

Trademark Trial and Appeal Board Judgments: Do They Have Claim Preclusive Effect in Federal Court?

In 2015, the United States Supreme Court in *B&B Hardware*¹ decided a significant trademark law issue: can Trademark Trial and Appeal Board (TTAB) decisions have an issue preclusive effect in subsequent district court litigation. In a 7-2 decision, the Supreme Court held that issue preclusion should apply so long as the other ordinary elements of issue preclusion are met and the trademark usages considered and adjudicated by the TTAB are materially the same as those before a district court.

A natural corollary to the question of issue preclusion is whether TTAB judgments also have a claim preclusive effect. No, is the Third Circuit's answer in a November 2021 case, at least in cases where damages or an injunction is sought. In *Beasley v. Howard*², two musicians were involved in a lengthy dispute over trademark rights for the band name "Ebonys." In 2013, Beasley, one of the musicians, petitioned the TTAB to cancel the registration for EBONYS owned by the other musician, Howard, on the ground that Howard defrauded the USPTO. The TTAB was not persuaded and therefore dismissed the cancellation petition. In 2017, Beasley filed a second petition with the TTAB seeking cancellation of Howard's trademark registration on the ground that Beasley defrauded the USPTO, and based on a likelihood of consumer confusion with Beasley's use of the EBONYS mark. The TTAB, again, dismissed the petition; this time on the ground of claim preclusion reasoning that the fraud claim and the likelihood of confusion claim rested on the same transactional facts as the earlier petition. Notably, the TTAB did not decide the likelihood of confusion issue.

Beasley then filed a lawsuit, *pro se*, in federal court. The district court interpreted Beasley's complaint as asserting a trademark infringement claim under section 43(a) of the Lanham Act. Howard moved to dismiss on the grounds of claim and issue preclusion. The district court granted the motion reasoning that the section 43(a) claim was barred because it turned on the facts and legal theories that were litigated in the 2017 cancellation petition. The court, additionally, held that claim preclusion applied even though Beasley sought a damages remedy that was neither pursued nor even available at the TTAB. Beasley appealed to the Third Circuit, specifically on the issue of whether his section 43(a) infringement claim is precluded due to the prior decisions in the TTAB cancellation proceedings.

The Third Circuit held no; claim preclusion does not apply. The court explained that the TTAB does not have jurisdiction to consider whether an infringer's use of a mark damages a petitioner seeking cancellation, and cannot award any remedy beyond cancellation for the injuries suffered by the petitioner. Thus, the TTAB's jurisdiction is narrow while a section 43(a) statutory provision is broad. Accordingly, the Court held that a limit to claim preclusion applies where a plaintiff seeks damages or an injunction in a section 43(a) infringement action. The Court also noted that both the Ninth Circuit and the Second Circuit have similarly held that the TTAB's

¹ *B&B Hardware, Inc. v. Hargis Indus.*, 575 U.S. 138 (2015)

² *Beasley v. Howard*, 14 F.4th 226 (3d Cir. 2021)

narrow jurisdiction limits the claim preclusive effect of its judgments, and therefore the Third Circuit's holding maintains nationwide uniformity in how federal Article III courts treat TTAB judgments.

The upshot of the Third Circuit's decision is that while issue preclusion may bar the relitigation of a TTAB determination on likelihood of confusion in federal court, if that issue is not decided by the TTAB, claim preclusion will not bar a later infringement claim in federal court where damages or an injunction are sought.