

US

The TTAB addresses issue preclusion and ex parte appeals

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The US Supreme Court's ruling in *B&B Hardware, Inc v Hargis Industries, Inc* provided that courts were obligated to give preclusive effect to decisions made by the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) if the ordinary elements of issue preclusion are met. However, as discussed in the TTAB's recent decision in *In re FCA US LLC*, the reverse is not always required.

FCA US LLC (FCA) filed a trade mark application for the mark MOAB. The PTO examiner refused to register this application based on a likelihood of confusion with a trade mark registration for the mark MOAB INDUSTRIES owned by an entity called Moab Industries, LLC. FCA then filed a petition to cancel the MOAB INDUSTRIES mark and Moab Industries brought a suit against FCA in the district court alleging trade mark infringement, among other things. FCA counterclaimed, seeking a declaratory judgment that its MOAB mark did not infringe the rights of Moab Industries and sought an order cancelling the MOAB INDUSTRIES registration. The district court dismissed the claims of Moab Industries, finding that there was no likelihood of confusion between the marks, denying the claim for declaratory judgment as moot, and dismissing FCA's claims for cancellation of the registration of Moab Industries. Once the litigation was dismissed, FCA filed an ex parte appeal of the PTO's refusal to register the MOAB mark with the TTAB.

In the ex parte appeal, FCA argued, based on the Supreme Court's ruling in *B&B Hardware*, that since the district court decided an issue that overlaps with part of the TTAB's analysis, the TTAB should give preclusive effect to the court's judgment, therefore compelling a finding that there was no likelihood of confusion be-

tween the marks and a reversal of the refusal to register.

However, the TTAB held that the *B&B Hardware* decision required that the TTAB give preclusive effect to a court's judgment only in a subsequent TTAB proceeding involving the same parties and the same issues that had been before the court but not in a subsequent ex parte proceeding. The fact that the litigation may have involved the same marks was not sufficient for issue preclusion. Rather, issue preclusion requires that the party charged "has a full and fair opportunity to litigate its claims in the prior action". Therefore, since the owner of the cited registration did not represent the PTO in the district court litigation and since the PTO was not a party to the district court decision, the PTO cannot be bound by its outcome.

Citing the Supreme Court's ruling in *B&B Hardware*, the TTAB noted that the trade mark registration process is a separate proceeding from a trade mark infringement litigation that is intended to decide different rights. Stating that the issues raised in the litigation and the issues raised in the appeal "are different, at least in part, and require, to some extent, different analyses that could result in different determinations," the TTAB found that issue preclusion did not apply and proceeded with its own likelihood of confusion analysis. In doing so, the TTAB found that, notwithstanding the conclusion reached by the district court, there was a likelihood of confusion between the marks and affirmed the refusal to register the MOAB mark.

This case serves as a reminder that just because a court finds no likelihood of confusion between an applicant's mark and a registered mark does not mean that such registered mark will not serve as a bar to the availability of the applied-for mark for registration as the analysis applied in an ex parte appeal is different from the analysis applied in a trade mark infringement litigation.