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TRADEMARKS

The author contends that the Supreme Court's *B&B v. Hargis* decision in March has made it more important to have the testimony of a legal expert in inter partes proceedings before the Trademark Trial and Appeal Board.

The Brave New World of Possibly Preclusive TTAB Proceedings: How Expert Testimony Can Strengthen Your Case



BY KENNETH B. GERMAIN

Mr. Germain (kgermain@whe-law.com) has been called upon as a potential expert witness on trademark and unfair competition matters on dozens of occasions during the past few decades. He has testified in court on approximately 15 occasions and been deposed as part of the discovery process in connection with many other cases.

In addition, Mr. Germain has provided expert opinions in cases before the Trademark Trial and Appeal Board, and he has given over 20 lectures to the Patent and Trademark Office Trademark Examining Attorneys and some Board judges, beginning in 1983. See his Wood Herron bio for more information. Mr. Germain is a member of this journal's advisory board.

The pundits are unanimous: The Supreme Court's recent *B&B Hardware* decision,¹ permitting use of Trademark Trial and Appeal Board inter partes decisions to preclude re-determination of issues in later federal court cases under certain circumstances, makes it necessary to recalibrate the need to present "full" evidence in such TTAB cases. This evidence may well include the testimony of a trademark law expert.

For starters, consider:

B&B Hardware means that the specter of issue preclusion in future disputes now looms over all inter partes TTAB proceedings.²

B&B Hardware undeniably enhances the impact of TTAB judgments. Practitioners must now weave the risks (and rewards) of issue preclusion into TTAB litigation strategy.³

One thing is certain: [*B&B Hardware*] has significantly raised the stakes involved in pursuing a TTAB opposition.⁴

¹ *B&B Hardware, Inc. v. Hargis Industries, Inc.*, No. 13-352, 113 U.S.P.Q.2d 2045 (U.S. March 24, 2015) (89 PTCJ 1457, 3/27/15). See the author's detailed summaries of the Supreme Court and underlying Eighth Circuit decisions in the Appendix.

² A. Deutch and T. Duvdevani, *Life after B&B Hardware v. Hargis Industries—implications for brand owners* (May 4, 2015), available at <https://www.dlapiper.com/fr-ca/canada/insights/publications/2015/05/law-a-la-mode-inta-special/life-after-bb-hardware-v-hargis-industries/>.

³ *Id.*

⁴ H. Hogan and A. Yarian, *Unpacking Hargis: The Supreme Court Has Announced That Issues Necessarily Decided by the*

B&B Hardware’s holding has the potential to change trademark litigation and enforcement strategies. It could make TTAB oppositions more important and expensive [T]he TTAB may become the arena where the crucial issue of likelihood of confusion is definitively decided.⁵

It has become obvious that heretofore relatively streamlined TTAB inter partes proceedings may morph into much fuller-scale battles,⁶ which may include surveys aimed at measuring marketplace realities.⁷ Fear of preclusive TTAB decisions surely will lead litigators toward more extensive and intensive discovery-taking.⁸

So, with inter partes TTAB cases/decisions having become *much* more likely to have expansive and lasting effect, what adaptive litigation strategies might be worth considering? Engagement of a potential expert witness on trademark/unfair competition law—the very next topic in this article—is one such strategy.

Why Should You Consider Retaining a Trademark/Unfair Competition (TM/UC) Expert Witness?

There may be “offensive” or “defensive” reasons. As for offense, having an experienced expert working with you may give your client a competitive edge—in a number of ways. An *articulate* expert—you wouldn’t want any other kind, of course—should be able to provide a clear, cool-headed, big picture view, and a focused litigation-savvy view. The expert’s *impressive credentials*—you wouldn’t want anybody without these, after all—should pave the way for believability—initially by the Board, perhaps later by the judge and/or jury. Such believability would be furthered by the expert’s impartial approach to the matter at hand.

As for defense, if the other side already has such an expert, it’s wise—almost imperative—to get one for your side, so as to analyze, critique, and, hopefully, affirmatively assert a view of the case that is favorable to your client.

And don’t forget that including a respected expert on your prospective witness list may send some strong signals to opposing counsel and its client: You mean business, and you have extra empowerment.

Which Issues Are Appropriate for a TM/UC Expert to Consider/Analyze/Testify About?

Lots. Even though Board judges are well-versed in registration-related matters, the specifics of your case may be brought into clearer focus by a TM/UC expert. And, at the next level—either via *de novo* appeal to a federal district court or later consideration of a final TTAB decision in an infringement case—the expert’s explanations may be very helpful in dealing with such basic topics as the meaning, function and significance

of trademarks—to businesses and to the law. Both at the Board level and in the district courts, the following substantive issues are fertile grounds for expert input:

- Genericness v. descriptiveness v. suggestiveness
- Likelihood of confusion
- Dilution (especially under federal law)
- Product design trade dress (including distinctiveness, functionality and preemption)

The last two topics are highly technical, cutting-edge areas; thus, special expertise is really in order.

How Do You Find a Good TM/UC Expert?

First you have to decide on the kind of person you’re looking for. His/her orientation could be academic, practical or a combination thereof. With pretty pure academics, beware the ivory tower syndrome; for dyed-in-the-wool, battle-worn practitioners, beware their difficulty in assuming a truly neutral standpoint. Probably a combination, whether primarily academic and secondarily practical, or vice versa, is preferable—if all else is equal.

Of course, there are other factors that are worthy of consideration. For example, you may want someone who has special knowledge or experience, be it practical or legal, about a particular industry or with a particular thorny issue. And you shouldn’t overlook purely personal factors that might affect how comfortable you or your client may be with the expert and/or how well this person may be received and regarded first by the Board, perhaps later in the courtroom.

How Much Will a TM/UC Expert Set You Back?

As expected, such experts are more expensive than regular practitioners. Also, they may require up-front retainers that are designed to make sure they’re not being retained casually or just to “conflict” them out of a case, and, more positively, to acknowledge that the use of their names may have a substantial benefit in posturing for negotiation.

Keep in mind, however, that experienced TM/UC experts are likely to grasp the case quickly and comprehend problem areas and potential solutions right away. This means that they work efficiently. Moreover, while it may be true that a small case or one with a small client may not be a good fit for a TM/UC expert, in an appropriate case the expert’s fees usually amount to no more than a drop in the litigation bucket. But only you and your client can make that call!

When Should a TM/UC Law Expert Witness Be Considered?

Finally—listed last, but worthy of being considered nearly first—the TM/UC expert you’d like to hire must be available to do the job—factually and legally. By “factually,” what is meant is whether she/he has time to do the job when and where it has to be done. By “legally,” what is meant is whether she/he does *not* have a “conflict of interest” or some such. Moreover, it’s highly advisable to contact prospective experts early on—to provide an ample opportunity for an in-depth interview to check factors relevant to the retention.

Start by contacting reputable trademark attorneys *located anywhere*. The practice is national, and experi-

TTAB in Contested Trademark Proceedings May Have Preclusive Effect in Subsequent Litigation. What Does That Mean For Trademark Holders? 89 P.T.C.J. 1799, 1801 (April 24, 2015) (89 PTCJ 1799, 4/24/15).

⁵ A. Deutch and T. Duvdevani, *supra* note 2.

⁶ *Id.*

⁷ *Id.*

⁸ J. Klass, M. Farley, and M. Harrison, TTAB strategy after B&B Hardware (May 5, 2015), available at https://www.venable.com/ttab-strategy-after-bb-hardware-05-05-2015/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=View-Original.

enced practitioners are likely to know who the experts are—or at least whom to ask!

Conclusion

In the Brave New World post-*B&B Hardware v. Hargis*, considerable care must be taken to protect against damaging preclusion. In this Brave New World, it is worthwhile to consider consulting an expert on trademark/unfair competition law.

APPENDIX

B&B Hardware, Inc. v. Hargis Industries, Inc., 716 F.3d 1020, 106 U.S.P.Q.2d 1660 (8th Cir. 2013), *rev'd*, No. 13-352, 113 U.S.P.Q.2d 2045 (U.S. March 24, 2015) (89 PTCJ 1457, 3/27/15).*

By a split vote, and with a vigorous dissent, the Eighth Circuit restricted the possibly preclusive effect of a prior TTAB opposition decision (of likelihood of confusion per Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), regarding SEALTIGHT v. SEALTITE, both for industrial fasteners but used in different industries) in a later infringement action involving the same situation. The district court's decision *not* to even allow the jury to be told about the TTAB decision—as confusing and possibly prejudicial—also was upheld—again by a 2-1 vote.

The majority opinion differentiated Court of Customs and Patent Appeals (and Federal Circuit) decisions from TTAB decisions, noting that only the former were/are “Article III courts.” The majority set forth Professor McCarthy's summary of the ways courts can treat TTAB decisions:

Some courts will treat Trademark Board decisions as administrative judgments which carry full preclusive effect as to adjudicated facts, if these are the same facts which are in issue in the later court proceeding. Other courts will not give such judgments preclusive effect, but will give them some weight. Still other courts will recognize such judgments unless the contrary is established with thorough conviction.

Then, in apparent recognition that TTAB decisions should not be totally ignored (“Principles of administrative law suggest that application of collateral estoppel may be appropriate where administrative agencies are acting in a judicial capacity.”), the majority based its negative ruling on the lack of congruence of the likelihood of confusion analyses by the TTAB and the district court. Specifically, influenced by a cautionary suggestion by the Second Circuit (“the issue of likelihood of confusion in a cancellation proceeding may be different from the issue of likelihood of confusion in an action for infringement”), the majority found the TTAB's decision too narrowly based, that is, *not* sufficiently market-based, and thus not controlling for collateral estoppel purposes.

The dissenter found the TTAB's analysis had been based on “all of the facts in evidence that were relevant to the factors bearing on the likelihood-of-confusion issue.” The dissenter also cited a 1986 Supreme Court case supportive of the judge's position: “When an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which

the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply *res judicata* to enforce repose.” Then this passage from Professor McCarthy's treatise was relied upon:

[T]he courts have generally been too ready to deny preclusive status to findings of the Trademark Board. The volume of federal court litigation has become too pressing not to make use of the doctrine of collateral estoppel when the setting calls for it. The Trademark Board's function “is to determine whether there is a right to secure or to maintain a registration.” If in the course of doing so factual issues are decided there is no policy reason why those factual questions should not be foreclosed from further re-litigation in court as long as the issues in the two cases are indeed identical and the other rules of collateral estoppel are carefully observed.

Taking exception, the dissenter asserted that the majority had (improperly) disregarded the TTAB decision because it disliked the TTAB's “balancing” of the applicable factors, noting:

That this court might disagree with the balance struck by the Trademark Board in a particular case is not reason to deny its decision preclusive effect. “The doctrines of claim and issue preclusion prevent relitigation of wrong decisions just as much as right ones. Otherwise, the doctrines would have no effect and be useless.”

At the Supreme Court level, these were the questions presented:

- (1) Whether the TTAB's finding of a likelihood of confusion precludes Hargis from re-litigating 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 TTAB's finding of a likelihood of confusion absent strong evidence to rebut it.

Expressly rejecting the Eighth Circuit's restrictive views of the application of issue preclusion to TTAB decisions, the Supreme Court held:

[C]onsistent with principles of law that apply in innumerable contexts, we hold that a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.

The Court's reasoning was based on various similarities and dissimilarities between TTAB proceedings and court cases:

Opposition proceedings before the TTAB are in many ways “similar to a civil action in a federal district court.” . . . These proceedings, for instance, are largely governed by the Federal Rules of Civil Procedure and Evidence. . . . The TTAB also allows discovery and depositions. The party opposing registration bears the burden of proof, and if that burden cannot be met, the opposed mark must be registered.

The primary way in which TTAB proceedings differ from ordinary civil litigation is that “proceedings before the Board are conducted in writing, and the Board's actions in a particular case are based upon the written record therein.” In other words, there is no live testimony. Even so, the TTAB allows parties to submit transcribed testimony, taken under oath and subject to cross-examination, and to request oral argument.

The Court addressed the Eighth Circuit's concerns about issue preclusion in a few ways:

- 1) Issue preclusion *can* be based on a TTAB decision, provided that the usual requirements of issue pre-

* Citations omitted. Many quotations have been edited.

clusion exist. But the Court acknowledged an exception where “there were ‘differences in the quality or extensiveness of the procedures followed.’”

- 2) Issue preclusion is *not* limited to court-to-court situations:

This reflects the Court’s longstanding view that “[w]hen an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply *res judicata* to enforce repose.”

- 3) Because Hargis did not directly challenge the constitutionality of issue preclusion based on the decision of a non-Article III court, “[t]o the extent, if any, that there could be a meritorious constitutional objection, it is not before us.”
- 4) There is *no* “‘evident’ reason why Congress would not want TTAB decisions to receive preclusive effect [N]othing in the Lanham Act bars the application of issue preclusion in such cases.” The Court was not deterred by Hargis’ claims that applying issue preclusion to TTAB decisions would inappropriately emphasize the importance of and expand the thoroughness (and expense) of TTAB proceedings. In any event, “[w]hen registration is opposed, there is good reason to think that both sides will take the matter seriously.”
- 5) There is *no* “categorical reason why registration decisions can never meet the ordinary elements of issue preclusion.” The Court specifically noted that “the same likelihood-of-confusion standard applies to both registration and infringement”:

Hargis’ argument falls short, however, because it mistakes a reason not to apply issue preclusion in some or even many cases as a reason never to apply issue preclusion. Just because the TTAB does not always consider the same usages as a district court does, it does not follow that the Board applies a different standard to

the usages it does consider. If a mark owner uses its mark in ways that are materially the same as the usages included in its registration application, then the TTAB is deciding the same likelihood-of-confusion issue as a district court in infringement litigation. By contrast, if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue.

- 6) The use of different procedures by the TTAB, on the one hand, and the courts, on the other hand, “only suggests that sometimes issue preclusion might be inappropriate, not that it always is.” More to the point, “the correct inquiry is whether the procedures used in the first proceeding were fundamentally poor, cursory, or unfair.” Here, there is no reason to challenge the TTAB’s procedures.

Ginsburg, J., concurring:

In a one-paragraph opinion, she cautiously and narrowly “concur[s].”

Thomas, J., dissenting (Scalia, J., in full agreement):

The Court today applies a presumption that when Congress enacts statutes authorizing administrative agencies to resolve disputes in an adjudicatory setting, it intends those agency decisions to have preclusive effect in Article III courts. That presumption was first announced in poorly supported dictum in a 1991 decision of this Court, and we have not applied it since. Whatever the validity of that presumption with respect to statutes enacted after its creation, there is no justification for applying it to the Lanham Act, passed in 1946. Seeing no other reason to conclude that Congress implicitly authorized the decisions of the TTAB to have preclusive effect in a subsequent trademark infringement suit, I would affirm the decision of the Court of Appeals.