

WHAT IS “LIKELY TO BE CONFUSING” ABOUT TRADEMARK LAW: RECONSIDERING THE DISPARITY BETWEEN REGISTRATION AND USE

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ABSTRACT

Federal trademark rights in the United States are widely considered to be use-based. That is, the right derives from the use. Therefore, one might expect that federal trademark registrations would necessarily reflect the marketplace realities of the use of a mark. Based on Constitutional and statutory enablement, this is correct. It is not, however, how the trademark registration system has been implemented by the Court of Appeals for the Federal Circuit and by the U.S. Patent and Trademark Office.

In this regard, there is a perception among judges and practitioners alike that marketplace realities are not, and should not, be taken into account in the federal trademark registration process, as compared with an enforcement action in a federal district court (i.e., trademark infringement). The U.S. Supreme Court has, nevertheless, recently clarified that the right to registration is indeed coexistent with the right to use and enforce a trademark. The Court followed this logic to conclude that an administrative determination regarding registration rights may therefore have a preclusive effect in a later court action involving a claim of trademark infringement. Of course, a dilemma arises when coexistent rights are instead determined by non-coextensive factors. This Article analyzes and addresses the disparity that currently exists between trademark registration and the use on which it is presumptively based. In conclusion, the Article proposes three possible mechanisms

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to resolve the disparity, including (1) by Congressional legislation, or perhaps most efficiently, (2) by judicial clarification, and (3) by administrative action.

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INTRODUCTION

The Court of Appeals for the Federal Circuit has accused the Trademark Trial and Appeal Board (TTAB), which oversees most trademark registration cases, of being “at times, like a cat watching the wrong rat hole.”¹ This critique arose in the context of the TTAB’s common practice of not taking into account marketplace realities, such as the actual use of a mark by the party seeking registration thereof.² Indeed, the U.S. trademark system is considered to be one where trademark rights derive from their very use.³ But despite the Federal Circuit’s scolding in that particular case, the Federal Circuit has generally maintained that in most cases, marketplace realities (such as actual use) should not be taken into account in considering a refusal for the likelihood of confusion under its stated *DuPont* factors⁴

1. *In re Four Seasons Hotels, Ltd.*, 987 F.2d 1565, 1566 (Fed. Cir. 1993) (quoting *In re Nat’l Distillers & Chem. Corp.*, 297 F.2d 941, 948 (C.C.P.A. 1962) (Rich, J., concurring)).

2. *Id.* at 1567.

3. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918).

4. *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973) (describing the factors to be considered as (1) the similar or dissimilar nature of the marks, (2) the similar or dissimilar nature of the goods or services, (3) the similar or dissimilar nature of the trade channels, (4) the circumstances under which sales are

(as compared with a likelihood-of-confusion analysis in an infringement action in federal district court).⁵ In this regard, it is instead the wording of what is *sought* that matters.

Meanwhile, the U.S. Supreme Court has, nevertheless, clarified in the recent case *B&B Hardware, Inc. v. Hargis Industries, Inc.*⁶ that the right to registration is (or at least, generally should be) coexistent with the right to use and enforce a trademark.⁷ The Court further indicated, as a logical step, that an administrative determination on registration rights may therefore have preclusive effect in a later court action involving a claim of trademark infringement, where the normal elements of preclusion are otherwise satisfied.⁸ Of course, a dilemma arises when coexistent rights are instead determined by non-coextensive factors.

Part I of this Article examines the Constitutional and historical bases of U.S. trademark law and the resulting statutory and administrative trademark registration process. Part II analyzes the varying treatments of marketplace realities in trademark registration. Part III considers the sometimes “legal fiction” of establishing use. Part IV discusses the rationale and impact of the recent Supreme Court *B&B* ruling regarding the applicability of issue preclusion grounded in trademark registration proceedings.

As this Article more fully explores, there continues to be a disparity between trademark registration and the use on which it is presumptively based. This is especially problematic when courts are asked to apply preclusive effect to an administrative determination that may be based on non-coextensive factors (or, as the Supreme Court stated, factors that are not “materially the same.”) To remedy that disparity, this Article proposes, in Part V, three possible mechanisms to resolve the dilemma, including (1) by Congressional legislation, or perhaps most efficiently, (2) by judicial clarification, and (3) by administrative action.

made and who typically buys, (5) the familiarity with the previous mark, (6) the amount and nature of comparable marks in use, (7) whether there is any actual confusion, (8) how long and under what conditions there has been concurrent use without any actual confusion, (9) the diversity in goods that either does or does not use the mark, (10) the interface between the applicant and the owner of the previous mark, (11) whether the applicant has any right to exclude others from using the mark, (12) how bad confusion might be, and (13) any other fact that might be telling of the use of the mark).

5. *AWGI, L.L.C. v. Atlas Trucking Co.*, 381 F. Supp. 3d 832, 846 (E.D. Mich. 2019).

6. 575 U.S. 138 (2015).

7. *Id.* at 142–43.

8. *Id.* at 158–59.

In conclusion, the Article notes that while a concerning disparity currently exists, it is not insurmountable, and it may be appropriately addressed by various means.

I. THE HISTORICAL DEVELOPMENT AND CONSTITUTIONAL BASIS OF U.S. TRADEMARK LAW AND THE RESULTING STATUTORY AND ADMINISTRATIVE SYSTEM

A. *Historical and Constitutional Basis of U.S. Trademark Law*

Trademarks identify a source of goods or services. As the Supreme Court has noted, the use of a trademark “helps consumers identify goods and services that they wish to purchase, as well as those they want to avoid.”⁹ The Court further observed that trademarks are now widely used to “convey a message.”¹⁰ This may be accomplished via words, images, shapes, sounds, smells, tastes, colors, or, indeed, any other legal means now existing or otherwise to be creatively imagined.¹¹

Trademark rights derive from their use in the marketplace. As described by the Supreme Court in the recent *B&B* decision:

Trademark law has a long history, going back at least to Roman times. The principle underlying trademark protection is that distinctive marks—words, names, symbols, and the like—can help distinguish a particular artisan’s goods from those of others. One who first uses a distinct mark in commerce thus acquires rights to that mark.¹²

The Commerce Clause grants Congress the right to regulate trademarks, as it gives Congress the power “[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.”¹³

9. *Matal v. Tam*, 137 S. Ct. 1744, 1751 (2017) (first citing *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 212–13 (2000); and then citing *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985)).

10. *Id.* at 1752; *see also* Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669, 1670 (2007) (articulating the growth of trademark coverage to differing symbols, shapes, sounds, and smells).

11. *See* Dogan & Lemley, *supra* note 10, at 1670. There must be some emphasis on the “legal” means since, as discussed *infra*, Part III, Congress may only regulate Commerce that is within its legal power and authority to do so.

12. *B&B*, 575 U.S. at 142 (citations omitted); *see also* 15 U.S.C. § 1127 (statutory definitions of “trademark” and “service mark”).

13. U.S. CONST. art. I, § 8, cl. 3. As such, the enabling act, the Lanham Act, only regulates trade “in use in commerce.” 15 U.S.C. § 1051(a)(3). As described by Professor Rebecca Tushnet, “it may be useful to think of registration as performing a market-enhancing function, furthering Congress’s goal that commerce flow freely and cleanly.” Rebecca Tushnet, *The First Amendment Walks into a Bar: Trademark Registration*

B. Statutory Basis of U.S. Trademark Law

Although trademark rights are ground in use, initially there was confusion as to whether these rights could properly be regulated by Congress. The first federal legislation in the U.S. protecting trademarks was not enacted until 1870.¹⁴ Even then, there was confusion and disagreement as to the Constitutional basis for Congressional regulation of trademarks (i.e., earlier thinking was that the federal trademark system derived its Constitutional basis from the Progress Clause, as with Copyright and Patents, rather than from the Commerce Clause).¹⁵ There were also arguments by lawmakers and opposing interest groups regarding states' rights in the setup of the federal trademark system as a matter of federalism.¹⁶ Congress resolved many of these issues by passing the Trademark Act of 1905.¹⁷

Trademark rights at the federal level are now guided by the Lanham Act, which was enacted in 1946, with ensuing amendments.¹⁸ The Lanham Act includes the stated intent “to regulate commerce within the control of Congress” both by including protections for trademarks and by providing remedies for infringement thereof.¹⁹ In this regard, the Lanham Act establishes mechanisms for registration and enforcement of trademarks.²⁰ As further discussed herein, the Supreme Court has

and Free Speech, 92 NOTRE DAME L. REV. 381, 387 (2016). *But cf.* U.S. CONST. art. I, § 8, cl. 3 (recognizing that the Patent and Copyright Clause, it does not impose the “use in commerce” limitation upon Congress’s ability to regulate patents and copyrights).

14. Trade Mark Act of 1870, 16 Stat. 198, 210–12. By contrast, the first federal patent was granted in 1790. *See 10 Million Patents*, USPTO, <https://10millionpatents.uspto.gov> [<https://perma.cc/NQS3-87HC>].

15. *See Duwell v. Bohmer*, 8 F. Cas. 181, 182 (C.C.S.D. Ohio 1878) (“The only provision of the constitution which in any wise bears on the power of congress to pass laws respecting trade marks, or to protect them, is the [Progress Clause] . . . and congress in legislating on this question undoubtedly drew their power from this section.”).

16. Mark P. McKenna, *Trademark Law’s Faux Federalism*, in *INTELLECTUAL PROPERTY AND THE COMMON LAW* 288, 302 (Shyamkrishna Balganeshe ed., 2013).

17. Pub. L. No. 58–84, 33 Stat. 724 (1905). For further discussion of the roots of U.S. trademark law in unfair competition doctrine, see Christine Haight Farley, *The Lost Unfair Competition Law*, 110 TRADEMARK REP. 739, 740–41 (2020).

18. Lanham Act, 15 U.S.C. §§ 1051–72, 91–96, 1111–29, 1141.

19. *Id.* § 1127.

20. *See Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985) (“Congress enacted the Lanham Act in 1946 in order to provide national protection for trademarks used in interstate and foreign commerce.”); *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 142 (2015) (“Though federal law does not create trademarks, Congress has long played a role in protecting them. In 1946, Congress enacted the Lanham Act, the current trademark scheme. As relevant here, the

declared that “the same likelihood-of-confusion standard applies to both registration and infringement.”²¹ The Court has thus recognized the right to register a trademark and the right to enforce a trademark as coexistent rights.

1. *Right to use and enforce*

As noted, the right to relief in a trademark action, i.e., via a proceeding for trademark infringement in a federal district court, is widely considered to derive from the use of the mark.²² In this regard, unlike patent and copyright claims, for which relief cannot be sought before an official grant of rights by the federal government, trademark registration is not a prerequisite to a federal action for enforcement of trademark rights.²³

2. *Right to register*

While registration of a trademark is not required, it can be strategically useful. As the Supreme Court has noted, although not required, the effect of “[r]egistration is significant.”²⁴ In this regard, the Court observed that the rights conferred by trademark registration include: (i.) “constructive notice of the registrant’s claim of ownership” of the mark;²⁵ (ii.) “prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner’s ownership of the mark, and of the owner’s exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate”;²⁶ and (iii.) “once a mark has been registered for five years,” it can be accepted, with an affidavit, as “incontestable.”²⁷ While these are, at first glance, more or less procedural rights, they have the effect of constituting valuable tools in establishing priority and preclusion in an enforcement action.²⁸ In this regard, trademark

Lanham Act creates at least two adjudicative mechanisms to help protect marks. First, a trademark owner can register its mark with the PTO. Second, a mark owner can bring a suit for infringement in federal court.” (citation omitted)).

21. *B&B*, 575 U.S. at 154.

22. *See supra* Section I.B (discussing the statutory basis for trademark law).

23. *Compare* 15 U.S.C. § 1125(a)(1)(A), *with* 35 U.S.C. § 271, *and* 17 U.S.C. § 411.

24. *B&B*, 575 U.S. at 142.

25. *Id.* (quoting 15 U.S.C. § 1072).

26. *Id.* at 142–43 (quoting 15 U.S.C. § 1057(b)).

27. *Id.* at 143 (quoting 15 U.S.C. §§ 1065, 1115(b)).

28. *See infra* Section IV.B (describing trademark registration’s preclusive effect in later infringement actions).

registration not only acts as a signal, but it also confers a handy basket of rights that can be used strategically to enforce a mark.

Of course, there are certain requirements that must be met in order for a trademark to be registered. For example, a trademark owner must establish its “use” of a mark on its identified goods or services in order to obtain a registration. This is reflected in the Lanham Act, which states as follows:

The owner of a trademark *used in commerce* may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark *as used* as may be required by the Director.²⁹

In order to satisfy certain treaty obligations, the Lanham Act allows some exceptions for marks filed by foreign entities, which are not required to establish use until after registration.³⁰ Nevertheless, as noted by Professor J. Thomas McCarthy, less than fifteen percent of U.S. registrations are not use-based.³¹ Thus, except where otherwise noted, this Article will focus discussion on section 1(a) use-based registrations, as typically discussed by the TTAB and the Federal Circuit—as well as of course by other courts discussing enforcement of U.S. trademark registrations.³²

C. Administration of U.S. Trademark System

The U.S. Patent and Trademark Office (USPTO) has issued over 5 million trademarks since 1870, with about 2.2 million of those still active.³³ Indeed, because the right to a trademark is derived from its use,

29. 15 U.S.C. § 1051(a)(1) (emphasis added). The Lanham Act does allow for trademark applications to be filed where there is a “bona fide intention” to “use a trademark in commerce.” *Id.* § 1051(b)(1). Nevertheless, while an application may be filed on this basis, a registration will not be issued until a statement of use is submitted. *Id.* § 1051(d).

30. *Id.* § 1126(c).

31. J. THOMAS MCCARTHY, 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:1 (5th ed. 2020).

32. Furthermore, it bears mentioning that in order to maintain a mark on the Principal Register (or even the Supplemental Register, as relevant, per 15 U.S.C. § 1091(a)), all registration owners must be prepared to submit ongoing evidence of use (or excusable nonuse) post-registration. *See* 15 U.S.C. § 1068.

33. By comparison, the USPTO issued patent no. 10,000,000 on June 19, 2018. *See 10 Million Patents*, *supra* note 14. For a side-by-side view of some of the trademarks registered over time, see Joel R. Samuels, *More than 5 Million Trademarks and Counting* (Mar. 7, 2017),

unlike with copyrights and patents, there is no limit on the number of trademark renewals an owner can obtain for a mark that *continues to be in use* in the marketplace. The Coca-Cola trademark, for example, has been registered in various formats over the years, with the 1893 registration of the Coca-Cola mark still active after its sixth renewal.³⁴

Examining Attorneys at the USPTO review trademark applications for registrability.³⁵ The Trademark Trial and Appeal Board has jurisdiction over appeals from most refusals, as well oppositions to applications, concurrent use proceedings, and actions for cancellations of registrations.³⁶ TTAB rules state that “[o]ral arguments will be heard by at least three Administrative Trademark Judges or other statutory members of the Trademark Trial and Appeal Board,” which include various high-level officials of the USPTO.³⁷

For purposes of applying precedential case law, the TTAB has often referred to the Court of Appeals for the Federal Circuit as being its

<https://www.hdp.com/blog/2017/03/07/more-than-5-million-trademarks-and-counting> [<https://perma.cc/6WG2-FHBB>].

34. See U.S. Trademark Registration No. 0022406 (registered January 31, 1893). Based largely on the perceived strength of its marks, the Coca-Cola brand was valued at 56.894 billion U.S. dollars, which earned it the rank of the sixth best global brand in 2020. *Best Global Brands 2020*, INTERBRAND, <https://interbrand.com/best-brands> [<https://perma.cc/8KJ7-G2VC>].

35. See USPTO, PERFORMANCE AND ACCOUNTABILITY REPORT 12 (2019), <https://www.uspto.gov/sites/default/files/documents/USPTOFY19PAR.pdf> [<https://perma.cc/3PSV-JLRE>]. As of the end of FY 2019, the USPTO workforce was composed of 12,652 federal employees, including 9,614 patent examiners, 701 trademark examining attorneys, 266 Administrative Patent Judges, 25 Administrative Trademark Judges, and 2,046 other staff performing functions in areas including, but not limited to, patent and trademark trial and appeal boards, international affairs, congressional relations, information technology (IT) support, financial management, administrative duties, legal affairs, human resources, and supporting the Under Secretary and Director’s office. *Id.*

36. In 1958, President Eisenhower signed an amendment to the Trademark Act Section 17, which created the TTAB “to determine and decide the respective rights of registration.” Act of Aug. 8, 1958, Pub. L. No. 85-609, 72 Stat. 540 (1958) (codified as amended in 15 U.S.C. § 1067).

37. 37 C.F.R. § 2.129 (2020). Although the TTAB traditionally issues rulings in panels of three, there does not appear to be any statutory or regulatory requirement for it to do so, as compared with the Patent Trial Appeal Board of the USPTO, which is statutorily required to sit in panels of “at least [three] members.” 35 U.S.C. § 6(c). Statutory members of the TTAB include, among others, the Director of the USPTO and the Commissioner of Trademarks. 15 U.S.C. § 1067(b).

“primary reviewing court.”³⁸ In fact, both *ex parte* and *inter partes* cases at the TTAB may be appealed alternatively to either the Federal Circuit or to an appropriate federal district court (and from there to a regional circuit court).³⁹ Although the TTAB and the USPTO do not publish statistics regarding the venues chosen for appeals of TTAB cases, the TTAB defers to the jurisprudence of the Federal Circuit.⁴⁰

II. VARYING TREATMENTS OF MARKETPLACE REALITIES IN TRADEMARK REGISTRATION

A. *The Statutory Requirement of Use (Or Not)*

As noted, the issue of likelihood of confusion may arise both in the context of determining trademark registration rights and in the process of enforcing such rights. As stated by one commentator, “[p]rotection against consumer confusion is the core of modern trademark law.”⁴¹ The seminal case with regard to the consideration of likelihood of confusion in trademark registration is *In re E.I. DuPont DeNemours & Co.*,⁴² decided by the Court of Customs and Patent Appeals (CCPA), the predecessor court to the Federal Circuit.⁴³ As the CCPA noted in *DuPont*, although determinations of likelihood of confusion for purposes of trademark registration and for enforcement

38. See U.S. PATENT & TRADEMARK OFFICE, TRADEMARK TRIAL & APPEAL BOARD MANUAL OF PROCEDURE § 101.03 (2020) [hereinafter TBMP].

39. 15 U.S.C. § 1071; see also 37 C.F.R. § 2.145. The difference is that the record remains unchanged in an appeal to the Federal Circuit, whereas an appeal to a federal district court may include an opportunity for a new or enhanced record. For further discussion of the degree of deference that may be granted to TTAB decisions, see Melissa F. Wasserman, *What Administrative Law Can Teach the Trademark System*, 93 WASH. U. L. REV. 1511, 1529–31 (2016). The Supreme Court recently granted certiorari on a petition concerning the related issue of the viability and validity of administrative judges at the USPTO. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1325 (Fed. Cir. 2019), *cert. granted sub nom. United States v. Arthrex, Inc.*, 141 S. Ct. 549 (Mem.) (2020).

40. See TBMP, *supra* note 38, §§ 101.03, 901.01.

41. Rebecca Tushnet, *Registering Disagreement: Registration in Modern American Trademark Law*, 130 HARV. L. REV. 867, 873 (2017). Professor Tushnet goes on to say, “trademark ensures that people can get what they want when they buy Coca-Cola soda.” *Id.*

42. 476 F.2d 1357 (C.C.P.A. 1973).

43. *Id.* at 1364. The U.S. Court of Customs and Patent Appeals heard appeals from the USPTO prior to the creation of the Court of Appeals for the Federal Circuit. See TBMP, *supra* note 38, § 901.01 n.5.

are governed by different sections of the statute,⁴⁴ the Lanham Act nevertheless “does intend . . . that registration and use be coincident so far as possible.”⁴⁵ Indeed since the Lanham Act typically requires that a registration of a mark reflect the use thereof, it would seem logical that a registration determination would necessarily include an analysis of a mark *as used* in the marketplace.

Nevertheless, although the U.S. trademark system is use-based, not all of the thirteen enumerated *DuPont* factors have been interpreted over the years by the Federal Circuit and the TTAB as requiring, or even allowing, an analysis of use in the marketplace. That is, most of the time.⁴⁶ Several of the eponymous *DuPont* factors expressly contemplate an analysis of marketplace realities, such as the fifth (“[t]he fame of the prior mark (sales, advertising, length of *use*)”) and the sixth (“[t]he number and nature of similar marks *in use* on similar goods.”).⁴⁷ Others, such as the first (“[t]he similarity or dissimilarity of the marks”) and the second (“[t]he similarity or dissimilarity and nature of the goods or services”) have instead been relegated to consideration of “the four corners of the application [or] registration[.]”⁴⁸ In other words, the USPTO is tasked by the Federal Circuit (via the trademark examining attorney in the first instance, and, where appropriate, by the TTAB upon review) with considering only what is stated in the application filing itself, rather than what any evidence may show as to actual use of the mark in the marketplace.⁴⁹

44. Whereas the question of likelihood of confusion in registration is governed by 15 U.S.C. § 1052(d), the question of likelihood of confusion in infringement is governed by 15 U.S.C. § 1114(1) (for registered marks) or 15 U.S.C. § 1125(a)(1)(A) (for unregistered marks). *See also* B&B Hardware, Inc. v. Hargis Indus., Inc., 575 U.S. 138, 144–45 (2015).

45. *DuPont*, 476 F.2d at 1364.

46. Interestingly, the World Intellectual Property Review published an interview with the Chief Judge of the TTAB called “Choose Your Battles.” In noting that the TTAB does not take into account use, the Chief Judge of the TTAB was quoted as saying, “[w]e have to ignore that information, yet people bring it to us all the time.” As discussed herein, however, the TTAB actually does, and sometimes must, take into account factors of marketplace use. *Choose Your Battles*, WORLD INTELL. PROP. REV. (May 25, 2018), <https://www.worldipreview.com/contributed-article/choose-your-battles> [<https://perma.cc/6QZC-ZN49>].

47. *DuPont*, 476 F.2d at 1361 (emphasis added).

48. *Id.*; *In re i.am.symbolic, llc*, 866 F.3d 1315, 1323 (Fed. Cir. 2017).

49. Josh Gerben, *USPTO Trademark Office Action Responses: Section 2(d) Refusal*, GERBEN L.: THE BASICS, <https://www.gerbenlaw.com/blog/uspto-trademark-office-action-response-how-to-respond-to-a-section-2d-likelihood-of-refusal>

This is especially curious since, when considering other refusals and legal grounds invoked in the determination of trademark rights, such as mere descriptiveness, genericness, or of course abandonment, the Federal Circuit often relies heavily on an analysis of the marketplace use of a mark, whether by the applicant or by others.⁵⁰ Meanwhile, the lack of emphasis on, or even consideration of, the use of a mark in the trademark registration process, as discussed further herein, creates a disparity between trademark registration and the use on which the registration is presumptively based, despite that those rights are meant to be coexistent. As further discussed, herein, this is especially problematic when the presumptively coexistent rights are based on non-co-extensive factors, leading to a potentially inaccurate depiction of what is actually being captured by a trademark registration.

B. Effect of Resolving Doubt for the Senior User

It is worth noting that, unlike with other refusals that may arise in the determination of trademark registration, in an analysis of likelihood of confusion, doubt (where it exists) is resolved not in favor of the applicant but rather in favor of the senior user.⁵¹ In effect, this means that doubt is resolved *against* an applicant.⁵² There is certainly a rational normative basis for this rule, since, as noted, among the basket of rights conferred upon the owner of a registered trademark is the presumption of validity⁵³ (and, where relevant, incontestable status).⁵⁴ Thus, a newcomer must avoid treading on the already-established rights of a senior user and indeed is presumably in a better position to do so, particularly since another right accorded the senior

[<https://perma.cc/XQ3X-LZRJ>] (“The USPTO Examining Attorney does not look at the real-world usage of either company—the Examining Attorney only looks at what is within the ‘four-corners’ of the registration or applications.”).

50. See *infra* Section II.J.

51. See, e.g., *In re Hyper Shoppes (Ohio), Inc.*, 837 F.2d 463, 464–65 (Fed. Cir. 1988) (“Any doubts about likelihood of confusion . . . must be resolved against applicant as the newcomer.”).

52. *Id.* Due to a typically broad application of section 2(d) of the Trademark Act that resolves doubt for the senior user, even in cases where parties may have not only different goods or services but also different marks, the courts may nevertheless find a likelihood of confusion. In the oft-cited *Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1263 (Fed. Cir. 2002), discussed *infra* Section I.B, neither the marks nor the services of the parties were identical, and yet the court of appeals for the Federal Circuit found likelihood of confusion “as a matter of law.” 281 F.3d at 1263, 1267.

53. 15 U.S.C. § 1057(b).

54. *Id.* §§ 1065, 1115(b).

user and owner of a registration includes constructive notice of ownership of that mark.⁵⁵

Nevertheless, it bears mentioning that “doubt” can be resolved in favor of a senior user only where such doubt exists. Accordingly, there is no reason to assume, *pro forma*, that every likelihood of confusion analysis should be weighed against an applicant. As discussed herein, it would nevertheless appear that indeed this is typically the effect of avoiding a consideration of actual marketplace use in the trademark registration process.

C. Avoidance of Marketplace Analysis in Registration: General Rule

It is often said that “two key considerations” in any likelihood of confusion analysis by the USPTO or by the Federal Circuit are the similarities between the marks and the similarities between the goods and services.⁵⁶ As noted, the second *DuPont* factor is “[t]he 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.”⁵⁷ Considering that applications are (almost always) use-based, one might expect the TTAB and the Federal Circuit to thus consider the marketplace *use* thereof. Indeed, where a senior user relies on common law rights rather than on an existing trademark registration, it is necessary that the TTAB look at the senior user’s actual use.⁵⁸ The result should be effectively the same when the senior user relies instead on a trademark registration, since the registration is presumed by statute to reflect the rights created by such use.⁵⁹ This is, however, surprisingly not the case, at least, not most of the time.⁶⁰

55. *Id.* § 1072.

56. Thor Tech, Inc., 90 U.S.P.Q.2d 1634, 1635 (T.T.A.B. 2009); *see* Federated Foods, Inc. v. Fort Howard Paper Co., 544 F.2d 1098, 1101, 1103 (C.C.P.A. 1976) (“The fundamental inquiry mandated by § 2(d) goes to the cumulative effect of differences in the essential characteristics of the goods and differences in the marks.”). *Federated Foods* is cited in at least 139 precedential TTAB cases and 9 seminal Federal Circuit cases since 1976 according to BNA USPQ citations and in 5,094 TTAB cases overall according to the Westlaw “Trademark Trial & Appeal Board (TTAB)” database, as of March 7, 2021.

57. *In re* E.I. DuPont DeNemours & Co., 476 F.2d 1357, 1361 (C.C.P.A. 1973).

58. Indeed, there is, in such case, no registered identification of goods to consider.

59. *See infra* text accompanying notes 71–75 (detailing the exceptions to this proposition).

60. *See infra* text accompanying notes 71–75 (noting that there are sufficient exceptions to question the rule).

The theory, as set forth by the Federal Circuit, is that when you file an application, you get what you ask for—in your identification of goods or services. Therefore, the USPTO (or Federal Circuit, on appeal) need not look beyond the identification (or “the four corners of the application [or] registration[.]”) to analyze it.⁶¹ In the *Octocom Systems, Inc. v. Houston Computers Services Inc.*,⁶² the Federal Circuit affirmed the TTAB’s summary judgment finding that there was a likelihood of confusion where the marks were “virtually identical” and the goods were found to be similar, despite evidence of marketplace use submitted to the contrary.⁶³ As the Federal Circuit cautioned:

The authority is legion that the question of registrability of an applicant’s mark must be decided on the basis of the identification of goods [*as*] set forth in the application regardless of what the record may reveal as to the particular nature of an applicant’s goods, the particular channels of trade or the class of purchasers to which the sales of goods are directed.⁶⁴

The basic tenet of the case is that the parties are bound by their identifications. In *Octocom*, the Federal Circuit emphasized that the applicant was seeking an “*unrestricted* registration.”⁶⁵ Furthermore, the court noted that “the factors which OSI asks to have considered are not reflected, either expressly or inherently, in its application.”⁶⁶ Similarly, later in *Hewlett-Packard Co. v. Packard Press, Inc.*,⁶⁷ which is also often cited on this issue, the court faulted the TTAB for failing to sufficiently examine the identifications of the parties for relatedness where third-party evidence was lacking.⁶⁸ The court there noted:

While additional evidence, such as whether a single company sells the goods and services of both parties, if presented, is relevant to a relatedness analysis, the [TTAB] did not consider *the important*

61. *In re i.am.symbolic, llc*, 866 F.3d 1315, 1323 (Fed. Cir. 2017).

62. 918 F.2d 937 (Fed. Cir. 1990).

63. *Id.* at 943.

64. *Id.* at 942 (emphasis added). Since 1990, *Octocom* has been cited in at least 91 precedential TTAB cases and 16 precedential Federal Circuit cases (per Bloomberg BNA USPQ cites) and in 2,787 TTAB cases overall according to the Westlaw TTAB database, as of March 7, 2021.

65. *Id.*

66. *Id.*

67. 281 F.3d 1261 (Fed. Cir. 2002).

68. *Id.* at 1267.

evidence already before it, namely the ITU application and HP's registrations.⁶⁹

Thus, the court noted that the identifications may, on their face, serve to show likelihood of confusion, even if the identifications are not identical but at least “related enough.”⁷⁰ The rule cited in *Octocom*, as emphasized in *Hewlett-Packard*, is “the rule.”⁷¹ That is, the Federal Circuit and the TTAB will not look at marketplace use to determine an applicant's ability to traverse a section 2(d) likelihood of confusion refusal absent certain exceptions.⁷²

There are, however, three important exceptions to what may be deemed the “*Octocom* rule.” First, as discussed herein, the “*Octocom* rule” is generally only applied to certain *DuPont* factors (such as the identification of goods and the channels of trade).⁷³ Second, the rule is not applied uniformly in every case, even with regard to those factors.⁷⁴ Third, even to the extent the “*Octocom* rule” may be applied to certain *DuPont* factors in a particular case, these factors may be, as further discussed herein, sometimes overshadowed or outweighed by other *DuPont* factors that do consider use (such as the fame or strength of the senior mark).⁷⁵

In this regard, it is not uncommon for the exceptions to swallow the rule. This is probably appropriate, since a trademark registration is presumed to reflect the marketplace use.⁷⁶ It is also significant since, as will be discussed herein, that the registration reflects the use of a mark is a basic assumption in the applicability of both priority and preclusion.⁷⁷ Perhaps for this reason, both the Federal Circuit and the TTAB do refer frequently in their likelihood of confusion determinations,

69. *Id.* (emphasis added). The *Hewlett-Packard* case has been cited in at least 48 precedential TTAB cases and 11 precedential Federal Circuit cases since 2002 (per Bloomberg BNA USPQ cites), and in 1,167 TTAB cases overall according to the Westlaw TTAB database, as of March 7, 2021.

70. *Id.*

71. *Id.*; see also *Octocom*, 918 F.2d at 943 (establishing the rule on the likelihood of confusion).

72. *Octocom*, 918 F.2d at 942.

73. See *infra* Section II.C.1.

74. See *infra* Section II.C.2.

75. See *infra* Sections II.D.–E.

76. See *Trademark applications—Intent-to-Use (ITU) Basis*, USPTO, <https://www.uspto.gov/trademarks/apply/intent-use-itu-applications> [<https://perma.cc/H9CS-YUTV>].

77. See discussion *infra* Part IV.

to “use.”⁷⁸ To be more fair and accurate then, the “*Octocom* rule” should be updated and clarified both at the Federal Circuit and at the TTAB.⁷⁹

1. Marketplace exception: extrinsic evidence

As noted, despite the oft-cited “*Octocom* rule,” marketplace realities are nevertheless sometimes considered by the TTAB in a section 2(d) likelihood of confusion analysis. One commonly cited example is the ex parte case *In re Trackmobile, Inc.*,⁸⁰ wherein the TTAB considered extrinsic evidence presented by the applicant in order to interpret the scope of its identified goods.⁸¹ In particular, the applicant submitted evidence of the meaning of the identified “mobile railway movers” and whether it was sufficiently related to the cited “runways and monorails with manual, mechanical, hydraulic, pneumatic, electric and electronic control, vehicles[—]namely, light railway motor tractors” as to be likely to cause confusion.⁸² The applicant argued that such evidence was needed to explain the meanings of the identified goods “to the relevant trade.”⁸³ Finding that the identifications were “somewhat unclear,” the TTAB agreed to consider the evidence.⁸⁴ In doing so, the TTAB went to great pains to say that while it was considering evidence as to the meaning and scope of the identification, it was nevertheless only evaluating the goods “[a]s described in” the application and the cited registration, respectively.⁸⁵

In short, although the TTAB sometimes considers extrinsic evidence for purposes of explaining what is already written in the respective identifications, it typically only looks at such evidence to elucidate the meaning of the identifications, and not to consider any other evidence of actual use by the applicant or registrant.⁸⁶

78. See discussion *infra* Section V.B. Furthermore, in some inter partes actions such as in a cancellation proceeding brought on the ground of likelihood of confusion, a determination of priority necessarily depends on a consideration of marketplace factors, including actual use of a mark. See *Brewski Beer Co. v. Brewski Bros., Inc.*, 47 U.S.P.Q.2d 1281, 1284 (T.T.A.B. 1998).

79. See discussion *infra* Part V.

80. 15 U.S.P.Q.2d 1152 (T.T.A.B. 1990).

81. *Id.* at 1154.

82. *Id.*

83. *Id.* at 1153.

84. *Id.* at 1154. In an inter partes action, the burden is on the plaintiff to prove the relatedness. In an ex parte action, that burden is on the examining attorney.

85. *Id.* at 1153 (emphasis added).

86. See, e.g., *Thor Tech, Inc.*, 90 U.S.P.Q.2d 1634, 1636, 1636 nn.5–6, 1638, 1638 n.10 (T.T.A.B. 2009) (employing similar reasoning and utilizing dictionary definitions

Furthermore, consideration of even explanatory evidence is by no means allowed in every case. Rather, this appears to still be considered the exception to the “*Octocom* rule.”⁸⁷

2. Case study on marketplace analysis: *VigiLanz*

*Edwards Lifesciences Corp. v. VigiLanz Corp.*⁸⁸ presents another interesting case study in how the TTAB sometimes, despite the “*Octocom* rule,” nevertheless considers real-world conditions and marketplace use in a section 2(d) likelihood of confusion analysis.⁸⁹ In *VigiLanz*, despite precedent seeming to dictate otherwise, the TTAB undertook an analysis of real-world conditions for almost every *DuPont* factor.⁹⁰ This included, not surprisingly, an analysis of real-world use and marketplace factors regarding the strength of the mark.⁹¹ More surprising, though, is that the TTAB undertook a further analysis of marketplace factors as to the marks, goods, and channels of trade, which are more typically deemed to be subject to the “*Octocom* rule,” which forbids an analysis of real-world use.⁹²

Opposer had a registration for VIGILANCE for “heart monitors,” whereas applicant sought to register the mark VIGILANZ for “near real-time computer monitoring system comprised of a software application and database that anticipates and detects possible adverse drug events, and alerts healthcare providers to adverse drug events.”⁹³ The marks might seem to be nearly identical, and the identifications related, perhaps even complementary. However, the TTAB, in looking

and other “extrinsic evidence” such as Wikipedia to establish the meaning of the goods in the identification of goods).

87. See, e.g., *Iolo Techs., LLC*, 95 U.S.P.Q.2d 1498, 1501 n.3 (T.T.A.B. 2010) (declining to either consider applicant’s attempt to “clarify” registrant’s identification of technical support services, or to “find the recitation of services in the cited registration to be so vague as to require clarification”); *C.H. Hanson Co.*, 116 U.S.P.Q.2d 1351, 1354 (T.T.A.B. 2015) (“Here, the description ‘hand tools, namely, wrenches’ is neither vague nor technical and does not require clarification through extrinsic evidence.”). As an alternative, if an applicant’s identification of goods or services is “unclear,” an examining attorney may require an appropriate amendment of the identification. See 37 C.F.R. § 2.71(a) (2008).

88. 94 U.S.P.Q.2d 1399 (T.T.A.B. 2010).

89. *Id.* at 1410.

90. *Id.* at 1408–10, 1413.

91. *Id.* at 1408.

92. *Id.* at 1410.

93. *Id.* at 1401.

at *real-world* use rather than at the strictures of the identifications, reached a different result.

Regarding the marks, although the opposer was relying on a registration rather than on common-law rights, the TTAB suggested that it may, under certain circumstances, consider marketplace realities in the analysis of a mark, referring to the possibility of a survey being implemented for this purpose:

[A]bsent a competently designed and executed survey of a cross-section of customers and prospective customers of the products and services involved, the deciding tribunal must make its own subjective evaluation of what the average consumer will perceive the mark to be as he encounters them in the actual or hypothetical . . . marketing arena.⁹⁴

Indeed, the TTAB went on to consider testimony from applicant's Chair and CEO in determining the "meaning and commercial impression" of applicant's mark.⁹⁵ Regarding the goods, the majority examined how "[o]pposer uses the mark" in the pleaded registration.⁹⁶ The TTAB unabashedly considered extrinsic evidence in discussing the goods and channels of trade, and ultimately determined, on this basis, that any relatedness was "theoretical."⁹⁷ In short, it was not borne out by the marketplace evidence.

When analyzing the conditions of sale, the majority considered the actual "list price" of opposer's product, as well as what a "typical sale" in the real world would involve.⁹⁸ The TTAB then considered the marketplace realities, including the expense, for both applicant's and opposer's systems, concluding that both were "purchased and licensed only after careful consideration by persons who are highly knowledgeable about the products."⁹⁹

94. *Id.* at 1402 (first quoting *The Mennen Co. v. Yamanouchi Pharm. Co.*, 203 U.S.P.Q. 302, 305 (T.T.A.B. 1979); and then quoting *Ferro Corp. v. Nicofibers, Inc.*, 196 U.S.P.Q. 41, 45 (T.T.A.B. 1977)); *see also* *Anheuser-Busch, Inc. v. Holt*, 92 U.S.P.Q.2d 1101, 1106 (T.T.A.B. 2009) (agreeing with *Ferro* in that trademarks should be understood in the context of the "relevant purchasing sector" rather than "linguistic experts or those familiar with the meaning or derivation of words").

95. *VigiLanz*, 94 U.S.P.Q.2d at 1409–10.

96. *Id.* at 1403.

97. *Id.* at 1411; *see also id.* at 1410 (following the TTAB's reliance on extrinsic evidence of product use in *Trackmobile* to find that extrinsic evidence may be appropriate to determine the specific meaning of goods).

98. *Id.* at 1413.

99. *Id.* The dissent criticized the majority for looking at the use rather than focusing on the identifications as written. *See id.* at 1415 (Ritchie, J., dissenting) (recounting *Octocom's* refusal to consider evidence of use for an "unrestricted

In its analysis of fame, the TTAB considered “sales” and “advertising” figures, and opposer’s comparative share of the market (“seventy-five percent of the heart monitor market”),¹⁰⁰ ultimately finding “niche market fame.”¹⁰¹ Finally, the TTAB quoted the Federal Circuit case *Electronic Design & Sales, Inc. v. Electronic Data Systems Corp.*¹⁰²: “[w]e are not concerned with the mere theoretical possibilities of confusion, deception or mistake or with de minimis situation but with the practicalities of the commercial world, with which the trademark laws deal.”¹⁰³

Indeed, the court in *Electronic Design* similarly delved deeply into the market realities of the opposer’s use in reaching its conclusion that there would be, in the real world, no likelihood of confusion.¹⁰⁴ The *VigiLanz* case is a published decision of the TTAB and thus one that is citable as binding precedent.¹⁰⁵ The *Electronic Design* case is a published decision of the Federal Circuit and therefore also citable as precedent.¹⁰⁶ To the extent these cases are intended to express exceptions to the overriding “*Octocom* rule,” it would be useful to have further guidance as to when such exceptions may be invoked.¹⁰⁷

D. Attempting a “Work Around”: Marketplace Considerations in Channels of Trade

Without regard to the exceptions discussed herein, the “*Octocom* rule” has meanwhile been extended beyond interpretation of goods and services, to refer to any limitations—or lack of limitations—in an identification. For example, in *Stone Lion Capital Partners, L.P. v. Lion Capital LLP*,¹⁰⁸ the applicant argued in an appeal to the Federal Circuit that the TTAB had failed to consider the sophistication of its

registration” to argue that the *VigiLanz* court should similarly not take market conditions into consideration in the context of an unrestricted trademark registration). In full disclosure, the author of this Article wrote the dissenting opinion in her former capacity as an Administrative Trademark Judge on the TTAB.

100. *Id.* at 1408.

101. *Id.* at 1409.

102. 954 F.2d 713 (Fed. Cir. 1992).

103. *VigiLanz*, 94 U.S.P.Q.2d at 1414 (first quoting *Elec. Design*, 954 F.2d at 717; and then quoting *Witco Chem. Co. v. Whitfield Chem. Co.*, 418 F.2d 1403, 1405 (C.C.P.A. 1969)).

104. *See Elec. Design*, 954 F.2d at 714, 718 (considering deposition testimony regarding opposer’s services and consumers thereof).

105. *VigiLanz*, 94 U.S.P.Q.2d at 1399.

106. *Elec. Design*, 954 F.2d at 713.

107. *See infra* Sections V.B.–C. (suggesting some proposed solutions that may be implemented by the Federal Circuit and by the USPTO, including via the TTAB).

108. 746 F.3d 1317 (Fed. Cir. 2014).

clientele.¹⁰⁹ Citing *Octocom*, the Federal Circuit stated that “[p]arties that choose to recite services in their trademark application that exceed their actual services will be held to the broader scope of the application.”¹¹⁰ This is really the heart of the matter—the rationale being that parties who choose the broadest possible language to describe their goods or services receive the benefit of a trademark registration that protects the broad swathe. Such party cannot, then, conversely benefit from arguing that it is not in fact *using* the full breadth of its identification while *maintaining the right* to the breadth of protection. Thus, there is a solid normative basis for confining a party to its identification while giving that identification the broadest possible interpretation—often to the detriment of a party trying to avoid a finding of likelihood of confusion. Nevertheless, as noted, the application of the “*Octocom* rule” is often perceived as favoring the party seeking to *establish* a finding of likelihood of confusion, i.e., the senior user, perhaps beyond a mere resolving of actual “doubt.”¹¹¹

Under the “*Octocom* rule,” since applicants are bound by the wording of their identifications, they typically have a business incentive to try to work around wording that may be interpreted as being “confusingly similar” to a previously existing registration.¹¹² Of course, sometimes such modifications are not sufficient to avoid a refusal. It is also worth noting that both the TTAB and the Federal Circuit have been hesitant to allow stated limitations, such as dubious restrictions to channels of trade in written identifications, where they appear to be created solely for purpose of circumventing a likelihood of confusion refusal, rather than reflecting marketplace needs.¹¹³

In one such situation, applicant *i.am.symbolic, llc*, via its predecessor in interest, applied to register the mark I AM for various goods, but was refused registration on the ground of likelihood of confusion with the

109. *Id.* at 1321.

110. *Id.* at 1324.

111. *See generally id.* at 1325–26 (confirming the notion that likelihood of confusion analysis under the “*Octocom* rule” favors the senior user).

112. *In re i.am.symbolic, llc*, 866 F.3d 1315, 1329 (Fed. Cir. 2017). *See generally Octocom Sys., Inc. v. Hous. Comput. Servs., Inc.*, 918 F.2d 937, 942 (Fed. Cir. 1990) (implying that questions of registrability not based on the identification of goods are based on other factors).

113. *See, e.g., In re i.am.symbolic, llc*, 866 F.3d at 1326 (expressing the Court’s hesitation to allow a registrant to use its unrestricted registration to avoid a likelihood of confusion finding).

previously registered mark I AM for the same or similar goods.¹¹⁴ The applicant attempted to traverse the refusal by adding to its identification the qualifying statement that its goods are “associated with William Adams, professionally known as ‘will.i.am.’”¹¹⁵ In short, this would limit the scope of the identification to registration of goods that are, at least according to the applicant, indeed associated with the applicant.

The TTAB nevertheless affirmed the examining attorney’s refusal to register the mark based on a likelihood of confusion, finding that the language of the identification that purports to associate the applicant’s goods exclusively with his well-known persona is merely “precatory language” that does not “impos[e] a meaningful limitation” on the goods, the channels of trade, or the class of purchasers.¹¹⁶ Applicant, a self-described “celebrity,” argued that registrant (or presumably anyone other than applicant) would be prohibited from associating their goods with will.i.am because it would regardless violate his “right to publicity.”¹¹⁷ In affirming the TTAB ruling against applicant however, the Federal Circuit disregarded this argument.¹¹⁸ Properly characterized in trademark law, the applicant’s argument is simply what every trademark owner seeks, the right to be identified as the sole source of its goods. To write this in as a restriction in the identification, however, would be futile since, as many a mark owner has ruefully discovered, as unpredictable as consumer perceptions may be, they are very much determined by no one else but the consumers themselves.

This was not the first time the Federal Circuit observed the futility of trying to dictate consumer perceptions of affiliation in the wording of an identification. A similar result was reached in an earlier Federal Circuit case, *Ultracashmere House, Ltd. v. Springs Mills, Inc.*¹¹⁹ There, the opposer had obtained an injunction in a civil action, requiring the applicant to include a disclaimer of association from the opposer and the opposer’s ULTRASUADE mark every time applicant displayed its own

114. *Id.* at 1319.

115. *Id.* at 1320.

116. *In re i.am.symbolic, llc*, 116 U.S.P.Q.2d (BL) 1406, 1409–10 (T.T.A.B. 2015), *aff’d*, 866 F.3d 1315 (Fed. Cir. 2017).

117. *In re i.am.symbolic, llc*, 866 F.3d at 1325–26. To the extent this may be the case, the right of publicity is a separate cause of action from a trademark likelihood of confusion claim.

118. *Id.* at 1326.

119. 828 F.2d 1580 (Fed. Cir. 1987).

ULTRACASHMERE mark.¹²⁰ Nevertheless, the applicant later sought to obtain an unrestricted trademark registration for ULTRACASHMERE or, in the alternative, to include the required disclaimer as a restriction in the language of its proposed identification.¹²¹ Affirming the TTAB's decision to refuse the registration, the Federal Circuit commented that where the applicant had already been enjoined from unrestricted use, a disclaimer of affiliation would simply not be sufficient.¹²² Therefore, although an identification should reflect actual marketplace use, doing so, while perhaps necessary, is nevertheless not sufficient to qualify for a federal trademark registration.

E. Marketplace Considerations in Fame

Meanwhile, despite disavowing the significance of marketplace use as a factor in analyzing some of the *DuPont* factors, with regard to other factors, the Federal Circuit unabashedly relies on marketplace realities in making a determination of likelihood of confusion. For the fifth *DuPont* factor, when analyzing the degree (if any) of fame of a mark, the court considers relevant financial factors such as actual sales and advertising.¹²³ Other considerations may include marketplace exposure and unsolicited media attention.¹²⁴

This is not surprising since the fifth *DuPont* factor specifically contemplates an analysis of actual use in its discussion of “[t]he fame of the prior mark (sales, advertising, length of use).”¹²⁵ Thus, the TTAB and the Federal Circuit will necessarily refer to the actual “use” of a mark in making a determination of fame. Nevertheless, it is worth noting that the Federal Circuit dictates that fame play a “dominant role” when fame is shown to be an issue in a case.¹²⁶ The factor rests on

120. *Id.* at 1582.

121. *Id.*

122. *Id.* at 1583.

123. *Bose Corp. v. QSC Audio Prods. Inc.*, 293 F.3d 1367, 1371 (Fed. Cir. 2002).

124. *See Joseph Phelps Vineyards, LLC v. Fairmont Holdings, LLC*, 857 F.3d 1323, 1325–26 (Fed. Cir. 2017).

125. *Id.*; *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973); *see also, Coach Servs. Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1720 (Fed. Cir. 2012) (emphasis added).

126. *Kenner Parker Toys Inc. v. Rose Art Indus., Inc.*, 963 F.2d 350, 352 (Fed. Cir. 1992); *see also Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1374 (Fed. Cir. 2005). Although the Court cautioned in *Coach Services* that “fame is insufficient, standing alone, to establish likelihood of confusion,” the Court nevertheless indicated that “fame . . . plays a ‘dominant’ role in the *DuPont*

findings involving use and marketplace realities. Thus, regardless of what may or may not be considered with regard to any of the other *DuPont* factors, where fame is at issue, the marketplace realities therein considered would necessarily dominate the determination of a trademark registration.

*F. When the Marketplace May be Considered in Analyzing the Marks:
Meaning and Strength*

A similar question arises in considering the strength or even the meaning of a mark. In analyzing the first *DuPont* factor of “[t]he similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression,”¹²⁷ it makes sense at times to invoke the dictionary definition of a term.¹²⁸ The Federal Circuit has gone on, though, to consider how the parties “use” their marks.¹²⁹ The court has even gone further in considering testimony to determine the commercial impression of a mark, in discussing how the mark was chosen, and in discussing why (thus, how consumers are likely to perceive it).¹³⁰

Moreover, an analysis of the marks does not always end with the marks at issue in the application and the cited (or pleaded) registration. Under the sixth *DuPont* factor, the TTAB must consider, where relevant, “[t]he number and nature of similar marks in use on similar goods.”¹³¹ In two recent cases, the Federal Circuit reiterated the importance of considering the “strength or weakness” of an opposer’s marks by considering both third-party use and third-party registrations that include the relevant term.¹³² The court commented that evidence of such use can be “powerful on its face.”¹³³ As for third-party

analysis, as famous marks ‘enjoy a wide latitude of legal protection.’” 668 F.3d at 1366–67 (internal citations omitted).

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

128. See *Coach Servs. Inc.*, 668 F.3d at 1378 (describing dictionary definitions that demonstrate that a term is merely descriptive).

129. *Id.* at 1369. In this case, the court then noted that there are “different definitions in different contexts,” and discussed what each mark “brings to mind” with regard to the respective goods or services. *Id.*

130. See *Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1265–66 (Fed. Cir. 2002) (commenting that “the record offers substantial evidence that the marks convey a similar commercial impression”).

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

132. See *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 1338–39 (Fed. Cir. 2015); see also *Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*, 797 F.3d 1363, 1373 (Fed. Cir. 2015).

133. *Juice Generation*, 794 F.3d at 1339.

registrations, the court echoed Professor McCarthy, in stating that the “real evidentiary value of third party *registrations* per se is to show the sense in which . . . a mark is used in ordinary parlance.”¹³⁴ In short, they can be used in the same manner as a dictionary definition.¹³⁵ There really is no question that this analysis thus considers, and weighs, marketplace realities, including the *actual use* of a mark by an applicant, by the registrant, and by others.

Interestingly, in its discussion of the “strength or weakness” of the opposer’s mark, the Federal Circuit in *Juice Generation, Inc. v. GS Enterprises LLC*¹³⁶ appeared to interface the concept with fame, referring to at least one case where the “strength” of a plaintiff’s mark was impacted affirmatively, with fame, rather than negatively, with third-party use or registrations.¹³⁷ Nevertheless, the *DuPont* test does not include “strength” as a single factor, but instead, includes separate factors that discuss fame (fifth factor) and the number and nature of third-party marks (sixth factor); moreover, the test does not specifically account for the conceptual strength of a mark.¹³⁸

Other circuits, by contrast, refer to “strength” as a single consideration in their tests for likelihood of confusion.¹³⁹ Since any discussion of the “strength” of a mark typically relies on marketplace realities of use, it is often more reasonable efficient to discuss all considerations of commercial and conceptual strength together in one umbrella factor. To accomplish this, the Federal Circuit could potentially address the point directly by indicating that the “strength of the mark” is often best addressed in a single section that discusses all relevant information on commercial and conceptual strength.

134. *Id.* at 1339 (citing 2 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:90 (4th ed. 2020)).

135. *Id.*

136. 794 F.3d 1334 (Fed. Cir. 2015).

137. *Id.* at 1339–40 (reiterating that “[t]he strength of a mark is not a binary factor” (citing *In re Coors Brewing Co.*, 343 F.3d 1340, 1345 (Fed. Cir. 2003))).

138. See *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973).

139. See, for example, the Ninth Circuit *Sleekcraft* factors as discussed in *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979), and Second Circuit “*Polaroid*” factors as discussed in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). In this regard, Professor McCarthy notes that the Federal Circuit has dictated that “the strength factor plays a ‘dominant role’ in determining whether confusion is likely.” However, “unlike all other courts in the nation, the Federal Circuit and the TTAB usually use the word ‘fame’ instead of ‘strength.’” J. Thomas McCarthy, *Trademark Strength and Fame: The Federal Circuit Corrects the Trademark Trial and Appeal Board*, 108 TRADEMARK REP. 904, 905 (2018).

Meanwhile, since the Federal Circuit rendered the decisions in *Juice Generation* and *Jack Wolfskin Ausrüstung Fur Draussen GmbH & Co. KGAA v. New Millennium Sports, S.L.U.*,¹⁴⁰ the TTAB has been careful to note that “[e]vidence of extensive registration and use of a term by others can be ‘powerful’ evidence of weakness.”¹⁴¹ But the TTAB has further observed that “in *Juice Generation*, there were at least twenty-six relevant third party uses or registrations of record, and in *Jack Wolfskin*, there were at least fourteen.”¹⁴² As such, the TTAB is cautioning parties that, while it will take into account marketplace realities of third-party registrations and uses, they will be viewed carefully in relation to the volume submitted and the applicability to the proceeding.¹⁴³

G. The Specimen as Showing the Realities of the Marketplace

In some cases, the specimen is considered as part of the analysis in a TTAB proceeding. This is often considered to be a key component of certain refusals, such as an assertion that a proposed mark fails to function as a mark.¹⁴⁴ Inherently, this is about trademarks being use-based. The Federal Circuit has aptly noted, “[b]efore there can be registration, there must be a trademark, and unless words have been so used they cannot qualify.”¹⁴⁵ The court further noted, nevertheless, that an applicant’s evidence is judged by its specimen, not separately by its marketplace use.¹⁴⁶ That said, to be in compliance with the enabling statute, a specimen submitted for registration must reflect the actual use of a mark.¹⁴⁷ Thus, if the Federal Circuit (or the TTAB) includes the specimen in its analysis of a mark, that should necessarily reflect the use thereof.

140. 797 F.3d 1363, 1373 (Fed. Cir. 2015).

141. *Morinaga Nyugyo Kabushiki Kaisha*, 120 U.S.P.Q.2d (BL) 1738, 1746 n.8 (T.T.A.B. 2016).

142. *See, e.g., id.* (citing *Juice Generation*, 794 F.3d at 1337 n.1; and then citing *Jack Wolfskin*, 797 F.3d at 1373 n.2).

143. *Cf. TPI Holdings, Inc. v. TrailerTrader.com, LLC*, 126 U.S.P.Q.2d (BL) 1409, 1427–28 (T.T.A.B. 2018) (finding the relevant term to be “inherently weak” and thus “the circumstances in this case are akin to those in *Juice Generation*”).

144. *See In re Bose Corp.*, 546 F.2d 893, 897 (C.C.P.A. 1976) (“[T]he manner in which an applicant has employed the asserted mark, as evidenced by the specimens of record, must be carefully considered in determining whether the asserted mark has been used as a *trademark* with respect to the goods named in the application.”).

145. *Id.* at 896.

146. *See id.* at 896–97.

147. 15 U.S.C. § 1051(a) requires, in relevant part, “such number of specimens or facsimiles of the mark *as used*” (emphasis added).

In likelihood of confusion refusals, the Federal Circuit has turned to the specimen for information about how the goods are actually used. This was, for example, noted in the concurrence in *Joseph Phelps Vineyards, LLC v. Fairmont Holdings, LLC*.¹⁴⁸ There, Judge Newman stated that the TTAB should have looked at the “actual use” of the mark, as shown in the submitted specimen of record.¹⁴⁹

Beyond the submitted specimen, at times the Federal Circuit has further turned to a consideration of marketplace use of a word mark, in order to evaluate whether an applicant’s mark is indeed confusingly similar in practice. In *Specialty Brands, Inc. v. Coffee Bean Distributors, Inc.*,¹⁵⁰ the Federal Circuit reversed the TTAB’s finding that there was no likelihood of confusion between applicant’s SPICE VALLEY and the registered SPICE ISLANDS, both for “teas.”¹⁵¹ In so doing, the Federal Circuit observed that “[o]rdinarily, for a word mark we do not look to the trade dress, which can be changed at any time.”¹⁵²

The court nevertheless went on to do so, finding that applicant’s “trade dress may nevertheless provide evidence of whether the word mark projects a confusingly similar commercial impression.”¹⁵³ Thus, despite the general policy of not looking to the marketplace in accordance with the “*Octocom* rule,” in the same way that the TTAB and the Federal Circuit will sometimes find a specimen to create a statement against interest in evaluating a mark, applicants should be aware that actual trade dress may similarly be invoked, even for evaluation of a word mark. To the extent this broad analysis may weigh against an applicant, it does fit with the normative values expressed in the rationale that doubt in a likelihood of confusion refusal should be resolved in favor of the senior user and thereby against a newcomer.¹⁵⁴

148. 857 F.3d 1323, 1326 (Fed. Cir. 2017) (Newman, J., concurring).

149. *Id.* at 1326–27; *see also In re Mighty Leaf Tea*, 601 F.3d 1342, 1344–45 (Fed. Cir. 2010) (affirming TTAB’s finding of likelihood of confusion, and quoting examining attorney in stating that “applicant’s specimen of record shows applicant’s use of its mark . . . is similar to . . . the registered mark”).

150. 748 F.2d 669 (Fed. Cir. 1984).

151. *See id.* at 672.

152. *Id.* at 674 (citing *Vornado, Inc. v. Breuer Elec. Mfg. Co.*, 390 F.2d 724, 727 (C.C.P.A. 1968)).

153. *Id.* (citing *Giant Food, Inc. v. Nation’s Foodservice, Inc.*, 710 F.2d 1565, 1571 (Fed. Cir. 1983)).

154. *See id.* (“When balancing the interests in a famous, established mark against the interests of a newcomer, we are compelled to resolve doubts on this point against the newcomer.”).

Of course, it bears repeating again that this basic rule should only be relevant where there is, in fact, reason for “doubt” and not simply used as a catch-all to avoid full consideration of an applicant’s right to registration.

H. When the Marketplace Matters: Consent and Concurrent Use

Interestingly, while the Federal Circuit has cautioned that the TTAB must stay within “the four corners of the application,”¹⁵⁵ there are, nonetheless, certain circumstances where the Court has encouraged and even mandated that the marketplace *must* be considered, even in a refusal for likelihood of confusion. Indeed, the TTAB has been criticized by the Federal Circuit for *not* considering the marketplace in certain circumstances. In *In re Four Seasons Hotels*,¹⁵⁶ applicant’s mark FOUR SEASONS BILTMORE for “resort innkeeping services” was refused for likelihood of confusion with registrant’s mark THE BILTMORE LOS ANGELES for “hotel services.”¹⁵⁷ The refusal was affirmed by the TTAB, and appealed to the Federal Circuit, which issued a scathing reversal.¹⁵⁸ Judge Rich, writing for majority, quoted himself in a prior concurrence, stating perhaps ominously, that the PTO “is, at times, like a cat watching the wrong rat hole.”¹⁵⁹

The Federal Circuit observed that applicant and registrant had entered into a consent agreement, “determining for themselves that confusion of their marks is unlikely.”¹⁶⁰ The Court thus reminded the TTAB that such agreements “carry great weight.”¹⁶¹ In its discussion, the Court referred to the marketplace realities that the marks had already “coexisted for some time” and that there was “concurrent use.”¹⁶²

The Court indicated that such agreements must be between the parties, and it went on to repeatedly admonish the TTAB for “reliance

155. See *In re i.am.symbolic, llc*, 866 F.3d 1315, 1323 (Fed. Cir. 2017). *But see* *Stone Lion Cap. Partners, L.P. v. Lion Cap. LLP*, 746 F.3d 1317, 1324–25 (Fed. Cir. 2014).

156. 987 F.2d 1565 (Fed. Cir. 1993).

157. *Id.* at 1566.

158. *Id.* at 1566, 1569.

159. *Id.* at 1566 (citing *In re Nat’l Distillers & Chem. Corp.*, 297 F.2d 941, 948 (C.C.P.A. 1962) (Rich, J., concurring)).

160. *Id.* at 1566.

161. *Id.* at 1567.

162. *Id.* at 1569 (pointing out that the agreement was not a mere consent but rather signaled that the parties contemplated cooperation in the event likelihood of confusion were to occur).

on its own views . . . rather than the views of the parties.”¹⁶³ Similarly, the seminal *DuPont* case reversed the TTAB’s finding of likelihood of confusion where the parties had entered into a consent agreement.¹⁶⁴ The court there likewise chided, “[d]ecisions of men who stand to lose if wrong are normally more reliable than those of examiners and judges.”¹⁶⁵ The court further found the agreement, along with the assignment of the relevant registration, to play a “dominant role” in its analysis.¹⁶⁶

The tenth *DuPont* factor specifically considers the “market interface between applicant and the owner of a prior mark,” in other words, the actual use of a mark.¹⁶⁷ This marketplace analysis will therefore, as with fame, play a dominant role in heavily weighing consideration of *actual use* in a determination regarding likelihood of confusion.

I. Changing the Identifications to Reflect Reality: Section 18

A question may arise as to what happens if the parties decide they do not want to be bound by their stated identifications of goods and services? More specifically, what if one or both of the parties believes that a stated identification is simply not quite right? One way that real-world considerations are taken into account in this scenario is through the possibility of a statutorily-authorized restriction to an application and/or registration involved in a likelihood of confusion proceeding. Section 18 of the Lanham Act gives the TTAB the equitable power to, inter alia, “restrict the goods or services identified in an application or registration.”¹⁶⁸ As the TTAB has noted:

Before the amendments to [s]ection 18, the [TTAB] was constrained to decide cases presenting the issue of likelihood of confusion based upon the recitation of goods or services that appeared in a defendant’s application or registration and a plaintiff’s pleaded registration (assuming that common law rights were not asserted

163. *Id.* (quoting *Amalgamated Bank of N.Y. v. Amalgamated Tr. & Sav. Bank*, 842 F.2d 1270, 1275 (Fed. Cir. 1988)); *cf.* *Bay State Brewing Co.*, 117 U.S.P.Q.2d (BL) 1958, 1967 (T.T.A.B. 2016) (affirming refusal despite the existence of a consent agreement because the other *DuPont* factors weighed strongly towards finding a likelihood of confusion).

164. *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1362 (C.C.P.A. 1973).

165. *Id.* at 1363.

166. *Id.* at 1362.

167. *Id.* at 1361.

168. TBMP, *supra* note 38, § 309.03(d) (referencing 15 U.S.C. § 1068). A similar remedy may be available in a court proceeding by invoking 15 U.S.C. § 1119.

and proved by the plaintiff), rather than on the evidence adduced at trial as to the actual goods or services or the channels of trade of those goods or services. The amendments to [s]ection 18 were intended to give the Board greater ability to decide cases on the basis of the evidence of actual use.¹⁶⁹

Section 18 may be invoked offensively or defensively. The TTAB will look at factors including whether the restriction is commercially significant; whether it avoids a likelihood of confusion; and whether there is any use of the mark on the goods or services for which exclusion is sought.¹⁷⁰ The TTAB has held, for example, that a defendant can move to restrict its own goods and/or services via an affirmative defense in response to a plaintiff's claim of likelihood of confusion.¹⁷¹ Section 18 is thus a means to ensure that a likelihood of confusion analysis is based on the marketplace realities of use, by ensuring that those realities are incorporated into the identifications.

J. Marketplace Evidence in Analysis of Descriptiveness, Genericness, and Other Refusals

Interestingly, in contrast to the “*Octocom* rule” observed in likelihood of confusion cases, marketplace realities are a significant consideration in other refusals or inter partes trial grounds. This includes, for example, claims in ex parte or inter partes cases alleging that an applicant's mark is merely descriptive or generic, or of course, that a mark has been abandoned.¹⁷² In such cases, the examining attorney (during prosecution), the TTAB, and the Federal Circuit may consider evidence of marketplace use of a term. Similarly, for an applicant or defendant to show acquired distinctiveness of an applied-for mark, the Federal Circuit has directed that it is appropriate to rely on marketplace evidence, such as the duration, extent and nature of the use of the mark in commerce, advertising expenditures, sales success, consumer studies, letters or statements from the trade or public, and “all of the circumstances involving *the use* of the mark.”¹⁷³

169. *Eurostar, Inc. v. “Euro-Star” Reitmoden GmbH & Co. KG*, 34 U.S.P.Q.2d (BL) 1266, 1268 (T.T.A.B. 1994). The TTAB has specifically referred to this as a market-based “equitable remedy.” *See id.* at 1271 n.3.

170. *Id.* at 1270.

171. *See Embarcadero Techs., Inc. v. RStudio, Inc.*, 105 U.S.P.Q.2d (BL) 1825, 1828 (T.T.A.B. 2013).

172. *See, e.g., USPTO v. Booking.com B.V.*, 140 S. Ct. 2298, 2301–04 (2020); *In re Northland Aluminum Prods., Inc.*, 777 F.2d 1556, 1558 (Fed. Cir. 1985).

173. *In re Steelbuilding.com*, 415 F.3d 1293, 1300 (Fed. Cir. 2005) (emphasis added).

The Federal Circuit and the TTAB look both to the identification and to actual marketplace use in analyzing most descriptiveness or misdescriptiveness refusals. A term is deemed to be merely descriptive of goods or services, within the meaning of section 2(e)(1), for example, if it “immediately conveys knowledge of a quality, feature, function, or characteristic of the goods or services with which it is used.”¹⁷⁴ As often stated by both the Federal Circuit and the TTAB, whether a term is merely descriptive is determined not “in the abstract” but rather in relation to “the goods or services for which registration is sought,” as well as “the context in which [*it*] is being used.”¹⁷⁵

Moreover, the “use” being considered by the examining attorney, the TTAB, or the Federal Circuit, may include not only use by the applicant/defendant but also any third-party use that is deemed to be relevant to the analysis of consumer perceptions. The Federal Circuit has furthermore noted that it is appropriate to consider evidence from “any competent source, such as consumer surveys, dictionaries, newspapers[,] and other publications.”¹⁷⁶ Thus, marketplace realities factor heavily into these refusals. Similarly, the statutory definition of a mark that has been “abandoned” includes that “*use* has been discontinued with intent not to resume such *use*.”¹⁷⁷ Naturally, such an analysis must necessarily involve a determination of actual marketplace conditions.

III. THE “LEGAL FICTION” OF USE: RUNNING AFOUL OF CONGRESSIONAL AUTHORITY

In discussing use, an important question that arises is, what actual uses can the USPTO and the federal courts properly consider in a trademark analysis? This is perhaps not as simple or straightforward a question as a merchant might hope. As noted in Section I.A., *supra*, the

174. *In re* Chamber of Comm., 675 F.3d 1297, 1300 (Fed. Cir. 2012) (emphasis added) (citing *In re* Gyulay, 820 F.2d 1216, 1217 (Fed. Cir. 1987)).

175. *See* Bright-Crest, Ltd., 204 U.S.P.Q. 591, 593 (T.T.A.B. 1979) (emphasis added). This case has been cited in at least 91 precedential TTAB cases (as well as by an District Court for the Eastern District of Pennsylvania case) since 1979, according to BNA USPQ cites, and in 1,312 TTAB cases overall according to the Westlaw TTAB database, as of March 7, 2021.

176. *See In re* Northland Aluminum Prods., Inc., 777 F.2d 1556, 1559 (Fed. Cir. 1985). More recently, the Supreme Court has further expounded on considerations in genericness, and the importance of real-world consumer perceptions, which must also necessarily consider use. *See* USPTO v. Booking.com B.V., 140 S. Ct. 2298, 2304 (2020).

177. 15 U.S.C. § 1127 (emphasis added).

Lanham Act allows for trademark registration protection for marks that are “used in commerce.”¹⁷⁸ This requirement has nevertheless been the subject of some confusion and debate in the courts, with some recent clarification from the Federal Circuit in the case of *Christian Faith Fellowship Church v. adidas AG*.¹⁷⁹

A. Substantial Effects

Christian Faith Fellowship Church is located in Zion, Illinois, within five miles of the Illinois-Wisconsin border.¹⁸⁰ The parish thus includes residents of both states.¹⁸¹ The church began selling apparel and hats under the mark ADD A ZERO and later obtained federal trademark registrations for its use thereof.¹⁸² A petition to cancel the registration was filed by adidas, AG, on the grounds that (i) the church had not used the mark in commerce, such as to justify its use-based registration; (ii) even if it had, the mark had since been abandoned; and (iii) furthermore, the marks were properly characterized as merely informational slogans, and thus were unprotectable in failing to function as a mark.¹⁸³

The TTAB admitted evidence that the church had sold two hats during the subject time period to what appeared to be a resident of Wisconsin.¹⁸⁴ The TTAB nevertheless found this to be de minimis evidence of interstate commerce and thus granted the petition to cancel on the ground that the church had not used the mark in commerce.¹⁸⁵

On appeal, the Federal Circuit observed that the Lanham Act defines use of a mark in commerce as “the bona fide use of a mark in the ordinary course of trade” in situations where “the goods are sold

178. *Id.* § 1051(a)(1).

179. 841 F.3d 986 (Fed. Cir. 2016).

180. *Id.* at 988.

181. *Id.*

182. *Id.* at 988, 988 n.1 (noting that one registration was for the word mark ADD A

ZERO and the other included the literal element with a design ); Jason Belzer, *Adidas Trademark Lawsuit Puts Derrick Rose on Defense*, FORBES (June 11, 2013, 09:00 AM), <https://www.forbes.com/sites/jasonbelzer/2013/06/11/adidas-trademark-lawsuit-puts-derrick-rose-on-defense/?sh=7b56229758ce> (depicting the image of the design).

183. *Christian Faith Fellowship*, 841 F.3d at 988.

184. *Id.*

185. *Id.* at 988–89.

or transported in commerce.”¹⁸⁶ The court went on to emphasize that “Congress’s power under the Commerce Clause is broad.”¹⁸⁷ In particular, the court referred to Supreme Court precedent which holds that Congress has the power to regulate activities or commodities that have “substantial effects” on interstate commerce.¹⁸⁸

As to the actual meaning and application of what constitutes “substantial effects”—such as to justify federal regulation and control—the Federal Circuit explained (if perhaps somewhat obliquely), “[a]ll that is needed is proof that the defendant’s conduct fell within a category of conduct that, in the aggregate, had the requisite effect.”¹⁸⁹ The Federal Circuit thus reversed the TTAB’s finding of nonuse, and remanded the case for further proceedings.¹⁹⁰

B. Use That is not “Use”

In its discussion of “substantial effects,” the Federal Circuit in *Christian Faith Fellowship* provided the example of marijuana, which has been regulated by the federal government, and deemed to be illegal in interstate commerce.¹⁹¹ Thus, marijuana (or any good or service deemed to be illegal under federal law) may not be protected via a federal trademark registration since, despite any actual use, interstate or otherwise, it is not considered a lawful “use in commerce.”¹⁹² Simply put, a registration may not be granted where use, even if it *technically* exists, is not *legally* allowed.¹⁹³

186. *Id.* at 989.

187. *Id.* at 990.

188. *Id.* at 990–91.

189. *Id.* at 993 (quoting *Taylor v. United States*, 136 S. Ct. 2074, 2081 (2016)).

190. In an unpublished opinion on remand, the TTAB considered the other two grounds raised in the petition for cancellation and granted the petition as to the word mark on the alternative ground that, as an informational slogan, it fails to function as a mark. The Board denied the petition as to the composite design mark. *adidas AG v. Christian Faith Fellowship Church*, 2019 BL 481441 (T.T.A.B. 2019).

191. The Federal Circuit discussed, on the one hand, wheat, and on the other hand, marijuana, which both have been deemed to have “substantial effects” on interstate commerce for purposes of federal regulation and control. *Christian Faith Fellowship*, 841 F.3d at 991 (first citing *Wickard v. Filburn*, 317 U.S. 111, 125 (1942); and then citing *Gonzales v. Raich*, 545 U.S. 1, 6–8 (2005)).

192. *See Brown*, 119 U.S.P.Q.2d 1350, 1351 (T.T.A.B. 2016); *JJ206, LLC*, 120 U.S.P.Q.2d 1568, 1569 (T.T.A.B. 2016).

193. Interestingly though, there may be some confusion as to which federal laws an applicant may invoke in the protection of its intellectual property. Bloomberg Law News recently reported that the USPTO “has granted more than 500 cannabis-related

The issue as to what constitutes “use in commerce” that is legal and subject to regulation by Congress is not limited to questions of criminal law. Use of a mark on particular goods and services may also be deemed to be illegal if the use violates a federal law or regulation, or perhaps a court order, for example enjoining particular use by a party.¹⁹⁴

This, of course, further contributes to the perception among judges and practitioners alike that marketplace realities are not, and should not be, taken into account in considering trademark registrations as well as the confusion as to what is or may qualify as legal and qualifying “use” of a mark “in commerce.” The issue is probably far from resolved, and it will continue to be decided on a case-by-case basis. Courts, as well as parties, must grapple with the question of what goods and services, and which types of conduct, constitute or cause “substantial effects” for purposes of establishing what may be regulated under the auspices of interstate commerce. Courts and parties must also continue to work through issues of what constitutes unlawful use, and thus whether certain types of *actual* use are simply, for purposes of federal trademark registration, a “legal fiction.”

IV. THE SUPREME COURT WEIGHS IN ON THE EFFECT OF TRADEMARK REGISTRATION

The Supreme Court has granted certiorari in a number of trademark cases over the past few Court terms. This has resulted in significant recent jurisprudence regarding both the importance and the effect of trademark registration determinations.¹⁹⁵ In particular, these cases

patents since 2000.” Malathi Nayak, *Court Claim: Are Cannabis Medical Formula Patents Enforceable?*, BLOOMBERG L. (Aug. 9, 2018, 7:00 AM), <https://bna.com/ip-law/court-claim-are-cannabis-medical-formula-patents-enforceable?context=article-related>; see also Jan Wolfe, *Patents on Pot? U.S. Lawsuit Puts Cannabis Claims to the Test*, REUTERS (Nov. 29, 2018, 8:52 AM), <https://www.reuters.com/article/us-usa-marijuana-patent-analysis/patents-on-pot-u-s-lawsuit-puts-cannabis-claims-to-the-test-idUSKCN1NY1GU>. It remains to be seen whether the patents, which may make claim to goods deemed to be illegal under federal law will nevertheless be held to be enforceable in federal court.

194. See *Ultracashmere House, Ltd. v. Springs Mills, Inc.*, 828 F.2d 1580, 1582–83 (Fed. Cir. 1987) (affirming TTAB refusal where registration would be in violation of an order of federal district court).

195. These include *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 141–41 (2015), regarding the significance of registration and its potential preclusive effects, discussed herein; *Matal v. Tam*, 137 S. Ct. 1744 (2017), and *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019), regarding the Constitutionality of provisions of the Trademark Act; and *USPTO v. Booking.com B.V.*, 140 S. Ct. 2298 (2020), regarding the proper standard the

have discussed the significance of the trademark registration process in relation to the right to use and enforce a trademark, i.e., via a trademark infringement proceeding in a federal district court.

This Section will focus on the discussion and the impact of the Supreme Court decision in *B&B Hardware, Inc. v. Hargis*, with regard to the effect of the trademark registration process on a later trademark infringement proceeding—or as in *B&B*, the effect of an intervening TTAB decision on an ongoing battle in federal district court). In making its determination as to the effect of priority, and indeed preclusion, of a TTAB decision in these circumstances, the Supreme Court clarified that the right to register a trademark is effectively coexistent with the right to use and enforce the mark.¹⁹⁶ As will be discussed further herein, the decision is not without controversy, and the implications are significant.¹⁹⁷

A. B&B: *Determining Coexistent Rights in a Different Forum*

In *B&B Hardware, Inc. v. Hargis*, the Supreme Court had an opportunity to consider the effect of a TTAB decision (determining trademark registration rights) on an ongoing litigation in federal district court (determining trademark infringement claims). By the time the case reached the Supreme Court, parties B&B Hardware and Hargis had been involved in a decades-long saga over their rights to their respective marks, both at the TTAB and in federal court.¹⁹⁸ In the TTAB proceeding, B&B had opposed an application by Hargis to register its mark SEALTITE.¹⁹⁹ The TTAB sustained the opposition on

USPTO should use in determining genericness of a trademark comprised in part of a top level domain.

196. See *B&B*, 575 U.S. at 159–60 (“Registration is ‘prima facie evidence of the validity of the registered mark,’ . . . and is a precondition for a mark to become ‘incontestable’” (quoting 15 U.S.C. §§ 1057(b), 1065)).

197. For further discussion of these coexistent rights, see Section I.B.1 and Section I.B.2, *supra*. This Article discusses the applicability of preclusion in Section IV.B., *infra*, with further discussion of proposals to clarify the rights of existing and prospective trademark owners and infringers in Part V.

198. As the Supreme Court noted, with some degree of exasperation, the battle had “bounced around within the PTO for about two decades; related infringement litigation has been before the Eighth Circuit three times; and two separate juries have been empaneled and returned verdicts.” *B&B*, 575 U.S. at 145.

199. *Id.*

the ground of likelihood of confusion with B&B's own, nearly identical SEALTIGHT mark for similar goods.²⁰⁰

When B&B later sought relief via an action for trademark infringement in federal district court, B&B argued that Hargis was precluded from arguing against likelihood of confusion as this had already been determined by the TTAB.²⁰¹ The district court disagreed, and the Eighth Circuit affirmed, finding that different factors were at issue in a district court likelihood of confusion case than in a TTAB likelihood of confusion determination. The Supreme Court granted certiorari.²⁰²

The Supreme Court reflected on the applicability of issue preclusion.²⁰³ As the Court stated, “[t]he question before this Court is whether the [d]istrict [c]ourt in this case should have applied issue preclusion to the TTAB’s decision that SEALTITE is confusingly similar to SEALTIGHT.”²⁰⁴ In short, the issue was whether the likelihood of confusion determination by the TTAB in its analysis of *registrability* should be binding on a future district court decision regarding the *use and enforceability* of the mark.

B. B&B in Action: Allowing Preclusion

In response to the issue presented, the Supreme Court stated in *B&B* that indeed, “a court should give preclusive effect to TTAB decisions if the ordinary elements of issue preclusion are met.”²⁰⁵ The Court thus reversed the refusal of the lower courts to apply issue preclusion to the registrability determination by the TTAB and remanded the case for further proceedings consistent with the Court’s mandate.²⁰⁶

The Supreme Court acknowledged that the question of likelihood of confusion is addressed by a different statute when the issue is considered in a determination of trademark registration than when it

200. *Id.* at 146.

201. *Id.* at 146–47.

202. *Id.* at 147.

203. At issue for the Eighth Circuit was consideration of the following factors such as to determine whether issue preclusion should apply (1) the party against whom application of issue preclusion is sought was a party in the prior suit; (2) the issue sought to be precluded is the *same* as an issue that was *actually decided* in the prior action; (3) the issue was determined by a valid and final judgment; and (4) the determination in the prior action was essential to the judgment. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 912 F.3d 445, 452 (8th Cir. 2018).

204. *B&B*, 575 U.S. at 141.

205. *Id.* at 141–42.

206. *Id.*

is considered in a determination regarding trademark infringement.²⁰⁷ The Court went on to note, however, that this difference of nomenclature and statutory placement did not complete its determination:

The real question, therefore, is whether likelihood of confusion for purposes of registration is the *same standard* as likelihood of confusion for purposes of infringement.²⁰⁸

In concluding that “it is,” the Court considered what it deemed to be procedural similarities between the TTAB and the federal district courts, as well other considerations of fairness. Quoting the TTAB’s own procedural manual, the Supreme Court stated that the TTAB proceedings are “similar to a civil action in a federal district court.”²⁰⁹ The Court noted that the main difference is that TTAB proceedings are “based upon the written record,” but that they nevertheless provide for testimony to be taken under oath and subject to cross examination.²¹⁰ There is therefore no real reason to be concerned about procedural unfairness, the Court concluded.²¹¹

The Court further observed that, in making determinations of registrability, the TTAB is “acting in a judicial capacity,”²¹² and that, furthermore, all such decisions are subject to judicial review by an Article III court on appeal (whether such appeal is taken to the Federal Circuit or to a federal district court).²¹³ The Court further noted that, in any regard, “[p]rocedural differences, by themselves, however, do not defeat issue preclusion.”²¹⁴

Having dispensed of procedural concerns, the Court reiterated the rationale for applying issue preclusion, noting that “[t]his Court has long recognized that ‘the determination of a question directly involved in one

207. As noted, whereas the question of likelihood of confusion in registration is governed by 15 U.S.C. § 1052(d), the question of likelihood of confusion in infringement is governed by 15 U.S.C. § 1114(1) (for registered marks) or 15 U.S.C. § 1125(a) (1)(A) (for unregistered marks). *See also B&B*, 575 U.S. at 144.

208. *B&B*, 575 U.S. at 154 (emphasis added).

209. *Id.* at 143 (quoting TBMP, *supra* note 38, § 102.03).

210. *Id.* at 144. While the Trademark rules cited by the Court have since been updated, notably to permit submission of testimony by affidavit or declaration in all *inter partes* cases, witness statements must nevertheless still be given under oath or otherwise declaring their veracity and are subject to cross examination. 37 C.F.R. § 2.123 (2016).

211. *B&B*, 575 U.S. at 159.

212. *Id.* at 148.

213. *Id.* at 144.

214. *Id.* at 158.

action is conclusive as to that question in a second suit.”²¹⁵ Indeed, there can be no second bite at the apple, as that would neither be fair nor efficient.

The Court went on to consider whether Congress had indicated an intent to avoid preclusion resulting from determinations of trademark registrability but found that it had not done so.²¹⁶ The Court further noted that, without regard to the *availability* of issue preclusion grounded in a TTAB (or other agency) determination, safeguards are available to prevent injustice in any particular case.²¹⁷ For example, a court may decline to apply issue preclusion if it determines that, in so doing, basic notions of fairness would not be satisfied.²¹⁸

Of course, as the Court acknowledged, there can be no issue preclusion as to an issue that has *not actually been decided*.²¹⁹ Indeed, as the Court noted, not only do different statutory provisions govern a determination of trademark registration than in a determination of trademark infringement, but additionally the regional courts look at different factors (each having developed their own, similar set) than does the Federal Circuit in making this determination.²²⁰ In this regard, the Court further acknowledged, “[m]ateriality, of course, is essential.”²²¹ That is, “[i]f 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.”²²² If, indeed,

The Supreme Court thus reversed the decision of the Eighth Circuit, requiring instead a proper application of issue preclusion.²²³ In doing

215. *Id.* at 147.

216. *Id.* at 153.

217. *Id.* at 157–59.

218. *Id.* at 159. These could include, for example, questions of proportionality. For further discussion of appropriate considerations and how they may arise in issues of trademark registration and trademark infringement, see also, *infra*, Sections V.B–C.

219. *B&B*, 575 U.S. at 140 (“Sometimes two different tribunals are asked to decide the same issue. When that happens, the decision of the first tribunal usually must be followed by the second, at least if the issue being decided is really the same.”).

220. *Id.* at 154–55.

221. *Id.* at 157.

222. *Id.* at 156 (emphasis added).

223. In describing the circumstances of the ongoing litigation between the parties, the Court commented, “[t]he full story could fill a long, unhappy book.” *Id.* at 145. Indeed, after this ruling, the Eighth Circuit vacated the trial court ruling; the trial court conducted a jury trial; and the case returned to the Eighth Circuit, which upheld the jury verdict finding fraud by B&B, which effectively eviscerated the ruling by the Supreme Court. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 912 F.3d 445, 452 (8th Cir. 2018).

so, the Supreme Court acknowledged that the right to registration of a mark is effectively coexistent with the right to use and enforce it. The Court did nevertheless tacitly acknowledge that while the rights may be coexistent, the factors considered in making the determination of those rights are not always coextensive. Specifically, the Court observed that, “for a great many registration decisions issue preclusion obviously will not apply because the ordinary elements will not be met. For those registrations, nothing we say today is relevant.”²²⁴ The question naturally follows, of course, if TTAB determinations *may* be binding on a court (and vice-versa), then what is the correct way to determine whether, indeed, an issue decided by one or the other is indeed the “same” such as to invoke issue preclusion?

1. Registration to relief: application by district courts

Since the Supreme Court rendered its decision in *B&B*, several courts have grappled with the question of whether an identification being considered by the TTAB is or is not “materially the same” as the use being considered by a federal district court. In this regard, the Supreme Court observed in *B&B* that an identification in an application or registration may not reflect all actual uses of a mark.²²⁵

As noted, in order to properly comply with statutory requirements, a registration should be based on a mark as “used in commerce.”²²⁶ Nevertheless, since there is no requirement that marks be registered in order to be used or enforced, there can therefore be no assumption that even where a mark is registered, the registration necessarily reflects *all* uses of that mark. In short, to comply with section 1(a) of the Lanham Act, while a registration should necessarily reflect the *actual* use of a mark, it may not necessarily reflect *all* uses of the mark.²²⁷ That said, as the Supreme Court noted, issue preclusion should apply where indeed the use disclosed in an application or registration is the

224. *B&B*, 575 U.S. at 153. This statement was echoed in the concurrence by Justice Ginsburg. *Id.* at 160–61 (Ginsburg, J., concurring).

225. *Id.* at 155–56 (majority opinion).

226. 15 U.S.C. § 1051(a)(1).

227. To put this in the context of a previously cited example, see note 34, *supra*, the stylized Coca-Cola mark. Although this particular trademark registration identifies “tonic beverages,” there is nothing that precludes The Coca Cola Company from establishing rights to other goods and services based on its numerous other registered marks or for that matter on unregistered common law rights.

same (or, more aptly, “materially the same”) as the use later considered by a federal district court.²²⁸

The *B&B* ruling has not gone unnoticed by federal district courts. Indeed, it has been cited in several district court decisions since 2015.²²⁹ As a result, several federal district courts have applied issue preclusion in an infringement action where the TTAB had made a prior ruling on likelihood of confusion between the same parties in a registration proceeding.²³⁰ In several of these cases, the federal district courts have concluded that even where use is not quite the same as what is sought by the identification for registration, where it does not *materially* differ, they must apply preclusion for an infringement action.²³¹ Presumably, the same effect would be given to conclusions regarding other findings by the TTAB, such as genericness, acquired distinctiveness, or abandonment, which are, as discussed *supra*, directly grounded in use and real-world conditions.²³²

228. *B&B*, 575 U.S. at 160.

229. *See, e.g., Ashe v. PNC Fin. Servs. Grp., Inc.*, 165 F. Supp. 3d 357, 361 (D. Md. 2015) (recalling the Court’s holding in *B&B* that a court should give preclusive effect to the TTAB’s decisions if the elements of issue preclusion are present), *aff’d*, 652 F. App’x 155 (4th Cir. 2016); *CSL Silicones Inc. v. Midsun Grp. Inc.*, 170 F. Supp. 3d 304, 318 n.12 (D. Conn. 2016) (distinguishing the case at bar from *B&B*).

230. *Ashe*, 165 F. Supp. 3d at 365; *RLP Ventures, LLC v. All Hands Instruction NFP*, 2020 WL 1330376, at *4 (N.D. Ill. Mar. 23, 2020).

231. *See, e.g., Ashe*, 165 F. Supp. 3d at 364 (determining that priority and use analogous had been determined by the TTAB, and thus barred contrary infringement determination); *see also CSL Silicones Inc.*, 170 F. Supp. 3d at 318, 318 n.12 (applying claim rather than issue preclusion in district court, where cancellation already determined at the TTAB); *Vaad L’Hafotzas Sichos, Inc. v. Kehot Publ’n Soc’y*, 156 F. Supp. 3d 363, 368–69 n.2 (E.D.N.Y. 2016) (finding no evidence to countermand court’s determination of substantial evidence, and that in any regard “it is likely the TTAB’s decision would have had preclusive effect”); *V.V.V. & Sons Edible Oils Ltd. v. Meenakshi Overseas, LLC*, 946 F.3d 542, 546–47 (9th Cir. 2019) (declining to find claim preclusion, but noting that issue preclusion may result from TTAB decision); *RLP Ventures*, 2020 WL 1330376, at *4 (applying issue preclusion to TTAB’s finding of no likelihood of confusion, despite plaintiff’s arguments that defendant’s use had changed); *Cesari S.R.L. v. Peju Province Winery L.P.*, 2017 WL 6509004, at *3–4 (S.D.N.Y. Dec. 11, 2017) (applying issue preclusion despite defendant’s argument that the identification of “wines” considered by the TTAB was actually broader than as more narrowly used *on particular types of wines* by the defendant); *Buzz Seating, Inc. v. Encore Seating, Inc.*, 2017 WL 2619340, at *7–8 (S.D. Ohio June 16, 2017) (dismissing counterclaim based on claim preclusion from TTAB decision).

232. Courts have also found preclusion grounded on TTAB findings of fraud. *See Nationstar Mortg., LLC v. Ahmad*, 155 F. Supp. 3d 585, 592–93 (E.D. Va. 2015)

2. *Relief to registration: application by the TTAB*

In finding that a TTAB decision may be binding on a court, the Supreme Court in *B&B* added that preclusion is not “a one-way street.”²³³ Rather, “[w]hen a district court, as part of its judgment, decides an issue that overlaps with part of the TTAB’s analysis, the TTAB gives preclusive effect to the court’s judgment.”²³⁴ Indeed, as the Court observed, in the long saga that constituted the history of the *B&B* case through the course of multiple TTAB and federal district court proceedings, the TTAB had applied preclusive effect to a prior court ruling on the distinctiveness of B&B Hardware’s pleaded SEALTIGHT mark.²³⁵

The TTAB will typically stay a proceeding where an issue is being litigated in district court.²³⁶ Furthermore, the TTAB has granted preclusive effect to district court findings in other cases, for example in *Stephen Slesinger, Inc. v. Disney Enterprises, Inc.*²³⁷ Notably, however, the preclusive issue in that case did not involve likelihood of confusion, but rather ownership of a mark.²³⁸

Despite having applied issue preclusion at times in the past though, the TTAB has shown some reluctance to apply the *B&B* ruling to federal district court findings of likelihood of confusion. The TTAB had its first opportunity to apply the Supreme Court’s *B&B* ruling in

(granting plaintiff’s summary judgment on grounds of fraud as well as likelihood of confusion).

233. *B&B*, 575 U.S. at 152.

234. *Id.*

235. *Id.* at 152–53. Furthermore, after the Eighth Circuit’s 2018 ruling, the TTAB was presented with yet another chapter of the saga. In an unpublished decision, the TTAB determined that based on the 2015 Supreme Court ruling and the 2018 Eighth Circuit ruling, B&B was precluded from asserting that its SEALTIGHT mark was either inherently distinctive or that it had acquired distinctiveness. *Hargis Indus., LP v. B&B Hardware, Inc.*, No. 91230220, at 15 (T.T.A.B. June 30, 2020). In making this determination, the TTAB acknowledged that although intervening facts could change the applicability of issue preclusion, particularly with regard to findings of distinctiveness, insufficient time had passed for there to be an applicable exception in this case. *Id.* at 16–18.

236. *See New Orleans La. Saints LLC v. Who Dat?, Inc.*, 99 U.S.P.Q.2d (BNA) 1550, 1552 (T.T.A.B. 2011) (suspending proceedings pending final disposition of civil action between the parties).

237. 98 U.S.P.Q.2d (BNA) 1890, 1898 (T.T.A.B. 2011) (granting summary judgment upon finding preclusive effect regarding ownership of a mark), *aff’d*, *Stephen Slesinger, Inc. v. Disney Enters., Inc.*, 702 F.3d 640 (Fed. Cir. 2012).

238. *Id.*

the recent case *In re FCA US LLC*.²³⁹ The TTAB noted that issue preclusion requires that “the party to be charged with issue preclusion have had a full and fair opportunity to litigate its claims in the prior action.”²⁴⁰ This was an *ex parte* case, however, and the TTAB observed that “the agency was not a party to the prior action.”²⁴¹ Thus, the TTAB determined that the parties were not the “same” as would be necessary to ground preclusion.

The TTAB further noted that what had been considered by the district court was “a different mark.”²⁴² That is, the district court had based its finding that there was no likelihood of confusion on a discussion of the mark JEEP WRANGLER MOAB, whereas the mark sought in the application before the Board was MOAB, without the house mark before it.²⁴³ The goods, too, were slightly different, the TTAB noted, with the district court basing its conclusion on a more narrow scope of “expensive” “highway-legal, off-road enhanced performance vehicle[s]” “upfitted . . . to enhance their off-road capabilities” and “intended for off-highway use under difficult to extreme circumstances,” whereas the application before the USPTO sought more generally “passenger automobiles.”²⁴⁴ Due to these and other differences between what was presented to the district court in contrast to what was at issue before the TTAB, the latter declined to enter a finding of issue preclusion with regard to the Trademark Examining Attorney’s refusal on the ground of likelihood of confusion.²⁴⁵ The TTAB instead performed its own analysis, ultimately reaching a different conclusion than that reached by the district court.²⁴⁶

239. 126 U.S.P.Q.2d (BNA) 1214 (T.T.A.B. 2018).

240. *See id.* at 1218 (citing *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 327 n.7 (1979)).

241. *Id.* The TTAB reached similar conclusions in subsequent decisions. *See Andre Maurice*, No. 86834686, at 4 (T.T.A.B. Oct. 6, 2020).

242. *FCA*, 126 U.S.P.Q.2d at 1218.

243. *Id.*

244. *Id.* (citing *Moab Indus. LLC v. Chrysler Grp. LLC*, No. CV-12-08247-PCT-HRH (D. Ariz. Oct. 6, 2016)). In this regard, it is more likely that a tribunal will find the required elements of issue preclusion to be satisfied when applying the findings of a prior, broad ruling to a later, more narrow question within the scope of that broad swath, than vice-versa.

245. *Id.* at 1219, 1228.

246. *Id.*

V. RESOLVING THE DISPARITY: THREE PROPOSED SOLUTIONS

As demonstrated by this Article, there is currently significant confusion as to what is now, and what may appropriately be, considered in the trademark registration process. Section 1(a) of the Lanham Act requires that registration be granted only for a mark as “used in commerce.”²⁴⁷ Due to certain discrepancies at the legislative, judicial, and administrative level, however, the Federal Circuit and the USPTO have limited such determinations to what is often a “legal fiction,” not reflecting the use that is presumptively required by statute.

While it might be tempting to simply ignore the disparity between trademark registration and the use behind it, the Supreme Court has indicated that if the TTAB (and, likewise, the Federal Circuit) is considering the same uses in the registration process as those at issue in an federal district court infringement proceeding, then any resulting judgment may properly be given preclusive effect in the later proceeding.²⁴⁸ The mandate by the Supreme Court in *B&B* effectively leaves two possibilities: either (i) clarify that they are indeed two different systems, with different considerations and different outcomes that should not be cross-applied; or, conversely, (ii) clarify that these coexistent rights do actually derive from coextensive factors. This Section proposes how these possibilities may be accomplished: first, through legislative solutions by Congress; second, by judicial rulings, by the Federal Circuit and, to some extent, by the regional circuits; and finally, by administrative action by the USPTO.

A. Possible Legislative Solution by Congress

The Supreme Court’s holding in *B&B*, stating that TTAB decisions may be given preclusive effects in later infringement litigations, was based largely on the Court’s determination that Congress did not express an intent to the contrary.²⁴⁹ Citing its precedent, the Court observed that “absent a contrary indication, Congress presumptively intends that an agency’s determination [which may include a state agency] has preclusive effect.”²⁵⁰ The Supreme Court held that Congress

247. 15 U.S.C. § 1051(a)(1); see *supra* Section I.B.2. for further discussion of the use-based rights largely observed by the federal registration system.

248. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 156 (2015).

249. *Id.* at 151.

250. *Id.*

had not expressed a contrary intent with regard to administrative determinations regarding trademark registration. But what if it did?

In accordance with *B&B* and its precedent, while Congress *did not* express an intent to the contrary, it *could* do so. The first possibility is thus for Congress to state clearly that it does not want administrative determinations by the USPTO to have preclusive effect on later federal district court actions. This could be accomplished via an amendment to the Lanham Act, which governs both the trademark registration process and the enforcement process, including claims of trademark infringement. In this regard, Congress could also amend the Lanham Act to change the administrative set up that the Supreme Court found to suggest that preclusion *should be* appropriate (*i.e.*, Congress could manage or modify the extensive process of judicial review available to TTAB decisions). Furthermore, Congress could change the requirements for determination of trademark registration under the Lanham Act. Certainly, Congress may not stray from its Constitutional authority under Article I,²⁵¹ but it may choose to narrow the scope or means of protection for trademark registration.²⁵²

The obvious drawbacks of these possible legislative solutions are that they would avoid, rather than address, the reality of the U.S. trademark registration system, which is overwhelmingly, as appropriately noted in the Lanham Act, a use-based system.²⁵³ In this regard, the final possible legislative solution would be for Congress to instead clarify that indeed, within the provisions of the Lanham Act, determinations of trademark registration, where they consider the actual use of a mark, should be accorded appropriate preclusion in later actions where the elements of issue preclusion are otherwise met.

251. As noted, Congress has the authority “[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.” U.S. CONST. art. I, § 8, cl. 3.

252. As noted in Part IV, *supra*, in addition to the recent ruling regarding the significance of trademark registration and its potential preclusive effects in *B&B*, the Supreme Court has also weighed in recently on the Constitutionality of various provisions of the Lanham Act, with more full discussion as to whether certain statutory provisions are Constitutionally permissible. *See generally* *Matal v. Tam*, 137 S. Ct. 1744 (2017); *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019). *See supra* Part III for further discussion of actual “use” that may run afoul of Congressional authority and is thus not subject to registration by the federal government.

253. *See supra* Section I.B.2. It is helpful that Congress re-affirmed the definition and requirement of “use in commerce” in the recently-enacted Trademark Modernization Act, Pub. L. No. 116-260, §§ 221–228, 134 Stat. 1182 (2020).

B. Proposed Judicial Solution: The Federal Circuit v. the Regional Circuits

While a legislative solution by Congress is possible, the common law development of trademark rights in the United States may be better suited to a resolution by the courts. In this regard, this Article has explained that while each of the regional circuits has established its own set of factors to govern determinations of likelihood of confusion in trademark disputes, the Federal Circuit stands alone in considering what is typically a “legal fiction,” by applying its governing *DuPont* factors to the language of the application or registration, often without considering other evidence of use thereof.²⁵⁴

Under what may be referred to as the “*Octocom* rule,” the Federal Circuit has repeatedly stated (and has repeatedly been echoed by the TTAB in stating) that a determination of trademark registration must be limited to the uses as “set forth” in the identification of goods or services “regardless of what the record may reveal” to the contrary.²⁵⁵

There is, of course, a valid normative basis for this approach. After all, any use that an applicant may wish to capture with its trademark registration should necessarily be reflected in the identification of goods or services. To hold otherwise would flout the ensuing statutory protections, including constructive notice of the registration and the incontestability that may result from the registration, since those rights derive from the wording of the registration rather than from any particular use.²⁵⁶ As also noted herein, to the extent application of the “*Octocom* rule” tends to be construed against the newcomer in a trademark registration determination, it satisfies the normative values set forth by the Federal Circuit of resolving doubt in favor of a senior user who should reasonably be able to rely on its own established rights.²⁵⁷

Nevertheless, as further discussed herein, the “*Octocom* rule,” as currently implemented, is inconsistent in both approach and result, for three important reasons. First, the “*Octocom* rule” is generally only applied to certain *DuPont* factors (such as the identification of goods and the channels of trade). Second, the rule is not applied uniformly in every case, even with regard to those factors. Third, even to the extent the “*Octocom* rule” may be applied to certain *DuPont* factors in a

254. See, e.g., *Octocom Sys., Inc. v. Houston Comput. Servs., Inc.*, 918 F.2d 937, 941 (Fed. Cir. 1990) (dismissing claims that the board erroneously gave no weight to testimony indicating actual use).

255. *Id.* at 942; see *supra* Sections II.B.–H. for further discussion.

256. See *supra* Section I.B.2.

257. See *supra* Section II.C.

particular case, these factors may sometimes be overshadowed and outweighed by other *DuPont* factors that do consider use (such as the fame or strength of the senior mark).

As a result, the exceptions to the “*Octocom* rule” largely swallow the rule itself. In a good many situations, the Federal Circuit, and via its guidance the TTAB, actually do base their trademark registration determinations very much on the *actual* use of a mark. That trademark rights are not static is all the more reason for the Federal Circuit to look to actual use.²⁵⁸ It would be helpful for the Federal Circuit to clarify, thus, that a registration determination may consider submitted evidence of use, so long as this use is indeed reflected in the subject identification.²⁵⁹

As for the regional circuits, the Supreme Court noted in *B&B* that preclusion is applicable where the use of the mark being considered by a federal district court is “materially the same” as the “usages included in [the] registration application.”²⁶⁰ To avoid preclusion, a federal district court may therefore simply clarify that the use being considered is indeed different than that which was considered by the TTAB. Nevertheless, considering the normatively valuable efficiencies conferred by preclusion doctrine, federal district courts have been wise to consider its applicability where it is otherwise appropriate to do so.²⁶¹

C. Proposed Administrative Solution: The USPTO

Ultimately, the best way to clarify the factors that are considered in the trademark registration process is via the process itself. In short, the USPTO is perhaps best positioned to clarify the issue of what, when, and how certain factors are or are not considered in the registration process. If, as discussed by the Supreme Court in *B&B*, the identification of goods and services in a trademark application or registration is not “materially the same” as the *actual* use in the marketplace, then the USPTO need only say so to clarify that its determinations of trademark registrability are not, and should not, be

258. See *supra* Section I.B.2.

259. A good method to accurately update an identification is via an amendment that may be made pursuant to Section 18 of the Trademark Act, as discussed in Section II.I., *supra*. This is also explored *infra*, in Section V.C, which sets forth proposed administrative solutions by the USPTO.

260. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 156 (2015).

261. See *supra* Section IV.B for further discussion regarding the important normative values served by application of issue preclusion. See also *supra* Section IV.B.1 regarding application by federal district courts post-*B&B*.

binding in a dispute involving the marketplace use thereof.²⁶² Of course, the USPTO must act within its appropriate Congressional mandate, and must be prepared to make trademark registration determinations accordingly.²⁶³

As observed by the Supreme Court, the USPTO observes a rigorous examination process in its determinations of trademark registrability by trained examining attorneys.²⁶⁴ The TTAB provides further formalities and protections for both *ex parte* and *inter partes* proceedings (although the latter include more strict observance of the Federal Rules of Evidence and Federal Rules of Civil Procedure.)²⁶⁵ In this regard, the Supreme Court noted, “there is no categorical ‘reason to doubt the quality, extensiveness, or fairness’ of the agency’s procedures. In large part they are exactly the same as in federal court.”²⁶⁶

The agency’s rules could, nevertheless, be more clear about what it will consider in its examination of a mark, both by (1) clarifying that, at least for use-based applications and registrations, the USPTO will indeed look at any *actual use* of a mark, so long as such use is disclosed in the identification; and (2) more strictly applying the use-based requirements in the trademark registration process.

Administrative efficiency is itself an important normative value. Agency employees inevitably have limited time and resources. Consistency and predictability are equally valuable, especially where the TTAB acts in a judicial decision-making capacity.²⁶⁷ Considered another way, the requirement of “use in commerce” could be more strictly enforced.

In this regard, the USPTO has expressed its awareness of issues involving use-based applications (as well as non-use-based applications, but for which use must be later proven), where identifications are excessive and overbroad, or which simply cover goods or services for which there is no valid marketplace use in commerce. The USPTO has thus created a “decluttering” initiative, which requires, under certain

262. *B&B*, 575 U.S. at 156–57.

263. See *supra* Section I.B for further discussion.

264. *B&B*, 575 U.S. at 143.

265. See generally Rules of Practice in Trademark Cases, 37 C.F.R. § 2.1 §§ 2.1–209 (2019); TBMP, *supra* note 38, §§ 700–707.04, 1200–20.

266. *B&B*, 575 U.S. at 158 (internal citation omitted). While thus, presumably, another option is for the USPTO to *give* the federal courts a reason to “doubt” the “quality, extensiveness, or fairness” of its procedures, that is clearly not a desirable outcome.

267. *Id.* at 148.

circumstances, additional proof of use in the marketplace.²⁶⁸ The initiative itself was recognized and codified by Congress in recent updates to the Lanham Act, in the recently-enacted Trademark Modernization Act of 2020.²⁶⁹

Nevertheless, as noted above, there have been varying interpretations by the Federal Circuit and by the TTAB as to what constitutes “use in commerce” for purposes of establishing trademark rights. The USPTO should take the opportunity provided by the Trademark Modernization Act of 2020 to emphasize use requirements, and to require further specimens as proof of valid use. Ideally, this would keep marks available for registration by those who will actually *use* them. A more rigorous application of the specimen requirement in sections 1 and 8 of the Lanham Act would also help to clarify that the language of an identification does indeed reflect the *actual use* of a mark in the marketplace.

Another way that the USPTO can enforce the use-based requirement of applications and registrations is by further raising awareness regarding the benefits of seeking a remedy via section 18 of the Lanham Act.²⁷⁰ The TTAB is often in the rueful position of having to remind an applicant (and in some cases a registrant) already in the final stages of a registration determination on appeal or in an *inter partes* proceeding that despite the party’s arguments as to how a mark is *actually used* in the marketplace, the USPTO cannot simply ignore the party’s uses *as they are disclosed* in the relevant identification.²⁷¹ In

268. The decluttering initiative began as a pilot and, after input from stakeholders, and initial success, was later added on as a regular program. *See Post Registration Proof of Use Audit Program*, USPTO, <https://www.uspto.gov/trademarks/maintain/post-registration-audit-program> [<https://perma.cc/ZJR7-9BZG>].

269. Pub. L. No. 116-260, §§ 221–28, 134 Stat. 1182 (2020). A recent empirical study questioned whether the trademark system has indeed become too cluttered. *See generally* Barton Beebe & Jeanne C. Fromer, *Are We Running out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. 945 (2018). More clarity and stricter use requirements would be in line with the goals vocalized by Professors Beebe and Fromer. The *Report on Decluttering Initiatives* specified in § 227 of the Trademark Modernization Act of 2020 should be used as an opportunity to require more specific proof of use via stronger and broader requirements for specimens.

270. The benefits of seeking a Section 18 remedy are more fully discussed in Section II.I., *supra*.

271. *See, e.g.*, *Octocom Sys., Inc. v. Hous. Comput. Servs., Inc.*, 918 F.2d 937, 942 (Fed. Cir. 1990) (emphasizing that the registrability of a mark must be decided only upon the information contained within the application regardless of other evidence in the record).

such situations, section 18 provides a helpful equitable remedy for parties to limit, amend, and clarify their identifications of goods and services accordingly.²⁷²

This also largely explains why seemingly “similar” cases can have frustratingly different results. It is generally the parties who control their own records. In this regard, the Federal Circuit has repeatedly stated (as often cited by the TTAB) that while they strive for consistency, they are not bound by determinations of examining attorneys, either in prior cases or, of course, in the creation by the parties of the record in the case at hand.²⁷³ While the identification in a use-based application or registration may not necessarily reflect every use of the mark (where, for various reasons, a mark owner may choose not to seek registration for every such use), an applicant or registrant whose identification reflects something *other* than *actual use* risks losing its rights via a finding of nonuse, abandonment, or even fraud.²⁷⁴

Meanwhile, there has been some concern expressed by commentators and litigators alike that parties concerned about the impact of their TTAB proceedings on a potential future litigation will approach their cases with greater caution.²⁷⁵ The argument is that TTAB proceedings may thus become more voluminous, negating the benefits of the streamlined administrative process.²⁷⁶ It is not clear to what extent this view is shared. Meanwhile, the Supreme Court dismissed this rationale

272. 15 U.S.C. § 1068.

273. *In re Cordua Rests., Inc.*, 823 F.3d 594, 610 n.2 (Fed. Cir. 2016); *In re Nett Designs, Inc.*, 236 F.3d 1339, 1342 (Fed. Cir. 2001). The concept is so important to the TTAB, that the latter decision has been cited in at least 100 precedential TTAB decisions (according to BNA) and in over one thousand non-precedential decisions (with citations in 1,295 TTAB cases overall according to the Westlaw TTAB database, as of March 7, 2021), and in several Federal Circuit decisions. In short, while consistency is desirable, judges cannot be held to account for parties creating their own records (or for that matter, writing their own briefs).

274. *See generally* 15 U.S.C. § 1127; *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009).

275. *See B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 153 (2015) (addressing Hargis’s argument along these same lines).

276. One practice guide’s interpretation states that, in the wake of *B&B*, “TTAB proceedings, which were previously considered relatively inconsequential compared to federal infringement suits because they affected only registration and not the right to actually use a mark, could become more significant and might be litigated more thoroughly and aggressively.” HOWARD C. ANAWALT ET AL., *IP STRATEGY: COMPLETE INTELLECTUAL PROPERTY PLANNING, ACCESS AND PROTECTION* § 5:22 (Nov. 2020 update).

as inapposite to its decision regarding the appropriateness of applying issue preclusion to TTAB decisions.²⁷⁷

CONCLUSION

As explained in this Article, there is a perception among judges and practitioners alike that marketplace realities are not, and should not, be taken into account in the trademark registration process, as compared with an enforcement action in a federal district court (i.e., trademark infringement). The U.S. Supreme Court has, nevertheless, clarified in the recent *B&B Hardware, Inc. v. Hargis Industries, Inc.* case that the right to registration is (or generally should be) coexistent with the right to use and enforce a trademark.²⁷⁸ The Court further indicated, as a logical step, that therefore an administrative determination by the TTAB regarding trademark registration rights may have preclusive effect in a later court action involving a claim of trademark infringement.²⁷⁹ Of course, a dilemma arises when coexistent rights are instead determined by non-coextensive factors.

This is especially problematic when courts are asked to apply preclusive effect to an administrative determination that may be based on non-coextensive factors (or, as the Supreme Court stated, factors that are not “materially the same.”) To remedy this disparity, the Article proposes three possible mechanisms to resolve the dilemma, including (1) by Congressional legislation, or perhaps most efficiently, (2) by judicial clarification, and (3) by administrative action. In conclusion, while a concerning disparity currently exists, it is not insurmountable, and it may be appropriately addressed by various means via Congress, the federal courts, and the USPTO.

277. *B&B*, 575 U.S. at 153.

278. *Id.* at 142–43.

279. *Id.* at 160.