B & B Hardware v. Hargis or *Sealtight* v. *Sealtite*

Thomas G. Field, Jr.

Professor Field explores the preclusive effects of § 2(d) determinations in § 32 suits.

A recent opinion essentially terminates repeated consideration of the reciprocal effects of TTAB and court determinations in a dispute spanning 15 years, various PTO proceedings, two jury trials and three trips to the Eighth Circuit. B & B Hardware, Inc. v. Hargis Industries, Inc., 2013 WL 1810614 *1 (8th Cir. 2013). (Below, three appeals, each styled the same, are denominated as *B&B I*, *II*, and *III*.).

In 1993, B&B's registered *Sealtight* for an assortment of self-sealing fasteners. *See B&B I*, 252 F.3d 1010, 1011 (8th Cir. 2001). In 1996, Hargis attempted to register *Sealtite* for self-tapping screws and other fasteners use to construct metal building. The PTO refused, however, citing B&B's registration. Rather than appeal, Hargis petitioned to cancel B&B's registration. *Id*.

B&B then sued for infringement. After a 4-day trial, the jury found its mark descriptive, and therefore did not address infringement. *Id*. at 1012. A brief 8th Circuit opinion affirms. *Id*. at 1013. That phase complete, Hargis' attempted cancellation and B&B's opposition continued.

In 2004, despite its favorable verdict in the jury trial, Hargis' petition failed. *See B&B II*, 569 F.3d 383, 386 (8th Cir. 2009). B&B's mark had been registered for over five years, so a finding of descriptiveness was found irrelevant under § 14.

Resolving the opposition, the TTAB found that "the types of fasteners are different and marketed to vastly different industries and customers weighed against a finding of likelihood of confusion." *B&B III* at 4. It nevertheless ruled in B&B's favor, apparently stressing the phonetic identity of the marks. Perhaps the jury's finding descriptiveness had little bearing, because a senior mark's strength is not a prime consideration. *See* In re DuPont, 476 F.2d 1357 (CCPA 1973) (Among a list of 13 factors controlling § 2(d) analyses, "fame" is fifth, and the last is anything else "probative of the effect of use.").

Meanwhile, B&B again sued for infringement. Finding the first suit preclusive, the district court, however, dismissed. *B&B III* at *1.

But the appellate court finds preclusion inappropriate because B&B's mark is said to have become incontestable, a proposition not challenged by Hargis. *B&B II*, 569 F.3d 383 (8th Cir. 2009) *Id*. at 388, 389. Yet incontestability is doubtful. B&B's affidavit was not filed until 2006, long after the sixth year following its 1993 registration. Indeed, it seems ironic that, had B&B complied with § 15(3), descriptiveness would have become irrelevant well before its first suit.

The court also finds preclusion inappropriate because the jury, having found B&B's mark descriptive, did not need to determine infringement. Although B&B also argued that the TTAB's finding of likely confusion under § 2(d) disposed of the issue under § 32, the appellate court leaves that to be addressed on remand. *Id*. at. 390.

The district court did not, however, regard the TTAB's decision as preclusive because is not an Article III court. *B&B III* at *1. After a 7-day jury trial, the court found no

infringement because “the products, other than having similar names and both being fasteners, were not similarly priced, similarly marketed, or intended to be used in conjunction with or in substitution for one another.” *Id*. at *5.

Unanimously disapproving the trial court’s reason for rejecting the TTAB ruling, a split decision affirms most of the district court’s rulings. On the key issue, the majority says, “The simple fact that the TTAB addressed the concept of ‘likelihood of confusion’ when dealing with Hargis's attempt to register… does not necessarily equate to a determination… for purposes of trademark infringement.” *Id*. at *4. Stressing marketplace usage, it notes differences between six factors approved for determining infringement and those applied by the TTAB. *Id*. (citing SquirtCo v. Seven-Up Co., 628 F.2d 1086, 1091 (8th Cir.1980)). Judge Colloton, however, urges, “This is tantamount to holding that a finding of the Trademark Board on likelihood of confusion will never be preclusive in an infringement action.” *Id*. at *8. Neither opinion, however, mentions that B&B’s mark, even if incontestable, is weak and that strength is the first consideration under *SquirtCo*, not the fifth as under *DuPont*.

The opinions also part company on a supposed difference in the burden of persuasion in the respective proceedings. The majority finds it significant; *id*. at *5. The dissent does not but fails to dispute its dubious existence. *Id*. at *9. It is hard to imagine why, having survived ex parte examination, an applicant’s § 2(d) burden might differ from a defendant’s burden under § 32.

The majority also affirms the district court’s withholding the TTAB’s decision from the jury because the jury had considered the same evidence and its probative value was

minimal. *B&B III* at *6. Perhaps a better reason is the stark difference in adjudicative procedures. In a slightly different context, as the Federal Circuit notes, “Although the import of the evidence before the Board and the district court might be the same in many or all ways, the *form* in which it is presented is fundamentally different.” Winner International Royalty Corp. v. Wang, 202 F.3d 1340, 1346 (Fed. Cir. 2000) (emphasis in original). As the district court no doubt understood, any evidentiary value of the TTAB’s determination would surely be outweighed by the need to explain process differences to a jury.

Given an apparent lack of competition between the parties, it is difficult to understand what warranted fifteen years of repeated judicial and administrative battles. Yet, for whatever reason, winning was important to B&B. It “went to great lengths to manufacture evidence in support of its claim, such as creating a false website developed with images from Hargis's website, contacting long-time Hargis customers to create confusion with those customers, and making misrepresentations at trial and in B & B owner Larry Bogatz's deposition testimony.” *B&B III* at *6. B&B did not challenge those findings on appeal.

The court nevertheless remands so that the district court can adjust damages in light of B&B’s having won the second appeal. That done, this dispute will presumably have come to a long overdue end.