

## US: TRADE MARKS

**Issue preclusion applied to priority dispute****Katten Muchin Rosenman LLP**

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In 2015, the US Supreme Court issued a decision in *B&B Hardware, Inc v Hargis Industries, Inc* which held that a court should give preclusive effect to decisions made by the US Patent and Trademark Office's Trademark Trial and Appeal Board (TTAB) if the ordinary elements of issue preclusion are met. Although the particular issue which was addressed in the *B&B Hardware* case was whether a TTAB decision should have a preclusive effect in the context of a likelihood of confusion analysis, a recent district court decision indicates that the courts will apply the holding in *B&B Hardware* in other contexts.

Specifically, in *Ashe v The PNC Financial Services Group, Inc*, the US District Court for the District of Maryland determined that preclusive effect should be given to a TTAB finding on priority. PNC had filed a notice of opposition with the TTAB against Ashe's trade mark application for the mark Spendology, claiming that it had senior rights in and to the identical mark. The TTAB granted a motion for summary judgment which PNC had filed, finding that there was no genuine issue of material fact that PNC had established prior use of the mark over Ashe. Ashe subsequently filed a complaint against PNC alleging that PNC's use of the Spendology mark constituted trade mark infringement and PNC responded by filing a motion to dismiss.

In determining whether to apply issue preclusion, the Court considered five factors, namely whether: (1) the issue or fact is identical to one previously litigated; (2) the issue or fact was actually resolved in the prior proceedings; (3) the issue or fact was critical and necessary to the judgment in the prior proceeding; (4) the judgment in the prior proceeding is final and valid; and (5) the party to be foreclosed by the prior resolution of the issue or fact had a full and fair opportu-

nity to litigate the issue or fact in the prior proceeding.

The key factor in the Court's analysis was whether the issue of priority in the litigation is identical to the issue of priority in the opposition proceedings. The court in *Ashe* held that, unlike in *B&B Hardware* where issue preclusion did not apply because the "likelihood of confusion" test applied by the TTAB when considering an opposition did not equate to a determination of "likelihood of confusion" for purposes of analysing a claim for trade mark infringement, the determination of priority for purposes of a trade mark application is the same as the determination of priority of use for the purposes of infringement claims. Since all of the other factors for applying issue preclusion applied, the court granted PNC's motion to dismiss.

Whereas this case serves as a reminder that a court may allow a TTAB ruling to serve as the final decision on some issues, it also indicates that parties unhappy with a TTAB decision should carefully consider whether additional issues may apply to a litigation which did not apply to the TTAB proceeding. If Ashe had been able to proffer evidence of his use of the Spendology mark in connection with services other than those recited in his trade mark application, it is possible that the issues may not have been identical to those previously litigated such that the TTAB decision would not have been granted a preclusive effect.