no difference at all.

1. Registration does not, as Hargis would have it, turn on a mere comparison of the marks and assessment of their “resembl[ance].” Rather, it also examines how the mark is used, including (but not limited to) on what goods. The statutory text asks whether the applicant’s mark “so resembles” a registered mark that it is “likely, *when used* on or in connection with the goods of the applicant, to cause confusion.” 15 U.S.C. § 1052(d) (emphasis added).

If Hargis were correct, showing that marks are identical would always establish likely confusion for registration purposes. It does not: even if the marks are *identical*, the goods may be sufficiently different

to rule out confusion. *Dynamics Research Corp. v. Langenau Mfg. Co.*, 704 F.2d 1575, 1576, 1577-78 (Fed. Cir. 1983). And conversely, even if the marks are somewhat distinct, their use on identical *goods* may cause confusion. *Century 21 Real Estate Corp. v. Century Life of Am.*, 970 F.2d 874, 877 (Fed. Cir. 1992).

2. Similarly, the provision governing infringement of registered marks does not just turn on how the marks are “used,” as Hargis would have it. To the contrary, that provision directly incorporates the concept of “resemblance” as well.

In addition to being “used” in the specified ways, an infringing mark also must either be a “reproduction, counterfeit, [or] copy . . . of a registered mark”—that is, identical to it—or else be a “colorable imitation of [the] registered mark.” 15 U.S.C. § 1114(1)(a). And the definition of “colorable imitation” exactly echoes the phrasing of the registration provision: “The term ‘colorable imitation’ includes any mark *which so resembles* a registered mark *as to be likely to cause confusion or mistake or to deceive*.” *Id.* § 1127 (emphases added). Identical language about resemblance appears in the registration provision. *See id.* § 1052(d) (PTO may not register “a mark *which so resembles* a mark registered in the [PTO] . . . *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*”).

3. Thus, both key concepts appear in both sections, in the same words. The senior user must show that the marks “so resemble[]” each other as to be likely to cause confusion when used “on or in connection with” particular goods. *Id.* §§ 1052(d), 1114(1)(a).

To the extent minor differences in wording exist, the reason is simple: registration applications can be based on a mere intent to use; infringement litigation cannot. Thus, applicants can file for registration (and litigate opposition proceedings) before ever actually using a mark. *See* 15 U.S.C. §§ 1051(b), (d), 1062(a), 1063; *see also* S. Rep. No. 100-515, at 5 (1988). But to be sued for infringement, one must actually use the infringing mark in commerce, 15 U.S.C. § 1114(1)(a); *see id.* § 1127 (definition of “use in commerce”), or at least physically apply the infringing mark to materials “intended to be used in commerce,” *id.* § 1114(1)(b). The infringement provision therefore begins with a jurisdictional element—the infringing mark must be “use[d] in commerce”—that is unnecessary in the registration provision.

Thus, courts consider identical factors when they consider registration and infringement simultaneously. Pet. Br. 34 & n.23. Ignoring those cases, Hargis insists upon a false dichotomy: it asserts that the Board decides likelihood of confusion “based on resemblance,” and the district court in an infringement action decides confusion “based on . . . ‘use.’” Resp. Br. 52. That is not based on anything in reality. Hargis cites only a single trademark case, which it quotes out of context: the Federal Circuit did not say that infringement and registration are governed by different law, but only that the “transactional facts” will often be different. *Mayer/Berkshire Corp. v. Berkshire Fashions, Inc.*, 424 F.3d 1229, 1232 (Fed. Cir. 2005). The Federal Circuit recognizes that the likelihood-of-confusion tests are the same. Pet. 15-16; Cert. Reply 4.

The Board certainly does not ignore use, or compare marks in isolation. That is why *both parties here* asked the Board to consider the marketplace. Pet. Br. 9. Hargis’s assertion that the Board felt compelled by the statute to “discount” its “marketplace-usage findings” (Resp. Br. 57) is baseless. In fact, how Hargis “use[d]” the mark *supported* a likelihood-of-confusion finding in a key respect: Hargis used SEALTITE on goods that were “intrinsically related” to the goods on which B&B used SEALTIGHT, even if not identical. Pet. App. 61a-62a.

B. Registration And Infringement Proceedings May Consider The Same Marks, Goods, And Markets

Hargis devotes many pages (Br. 46-51) to the uncontroverted point that a registration proceeding and an infringement proceeding will often consider different goods and different usages.¹ But ultimately, Hargis acknowledges that sometimes “registration submissions [may] exactly echo actual usage.” Resp. Br. 52. And except for the statutory argument debunked above, Hargis gives *no reason* why preclusion should not apply when the registration and infringement proceedings truly do involve the same marks, used on the same goods, traveling through the same markets. That resolves this case.

¹ Hargis overstates how often the Board decides matters based *purely* on the registration papers. The Board can and does take evidence about (*e.g.*) the channels of trade recited in the registration. And the parties can invoke 15 U.S.C. § 1068 to allow the Board to look beyond the registration papers. *See* Pet. Br. 35-37.

C. The Two Proceedings Here Involved The Same Marks, The Same Goods, And The Same Markets

In its brief in opposition, Hargis identified no factual differences between the Board proceedings and the district-court case. The government urged Hargis to come forward with any possible argument that the pertinent facts changed. U.S. Br. 27-28. Hargis has offered precisely *one*: the notion that trial evidence showed that it “always” used the mark “Sealtite” in the context of “Sealtite Building Fasteners.” Br. 55. That is both factually incorrect and legally inadequate to justify relitigating the Board’s finding.

1. First, it simply is not correct that Hargis always pairs “Sealtite” with “Building Fasteners.” Most prominently, Hargis admitted that it “uses . . . Sealtite.com in the advertisement, marketing and promotion of certain of its products.” JA148a. That is Hargis’s “main website,” JA240a, yet the domain name completely omits “Building Fasteners.” The potential for customer confusion from the use of that address alone became abundantly clear when Hargis admitted that a website using *B&B’s mark* as the domain name, www.sealtight.biz, redirected users to *Hargis’s website*. JA241a.

More generally, “Building Fasteners” was irrelevant to Hargis’s defense—and not mentioned in Hargis’s response to B&B’s preclusion motion or Hargis’s own summary-judgment motion on confusion. JA178a-207a; ECF No. 100. Hargis admitted, without qualification, that it used the phonetically identical mark “SEALTITE.” JA148a; *see also* JA134a,

201a (¶ 9); E.D. Ark. Local R. 56.1(c). If the phrase “Building Fasteners” had been as central to the trial defense as Hargis now suggests, surely Hargis would have mentioned the phrase during its closing argument. It did not. *See* JA275a-301a. Instead, Hargis conceded that the marks were similar, JA298a, and focused on arguing that marketplace factors overcame the similarity between “Sealtite” and “Sealtight.” *See* JA279a-84a. And in its opening Hargis used “Sealtite” and “Sealtite Building Fasteners” interchangeably. *See* 2 Trial Tr. 107.

The single snippet of testimony that Hargis now cites does not distinguish the facts litigated at trial from the facts litigated before the Board. It related only to “Sealtite” as part of Hargis’s trade name Sealtite Building Fasteners,² *not* to the broader question whether Hargis ever used the mark “Sealtite” in connection with the fasteners at issue (such as in a product name, on packaging, in a catalog, or on its website). The witness did not say that Hargis *never* uses “Sealtite” alone for any purpose. Indeed, he could not have said that, as he himself had just testified about sealtite.com, JA240a, and he had previously testified (in Board proceedings) that “at one point we put Sealtite on the bag” in which

² The entire exchange was as follows:

Q. All right. And the company, does it do business as Sealtite Building Fasteners?

A. That’s the only way we do business. Hargis Industries is just—it’s our corporate name, our holding company if you will.

Q. When you use the term Sealtite, it’s used in the context of Sealtite Building Fasteners?

A. Yes, it is.

5 Trial Tr. 824.

Hargis's fasteners were packaged. Crouch Dep. at 44, TTAB Docket No. 30 (filed May 12, 2006).³

Hargis admitted that it used the mark Sealrite, and the evidence confirms that it regularly used it without the accompanying term "Building Fasteners." *At a minimum*, therefore, preclusion applies to those uses.

2. More fundamentally, the Board had before it the phrase "Building Fasteners," which Hargis submitted with its registration materials. Pet. Br. 55. The Board can consider such specimens to understand the "commercial impression" the mark would leave. *Id.* at 51-52 & n.36.⁴ Hargis made other commercial-impression arguments, but never mentioned "Building Fasteners," and a new argument cannot justify relitigation. *Id.* at 52.

Even in comparing two standard-character word marks, the Board may look at whether "the way [the] Applicant displays his mark" supports a distinct commercial impression. *In re Forshaw*, 2014 WL 4219117, at *4 (TTAB Aug. 15, 2014); *see, e.g., Specialty Brands, Inc. v. Coffee Bean Distribs., Inc.*, 748 F.2d 669, 674 (Fed. Cir. 1984) (comparing word marks based in part on trade dress, which may "provide evidence of whether the word mark projects a confusingly similar commercial impression"). To be sure, a standard-character registration encompasses every conceivable font, size, or color, so the Board

³ To locate TTAB filings, see Pet. Br. 8 n.5.

⁴ One *DuPont* factor is "the similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation, and *commercial impression*." Pet. App. 56a (quoting *In re E. I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973)) (emphasis added).

will not consider such distinctions. Resp. Br. 55-56. But Hargis has never argued that font, size, or color affects the likelihood of confusion between SEAL-TIGHT and SEALTITE.

3. Most fundamentally, *the Board knew perfectly well* that Hargis made building fasteners, whereas B&B made aerospace fasteners. See Pet. App. 42a; JA70a. Adding the phrase “Building Fasteners” to the packaging or advertising of *building fasteners* would have done absolutely nothing to lessen consumer confusion about the *origin* of the building fasteners. “[A]lthough purchasers will certainly notice the additional words, they will regard them as merely providing further information about the [goods], and still view the marks as indicating [goods] emanating from or sponsored by the same source.” *Katz Commc’ns, Inc. v. Katz Mktg. Solutions LLC*, 2013 WL 3188904, at *14 (TTAB Feb. 21, 2013). Thus, those two extra words of description are simply not relevant to the question whether Hargis was trading on B&B’s mark to sell building fasteners.⁵

Hargis’s defense—now, at trial, and before the Board—has always been that construction fasteners are sufficiently different from aerospace fasteners

⁵ Hargis acknowledges (Br. 55 n.12) that adding generic or descriptive material to a mark does not defeat a likelihood of confusion. Its rejoinder appears to be that B&B’s mark is so weak that even generic language can distinguish it. But “the general rule . . . that a subsequent user may not appropriate the entire mark of another and avoid a likelihood of confusion by adding descriptive or subordinate matter thereto” protects even allegedly weak marks. *In re Maximum Publ’g LLC*, 2006 WL 80622, at *2 (TTAB Jan. 4, 2006); see 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:50, at 23-267 to 23-268 (4th ed. 2014).

that there is no likelihood of confusion, despite the near-identity of SEALTITE and SEALTIGHT. The Board rejected that defense. The district court considered the same essential facts: the same “substantially similar” marks, applied to the same “intrinsically related” goods. Pet. App. 56a, 61a. Adding a reminder that Hargis’s fasteners were “Building Fasteners” does not create a new and different set of facts.

If Hargis wished to challenge the Board’s conclusion that B&B had established a likelihood of confusion on those facts, its remedy was to appeal. It did not. And the facts have not changed in any way that can undo the Board’s judgment that Hargis’s use of its mark on construction fasteners would likely create confusion with B&B’s mark. Whether that judgment is a finding of fact (B&B’s view) or a conclusion of law, it is final and binding in either event.⁶

II. The Board’s Judgments Are Binding

Hargis’s main argument on the merits is one that it affirmatively conceded away at the certiorari stage. This case came to the Court as a case about whether the district court could deny preclusion on the ground that “likely . . . to cause confusion” means different things before the Board and the district court. And Hargis agreed, several times, that the Board sometimes *can* render a preclusive judgment.

⁶ The Board’s findings on the subsidiary factors are *also* binding, and sufficient to compel judgment for B&B. Hargis contends (Br. 56-57) that it can prevail under those findings, because the Board did not rule definitively on *one* factor, consumer care. But more evidence on that point could not overcome the Board’s distinct finding that the goods are intrinsically related.

Hargis cannot now turn tail and argue that the Board completely *lacks the power* to render a preclusive judgment.

Even if the Court chooses to excuse the waiver, it should swiftly reject Hargis’s contention that Congress somehow set up the Board as the rare adjudicative body whose judgments can be relitigated. Hargis’s reasoning is not limited to likelihood of confusion; accepting it would open a wide range of Board decisions to wasteful, pointless relitigation—for instance, priority based on first use.⁷

A. Hargis Previously Conceded That Board Decisions May Be Accorded Preclusive Effect

Merely omitting an alternative argument at the certiorari stage is enough to forfeit it. Sup. Ct. R. 15.2.⁸ Hargis did not just omit this argument, but affirmatively *disclaimed* it to this Court:

[T]he applicable law of issue preclusion is as clear as this doctrine gets: A finding of likelihood of confusion for purposes of trademark registration *may be accorded preclusive effect* in infringement litigation. *Or it may not*. The answer *depends on the factual circumstances* of the case—specifically, on the role of actual marketplace usage in the previous determination.

⁷ See, e.g., *C & N Corp. v. Kane*, 953 F. Supp. 2d 903, 913-14 (E.D. Wis. 2013).

⁸ Raising the argument *below* is insufficient. E.g., *Kasten v. Saint-Gobain Performance Plastics Corp.*, 131 S. Ct. 1325, 1336 (2011). *Contra* Resp. Br. 27-28 n.5.

Resp. Supp. Cert. Br. 2 (emphases added); *see also id.* at 12 (“actual marketplace usage . . . is legally relevant”). That echoed Hargis’s statement that “[u]nder the Eighth Circuit’s decision, a TTAB finding on likelihood of confusion that accounts for the marketplace context in a meaningful way *likely would be entitled to issue preclusive effect* in a second proceeding.” Br. in Opp. 21 (emphasis added); *accord id.* at 31.

Hargis’s new position is irreconcilable with its old one: it now argues that a Board finding may *never* “be accorded preclusive effect,” and that “the factual circumstances of the case” are totally irrelevant. Hargis’s reversal should not be tolerated—particularly given the real prejudice it has now caused B&B with respect to the second question presented.

B&B preserved an argument in the petition that, *if* the issues are the same but no preclusion applies for some reason, Board decisions should at least receive a strong degree of deference. Pet. i. “No preclusion, but strong deference” is the rule in two circuits. Pet. 22-25. But Hargis rubbished that rule as a “dated” “outlier” unlikely to be followed by anyone. Resp. Supp. Cert. Br. 8; Br. in Opp. 25. And it emphasized that *no* circuit had ever adopted a rule of “no preclusion *and* no deference.” *Id.* at 26. If Hargis *itself* held that extreme view, that was the time to say so. Hargis did not. Its concession seemingly mooted the deference question—and led B&B not to brief it. Hargis should not be permitted to undo that concession now.

**B. Nothing In The Lanham Act Rebutts
The Presumption In Favor Of
Applying Preclusion**

This Court has recognized a “presumption” in favor of applying preclusion doctrine “to those determinations of administrative bodies that have attained finality.” *Astoria Fed. Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 107, 108, 110 (1991). Thus, for example, an unappealed state agency decision was preclusive in a federal action under 42 U.S.C. § 1983, because Section 1983 says nothing about preclusion. *Univ. of Tenn. v. Elliott*, 478 U.S. 788, 797 (1986). By contrast, in the two cases Hargis cites, the relevant federal antidiscrimination statute contained language clearly refuting the possibility of preclusion. *Id.* at 795; *Astoria*, 501 U.S. at 110-11. Hargis identifies no such language in the Lanham Act. It proposes instead four much gauzier statutory inferences, all of which lack merit.

First, Hargis asserts (Br. 30, 34-35) that because the Board does not resolve infringement cases, its findings on an *issue* cannot be preclusive in an infringement case between the same parties. That fundamentally misunderstands the nature of issue preclusion, which does not turn on whether the two cases involve the same underlying claim. *See* Pet. Br. 23-24. State courts have absolutely no jurisdiction over patent-infringement cases—but when a state-law judgment resolved the ownership of a patent, this Court nonetheless gave that judgment issue-preclusive effect in a federal patent case. *See Becher v. Contoure Labs., Inc.*, 279 U.S. 388, 390-92 (1929); *see also* Pet. Br. 24-25.

Second—assuming its own conclusion—Hargis asserts (Br. 28-32) that registration and infringement are so different that a judgment as to one cannot possibly preclude litigation of the other. In fact the relevant statutory text is the same. *See* Part I, *supra*. Furthermore, registration and infringement are often litigated *in the same proceeding* in district court. Pet. Br. 31-34. And to the extent Hargis seeks to rely on aspects of the Board’s procedures (such as limits on discovery), such limits appear nowhere in the Lanham Act, but only in the Board’s own rules.⁹ By definition, those rules cannot show that *Congress* intended to rule out preclusion. Hargis’s first set of supposed “textual signals” (Resp. Br. 31) turns out to rely on no statutory text at all.

Third, treating Board decisions as preclusive does not render infringement litigation “*pro forma*,” Resp. Br. 32, because parties to infringement litigation need not and often do not go to the Board first.¹⁰ By contrast, in the discrimination cases Hargis cites, the complainants were *required* by federal law to exhaust the substance of their federal claims before an agency first,¹¹ but Congress provided that they would be able to sue in federal court afterward. That provision would have had no point if preclusion applied, because success before the agency would moot a fed-

⁹ Hargis’s arguments about the Board’s procedures would not be well taken even if they were relevant. *See* pp. 19-22, *infra*.

¹⁰ Even if they do go to the Board, the Board may wait for the civil action. 37 C.F.R. § 2.117. And if it does proceed, its registration decision will not overlap with every element of infringement.

¹¹ The complainants had no control over whether the complaint went to a federal or state agency. *Astoria*, 501 U.S. at 113.

eral suit and failure before the agency would preclude it. *Astoria*, 501 U.S. at 111.

Fourth, Hargis asserts that because Board decisions may be reviewed *de novo* if appealed to the district court, they must not be preclusive if *not* appealed. That does not follow at all. Preclusion does not apply to the appeal because “such a review is a continuation of the original administrative litigation and the final outcome is still in contest.” *Restatement (Second) of Judgments* § 83 cmt. a (1980) (*Restatement*). But that has no bearing on whether preclusion applies when a losing party decides *not* to appeal, and “the final outcome” is no longer “in contest.” It is entirely normal, not “absurd” (Resp. Br. 34), to have appellate review be *de novo* but an unappealed judgment be preclusive. *See, e.g., Federated Dep’t Stores, Inc. v. Moitie*, 452 U.S. 394, 396, 400-01 (1981); U.S. Br. 19.¹²

Hargis’s premise is faulty in any event. Board decisions generally are reviewed deferentially, under the Administrative Procedure Act (APA). That changes only if the parties (a) opt for the district court rather than the Federal Circuit, *and* (b) adduce new evidence. *Cf. Hyatt v. Kappos*, 625 F.3d 1320, 1336 (Fed. Cir. 2010) (en banc) (so holding in the context of the analogous tribunal for patents), *aff’d*, 132 S. Ct. 1690 (2012).¹³ Just because Congress al-

¹² That is so even when the review allows new evidence. Several jurisdictions allow the losing party in first-level courts to elect an entirely new trial in the next-level court. But if the loser does not timely make that election, the first-level court’s judgment is still preclusive. *E.g., Masko v. City of Madison*, 665 N.W.2d 391, 396 (Wis. Ct. App. 2003).

¹³ Electing the district court does not necessarily mean dissatisfaction with the Board record: the *prevailing* party before the

lowed *de novo* review *sometimes* does not mean it rejected preclusion *all the time*.

C. Applying Preclusion Is Constitutional

Failing to find anything in the statute that could defeat preclusion, Hargis turns to the Seventh Amendment and to the vesting clause of Article III. That last-ditch effort fails. For these purposes, agency tribunals are no different from state courts or equity courts: litigants cannot escape the binding force of their judgments just by filing an action at law in a federal court.

1. Hargis concedes (at 38-39) that this Court has already rejected the argument that issue preclusion unconstitutionally usurps the role of the jury. *See Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 333-37 (1979) (squarely holding that a prior adjudication, with no jury, is preclusive in a subsequent case, even if a jury would hear the second case). Under *Parklane*, preclusion is consistent with the Seventh Amendment—whether the preclusive judgment comes from a federal court sitting without a jury, a state court, or an agency.

Hargis seeks to escape *Parklane*'s holding with the simplistic notion (Br. 39) that federal agencies are different because they did not perform adjudications in 1791.¹⁴ That overlooks what *did* exist in 1791:

Board can force review in the district court even when the losing party prefers review in the Federal Circuit. *See* 15 U.S.C. § 1071(a)(1) (proviso).

¹⁴ The United States also had no civil-law jurisdictions in 1791. But today, federal courts treat Louisiana judgments as preclusive, even where Louisiana accords no jury-trial right. So too

the principle that the jury-trial right is not a license to reopen final judgments. The identity of the tribunal did not matter: the rule of finality “extend[ed] to matters litigated before competent tribunals in foreign countries[,] . . . to ecclesiastical tribunals—and, in short, to every Court which has proper cognizance of the subject matte[r], so far as they profess to decide the particular matter in dispute.” *Hopkins v. Lee*, 19 U.S. (6 Wheat.) 109, 114 (1821). If the judgment of an “ecclesiastical tribunal[]” between the same parties on the same question was binding in an action at law in federal court, surely the same is true of a federal agency adjudication.¹⁵ In each case, “there is no further factfinding function for the jury to perform, since the common factual issues have been resolved in the previous action.” *Parklane*, 439 U.S. at 336.

2. Giving preclusive effect to the Board’s prior adjudication is not the same thing as “mandating that traditional legal claims be brought” before the Board. *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 51-52 (1989); Resp. Br. 38. As respondents emphasize elsewhere in their brief, the Board decides only the right to federal registration—a “public right” that the Board may decide without transgressing Article III. See *Granfinanciera*, 492 U.S. at 51; cf. *Joy Techs., Inc. v. Manbeck*, 959 F.2d 226, 228-29 (Fed. Cir.

where state law would treat a claim as equitable (and deny jury trial) but federal law would not. Cf. *Simler v. Conner*, 372 U.S. 221 (1963) (per curiam).

¹⁵ Recognizing preclusion here—in which both parties were parties to the prior judgment—is if anything *more* clearly consistent with the original understanding of the Seventh Amendment than the *nonmutual* estoppel upheld in *Parklane*. See 439 U.S. at 335-37.

1992) (applying *Granfinanciera* to reject an Article III challenge to the Board of Patent Appeals and Interferences).¹⁶

No one made Hargis invoke the jurisdiction of the Board by seeking federal registration for its own mark or petitioning to cancel B&B's registration. But once Hargis voluntarily did so, it was "bound by what is . . . determined" by the Board if those determinations overlap with future cases.¹⁷ *Katchen v. Landy*, 382 U.S. 323, 334 (1966); see *Stern*, 131 S. Ct. at 2616. That does not violate the Seventh Amendment or Article III, any more than does giving effect to a state court or agency's nonjury finding in a federal Section 1983 action, see *Elliot*, 478 U.S. at 797-98; *Allen v. McCurry*, 449 U.S. 90, 103-05 (1980), or a state probate or divorce court's finding in a federal patent case, cf. *Becher*, 279 U.S. at 390-92.

Ultimately, Hargis insists that it is always entitled to "its initial audience in front of an Article III court." Resp. Br. 37. But this Court has already held the opposite: "a person claiming a federal right" is not guaranteed "an unrestricted opportunity to re-litigate an issue already decided" elsewhere. *Allen*, 449 U.S. at 104. State tribunals' decisions on likelihood of confusion are binding in federal court. Pet. Br. 40 n.25. So is a federal court's decision in an ac-

¹⁶ See also *Stern v. Marshall*, 131 S. Ct. 2594, 2615 (2011) (making clear that agency adjudication "under a substantive regulatory scheme" is "markedly distinct" from the situation the Court was considering—adjudication of a "common law cause of action" by a non-Article III judge).

¹⁷ B&B invoked preclusion only as to *one* element of infringement. Any dispute on the other elements (such as use in commerce) would have gone to the jury, but Hargis admitted that those elements were satisfied. See JA134a, 201a (¶¶ 9-10).

tion seeking only equitable relief. Once Hargis decided to forgo its option of seeking review—potentially *de novo* review with new, live evidence—in an Article III court, the Board’s judgment became binding as well.

D. Hargis Received Full And Fair Process Before The Board

Hargis also argues in passing (Br. 32) that the way discovery and testimony work before the Board justifies denying the Board’s judgments preclusive effect. But as Hargis’s own *amici* recognize (NYIPLA Br. 12; Tex. Bar Br. 22), those arguments properly are directed to whether the Board offered Hargis a full and fair opportunity to litigate. As Hargis previously emphasized, that is a “separate and distinct element of issue preclusion.” Br. in Opp. 28; *see id.* at 24. Hargis never disputed that that element was met, and it never even mentioned how the Board handles discovery or testimony. Accordingly, the Eighth Circuit agreed that “[t]he element at issue in this case is the second one—whether the issue sought to be precluded is the same as the issue involved in the prior action.” Pet. App. 8a.

Hargis’s arguments are not well taken in any event. Neither the discovery process nor the testimony rules rendered the Board’s decision unfair. *See generally* IPLAC Br. 7-11; U.S. Br. 18.

1. Hargis asserts, without basis, that it was denied “the opportunity to engage in full scale discovery.” Resp. Br. 32 (citation omitted). That is nonsense. The Federal Rules of Civil Procedure, including those governing discovery, apply to Board proceedings with only minor modifications. *See* 37 C.F.R.

§ 2.120(a)(1). In some respects the Board's procedures are *more* generous than the Civil Rules. *Compare, e.g., id.* § 2.120(d)(1) (75 interrogatories), *with* Fed. R. Civ. P. 33(a)(1) (25). Hargis was able to propound written discovery, obtain documents, and take depositions. And it did so; indeed, it does not identify anything it wanted in discovery but was unable to get.

Various *amici* contend that the Board's modest reluctance to allow unlimited electronic discovery (never invoked in this case) somehow makes proceedings unfair. *E.g.,* INTA Br. 22. E-discovery may be expensive, but it is hardly the gold standard of due process. And in any event, "[electronically stored information] must be produced in Board proceedings where appropriate." *Frito-Lay N. Am. Inc. v. Princeton Vanguard LLC*, 100 U.S.P.Q.2d 1904, 1907 (TTAB 2011).

2. Hargis asserts that it did not get to "call witnesses." Br. 32 (citation omitted). That is simply not so. Hargis called its own witnesses and cross-examined B&B's. The Board members were not present, but *live* testimony has never been a condition of preclusion.¹⁸

For instance, preclusive judgments may be based on written motions decided by a judge who never sees witnesses. Indeed, here Hargis does not contend that there was any material factual dispute be-

¹⁸ The footnote on which Hargis relies makes no reference to live testimony—only to inability to "call witnesses." *Parklane*, 439 U.S. at 331 n.15.

fore the Board at all, except for the ultimate question of likelihood of confusion.¹⁹

The law of judgments does not require greater process than the APA. *See Restatement* § 83 cmt. c. And “[g]enerally, the ultimate factfinder in administrative proceedings is a commission or board, and such trier has not heard the witnesses testify.” *United States v. Raddatz*, 447 U.S. 667, 680 (1980). The APA provides for subpoenas and cross-examination, but the agency decisionmaker need not observe the testimony in person. *See* 5 U.S.C. § 557(b) (agency may “make[] the decision without having presided at the reception of the evidence”); *accord, e.g., Universal Camera Corp. v. NLRB*, 340 U.S. 474, 494 (1951) (the APA “permits agencies to use examiners to record testimony but not to evaluate it”); *see also* Model State Administrative Procedure Act §§ 413(b), 415 (2010). Indeed, while the agency “may defer to the findings of a hearing officer, that is not compelled.” *Raddatz*, 447 U.S. at 680. The same is true under other agency statutes.²⁰

There are many “conventional substitutes for live testimony.” *Gagnon v. Scarpelli*, 411 U.S. 778, 782 n.5 (1973). Depositions, with full adversarial cross-

¹⁹ Hargis refers (Br. 31 n.7) to trial evidence the district court found untrue. That is inapposite—it related to a theory not before the Board (did B&B intend to start making *construction* fasteners, too?) and on which B&B does not seek preclusion. JA375a. No one has ever suggested that the Board proceedings, or any of B&B’s evidence or testimony before the Board, were in any way tainted.

²⁰ *See, e.g., Utica Mut. Ins. Co. v. Vincent*, 375 F.2d 129, 132 (2d Cir. 1967) (Friendly, J.) (due process imposes no rule “that the decider must actually hear the witnesses or be furnished a report on their credibility”).

examination, are a fully adequate one. *See Facchiano v. U.S. Dep't of Labor*, 859 F.2d 1163, 1165 & n.2, 1167 (3d Cir. 1988) (“perceiv[ing]” no “unfairness” in according preclusive effect to an agency’s debarment proceeding based on documentary evidence and written briefs, despite lack of oral hearing). And the Board permits two rounds of depositions—discovery depositions and testimonial ones. *See Trademark Trial and Appeal Board Manual of Procedure* § 404.09 (2014). Hargis received all the process it was due.

E. The Board’s Decision Would At A Minimum Be Due Deference

No court of appeals has adopted Hargis’s extreme position that a factfinder in infringement litigation should completely disregard a Board decision on an identical issue. Two courts of appeals do hold that in deciding whether to *apply* Board findings, in subsequent infringement litigation, a district court should apply the deferential standard governing *appeals* of Board decisions, instead of preclusion. Those decisions are wrong, *see* p. 15, *supra*, but at least they recognize that final findings should receive no *less* deference than findings on appeal. Pet. 22-25.

If this Court were to allow Hargis to resurrect its no-preclusion-ever argument, it should answer the second question presented by holding that the Board considered the same issue and the same facts and that its decision therefore should have received “great weight.” *McDonald v. City of W. Branch*, 466 U.S. 284, 292 n.13 (1984) (quoting *Alexander v. Gardner-Denver Co.*, 415 U.S. 36, 60 n.21 (1974)). *Cf. Hyatt*, 132 S. Ct. at 1700.

Deference would require reversal here, because the *factfinder*—the jury—could not consider the Board’s decision on likelihood of confusion *at all*, much less give it great weight. *See* Pet. Br. 12. It does not matter (*contra* Resp. Br. 54, 58 n.13) that the *judge* thought the Board’s decision wrong, especially because the judge thought the Board had decided a different issue. Cert. Reply 9-10.

III. No One Defends The Eighth Circuit’s Ill-Founded Burden-Shifting Rationale.

Hargis has, refreshingly, abandoned any defense of the court of appeals’ supposed “alternative” ground for decision—the notion that the burden of proof differed before the Board and the district court. As B&B and the government previously showed, that alternative ground was based on a basic misunderstanding of Board procedure. Pet. Br. 44-47; U.S. Br. 16. Hargis has never disagreed, although at the certiorari stage, Hargis took a stab at reformulating that rationale into something else. Br. in Opp. 33-34; Resp. Supp. Cert. Br. 11-12; *see* Cert. Reply 11-12. The attempt has now been abandoned: neither Hargis’s merits brief nor any *amicus* offers even a word in defense of any burden-shifting rationale. The supposed alternative ground therefore cannot stand in the way of outright reversal.

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. § 1127 provides in pertinent part:

Construction and definitions; intent of chapter

In the construction of this chapter^[*], unless the contrary is plainly apparent from the context—

* * * *

The term “colorable imitation” includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

* * * *

A “counterfeit” is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

* * * *

* The word “Act” in the Lanham Act, § 45, 60 Stat. 443 (1946), appears as “chapter” in the United States Code.