

LIKELIHOOD OF CONFUSION ISSUES: THE FEDERAL CIRCUIT'S STANDARD OF REVIEW

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INTRODUCTION

The Federal Circuit is one of a minority of courts in the United States which treats likelihood of confusion in trademark cases as a question of law subject to *de novo* review instead of a question of fact subject to "clearly erroneous" review.¹ The Federal Circuit's position on this issue is problematic in part because of the appellate jurisdiction which, by statute, it shares with other courts over trademark cases from the United States Patent and Trademark Office (PTO).² The Federal Circuit's *de novo* review of likelihood of

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1. Likelihood of confusion exists if the relevant public is likely to believe that defendant's product or service emanates from plaintiff (source confusion) or that plaintiff and defendant are affiliated or that plaintiff sponsors or approves defendant or its products or services. *Amoco Oil Co. v. Rainbow Snow*, 748 F.2d 556, 558-59, 224 U.S.P.Q. 128, 130 (10th Cir. 1984) (examining likelihood of confusion between gasoline service station services and snow cone stand services).

2. Parties dissatisfied with decisions of the Commissioner of Patents and Trademarks or

confusion also needs to be reconciled with its own application of the clearly erroneous standard to several other important trademark law issues.

I. REVIEW OF LIKELIHOOD OF CONFUSION AMONG THE CIRCUIT COURTS

All the circuit courts decide likelihood of confusion issues based on multi-factor tests.³ The factors vary somewhat depending on the circuit and the particular panel, but generally the courts consider, at a minimum: (1) the strength of plaintiff's mark; (2) the similarity of the parties' respective marks; (3) the similarities of the products or services; (4) evidence of actual confusion; (5) degree of purchaser care; and (6) the defendant's intent.

No one list is exclusive, and not all factors are always relevant or entitled to equal weight. The criteria are generally weighed and bal-

Trademark Trial and Appeal Board of the PTO may appeal to the Federal Circuit or pursue a civil action in any district court with jurisdiction. 15 U.S.C. § 1071 (1988).

3. The circuits utilize the following multi-factor tests. *Boston Athletic Ass'n v. Sullivan*, 867 F.2d 22, 29, 9 U.S.P.Q.2d 1690, 1695-96 (1st Cir. 1989) (similarity of marks, similarity of goods, channels of trade, advertising, purchasers, actual confusion, intent, and strength of plaintiff's mark); *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 75, 8 U.S.P.Q.2d 1345, 1350-52 (2d Cir. 1988) (strength of plaintiff's mark, similarity of marks, proximity of products, "bridging the gap," actual confusion, good faith, quality of defendant's product, and sophistication of buyers); *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229, 200 U.S.P.Q. 421, 425 (3d Cir. 1978) (similarity of marks, strength of owner's mark, price of product and purchaser care, actual confusion *vel non*, intent, channels of trade, targeted customers, relationship of goods, and consumer expectation); *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527, 224 U.S.P.Q. 185, 187 (4th Cir. 1984) (strength of mark, similarity of marks, similarity of goods and services, similarity of facilities of the parties, similarity of advertising, intent, and actual confusion); *Marathon Mfg. v. Enerlite Prods.*, 767 F.2d 214, 217, 226 U.S.P.Q. 836, 837 (5th Cir. 1985) (type of mark, similarity of design, similarity of product, retail outlets and purchasers, advertising media, intent, and actual confusion); *Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648, 214 U.S.P.Q. 15, 19-20 (6th Cir. 1982) (strength of mark, relatedness of goods, similarity of marks, actual confusion, marketing channels, purchaser care, intent, and likelihood of expansion of product lines), *cert. denied*, 456 U.S. 916 (1982); *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1185, 10 U.S.P.Q.2d 1001, 1008 (7th Cir. 1989) (type of mark, similarity of design, similarity of products, identity of retail outlets and purchasers, identity of advertising media, intent, and actual confusion); *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091, 207 U.S.P.Q. 897, 900 (8th Cir. 1980) (strength of mark, similarity of marks, relationship of products, intent, actual confusion, and cost and conditions of purchase); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49, 204 U.S.P.Q. 808, 814 (9th Cir. 1979) (strength, proximity of goods, similarity of marks, actual confusion, marketing channels, type of goods and degree of purchaser care, intent, and likelihood of expansion); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 925, 231 U.S.P.Q. 913, 915-16 (10th Cir. 1986) (degree of similarity, intent, relation of products in use and manner of marketing, and degree of purchaser care); *Wesco Mfg. v. Tropical Attractions of Palm Beach, Inc.*, 833 F.2d 1484, 1488, 5 U.S.P.Q.2d 1190, 1193-94 (11th Cir. 1987) (nature of plaintiff's mark, similarity of mark, similarity of products, similarity of retail outlets and customers, advertising, intent, and actual confusion); *American Ass'n for the Advancement of Science v. Hearst Corp.*, 498 F. Supp. 244, 259, 206 U.S.P.Q. 605, 618 (D.D.C. 1980) (actual confusion, similarity of mark, competitiveness of products, purchaser, purchaser care, and intent).

anced, with no single factor being decisive. The factors "imply no mathematical precision," and a plaintiff need not establish all or even most of the factors to prevail.⁴ The Federal Circuit follows its predecessor court, the Court of Customs and Patent Appeals (CCPA), in recognizing thirteen factors to be considered in likelihood of confusion cases, including most of those enumerated above.⁵ The Federal Circuit has generally taken CCPA decisions to be binding precedent.⁶

While all the circuits employ the same basic test of likelihood of confusion, there is a lopsided split among them on the standard of review for likelihood of confusion cases. As the result of movements in the 1980s, likelihood of confusion is treated as a question of fact subject to a clearly erroneous standard of review in the First,⁷ Third,⁸ Fourth,⁹ Fifth,¹⁰ Seventh,¹¹ Eighth,¹² Ninth,¹³

4. *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186, 5 U.S.P.Q.2d 1944, 1946 (6th Cir. 1988) (discussing role of multi-factor tests in trademark decisionmaking).

5. *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1569, 218 U.S.P.Q. 390, 393-94 (Fed. Cir. 1983) (citing *E.I. Du Pont De Nemours & Co.*, 476 F.2d 1357, 1361, 177 U.S.P.Q. 563, 567 (C.C.P.A. 1973)) (listing factors of: similarity of marks, similarity of goods, trade channels, buyers and conditions of sale, fame of prior mark, third party uses, actual confusion *vel non*, length of concurrent use without confusion, variety of goods on which mark is used, market interface between parties, exclusivity of right of applicant, extent of potential confusion, and other probative facts). *Du Pont* does not expressly list "intent", but the Federal Circuit will consider it. See *The University of Notre Dame du Lac v. J.C. Gourmet Foods Imports Co.*, 703 F.2d 1372, 1376, 217 U.S.P.Q. 505, 508 (Fed. Cir. 1983) (noting that intent may be relevant).

6. *South Corp. v. United States*, 690 F.2d 1368, 1370, 215 U.S.P.Q. 657, 658 (Fed. Cir. 1982) (adopting prior decisions of CCPA as precedent).

7. *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 377, 207 U.S.P.Q. 465, 474-75 (1st Cir. 1980) (describing clearly erroneous standard as more generous toward trial court's findings than *de novo* review).

8. *American Home Prods. v. Barr Labs., Inc.*, 834 F.2d 368, 370, 5 U.S.P.Q.2d 1073, 1075 (3d Cir. 1987) (recognizing that trial courts are better situated to evaluate likelihood of confusion).

9. *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1526, 224 U.S.P.Q. 185, 187 (4th Cir. 1984) (adopting clearly erroneous standard and cautioning that such standard will not protect against misapplication of law).

10. *Marathon Mfg. v. Enerlite Prods.*, 767 F.2d 214, 217, 226 U.S.P.Q. 836, 837 (5th Cir. 1985) (rejecting *de novo* review used by "some" other circuits).

11. *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1428-29, 227 U.S.P.Q. 138, 141 (7th Cir. 1985) (declaring that *de novo* review creates duplication of efforts), *cert. denied*, 475 U.S. 1147 (1986).

12. *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 398-99, 5 U.S.P.Q.2d 1314, 1315-16 (8th Cir. 1987) (categorizing likelihood of confusion question as fact and identifying appeals court's role as determining whether lower court's finding was sufficiently supported in record), *cert. denied*, 488 U.S. 933 (1988).

13. *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355, 228 U.S.P.Q. 346, 348 (9th Cir. 1985) (en banc) (labeling likelihood of confusion as mixed question predominantly factual in nature and so subject to clearly erroneous review).

Tenth,¹⁴ Eleventh,¹⁵ and District of Columbia¹⁶ Circuits. The Second,¹⁷ Sixth,¹⁸ and Federal¹⁹ Circuits treat likelihood of confusion as a mixed question of law and fact, with the ultimate determination of likelihood of confusion as a question of law subject to *de novo* review.

In the majority of circuits, therefore, "[t]he court evaluates and weighs these subsidiary findings to determine, as a matter of fact, whether consumers are likely to [be] confuse[d]."²⁰ The minority of circuits apply the clearly erroneous standard to review the trial court's factual findings on the factors used to decide the ultimate issue of the likelihood of confusion.²¹ Those circuits review *de novo* the legal question, "whether, given the foundational facts as found by the lower court, those facts constitute a 'likelihood of confusion.'"²²

In one of the Federal Circuit's earliest opinions on likelihood of confusion after it was created in 1982,²³ the Federal Circuit followed the CCPA rule that "the issue of likelihood of confusion is the ultimate conclusion of law to be decided by the court, and . . . the clearly erroneous rule is not applicable."²⁴ Unlike other larger and

14. *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 925, 231 U.S.P.Q. 913, 918 (10th Cir. 1988) (disagreeing with circuits that use *de novo* review to decide likelihood of confusion).

15. *Wesco Mfg. v. Tropical Attractions of Palm Beach, Inc.*, 833 F.2d 1484, 1488 n.6, 5 U.S.P.Q.2d 1190, 1193 n.6 (11th Cir. 1987) (noting trial court's findings of fact in likelihood of confusion left undisturbed unless clearly erroneous).

16. *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 804, 3 U.S.P.Q.2d 1276, 1279 (D.C. Cir. 1987) (emphasizing that deference should be shown to trial court's findings).

17. *Hasbro, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 75-76, 8 U.S.P.Q.2d 1345, 1350 (2d Cir. 1988) (noting ultimate determination of confusion is subject to *de novo* review while individual findings subject to clearly erroneous standard). *But see DC Comics, Inc. v. Reel Fantasy, Inc.*, 696 F.2d 24, 26, 217 U.S.P.Q. 307, 308 (2d Cir. 1982) (emphasizing that likelihood of confusion is question of fact and often inappropriate for summary judgment); *see also Comment, Hasbro, Inc. v. Lanard Toys, Ltd.: G.I. Joe Emerges From Trademark Wars Victorious but Second Circuit Continues Search For Appropriate Scope of Review*, 63 ST. JOHN'S L. REV. 97, 103-08 (1988) (discussing appellate review in likelihood of confusion context).

18. *Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 651, 214 U.S.P.Q. 15, 20 (6th Cir.) (recognizing that each factor presents question of fact but that determination from factors is question of law), *cert. denied*, 456 U.S. 916 (1982).

19. *See infra* notes 24-26 and accompanying text (discussing Federal Circuit treatment).

20. *Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 840, 222 U.S.P.Q. 10, 17 (11th Cir. 1983) (noting analysis goes beyond merely tallying factors for and against determination of confusion).

21. *See supra* notes 17-19 (providing minority circuits' positions); *see also Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186, 5 U.S.P.Q.2d 1944, 1946 (6th Cir. 1988) (describing approach as mixed question of fact and law).

22. *Wynn Oil*, 839 F.2d at 1186, 5 U.S.P.Q.2d at 1946.

23. Congress created the Federal Circuit with the passage of the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25 (1982) (codified in scattered sections of 28 U.S.C. (1988)).

24. *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1569, 218 U.S.P.Q.

less centralized circuits, the Federal Circuit consistently, although without explanation, reiterates its standard of review.²⁵ The Federal Circuit of course does apply the clearly erroneous standard to the factual findings analyzed to determine likelihood of confusion.²⁶

II. DEVELOPMENT OF THE STANDARD OF REVIEW IN THE 1980s

In 1982, the United States Supreme Court addressed the proper appellate standard of review in a trademark case and provided guidance applicable to likelihood of confusion cases.²⁷ Reversing the Second Circuit's application of *de novo* review, the Supreme Court stated: "[a]n appellate court cannot substitute its interpretation of the evidence for that of the trial court simply because the reviewing court 'might give the facts another construction, resolve the ambiguities differently, and find a more sinister cast to actions which the District Court apparently deemed innocent.'" ²⁸ The Court reasoned that the trier of fact is better situated to determine the weight and credibility of the evidence than is the reviewing court.²⁹

Also in 1982, the Sixth Circuit, in one of its most significant trademark cases, *Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, Inc.*,³⁰ adopted the then current Ninth Circuit approach.³¹ This consisted of applying a clearly erroneous standard to review the foundational facts and *de novo* review of the legal conclusion drawn from the foundational facts.³² Justice White dissented from the denial of *certiorari* on *Frisch's Restaurants*, on the grounds of the divergence of the circuits' standards of review.³³ The Ninth Circuit, on which the

390, 394 (Fed. Cir. 1983) (holding that CCPA did not consider itself bound by narrow standard of review).

25. See, e.g., *In re Electrolyte Laboratories, Inc.*, 913 F.2d 930, 932, 16 U.S.P.Q.2d 1239, 1240 (Fed. Cir. 1990) (labeling likelihood of confusion as question of law, although subjective and based on particular facts); *G.H. Mumm & Cie v. Desnoes & Geddes, Ltd.*, 917 F.2d 1292, 1295, 16 U.S.P.Q.2d 1635, 1637 (Fed. Cir. 1990) (stating explicitly that likelihood of confusion is question of law); *Nina Ricci, S.A.R.L. v. E.T.F. Enters. Inc.*, 889 F.2d 1070, 1072, 12 U.S.P.Q.2d 1901, 1902 (Fed. Cir. 1989) (describing likelihood of confusion as legal issue).

26. *Specialty Brands, Inc. v. Coffee Bean Distrib.*, 748 F.2d 669, 671, 223 U.S.P.Q. 1281, 1282 (Fed. Cir. 1984) (discussing interplay of factual and legal conclusions); *Stock Pot Restaurant, Inc. v. Stockpot, Inc.*, 737 F.2d 1576, 1578, 222 U.S.P.Q. 665, 666 (Fed. Cir. 1984) (noting that lower tribunal's subsidiary factual findings will be accepted unless they are clearly wrong).

27. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 214 U.S.P.Q. 1 (1982) (dealing with alleged mislabeling by generic drug manufacturers).

28. *Id.* at 858-59, 214 U.S.P.Q. at 7.

29. *Id.* at 856, 214 U.S.P.Q. at 6.

30. 670 F.2d 642, 214 U.S.P.Q. 15 (6th Cir.), *cert. denied*, 459 U.S. 916 (1982).

31. *Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 651, 214 U.S.P.Q. 15, 22 (6th Cir.), *cert. denied*, 459 U.S. 916 (1982).

32. *Id.* (citing *Alpha Indus., Inc. v. Alpha Steel Tube & Shapes, Inc.*, 616 F.2d 440, 443-44 (9th Cir. 1980)).

33. *Elby's Big Boy of Steubenville, Inc. v. Frisch's Restaurants, Inc.*, 459 U.S. 916 (1982)

Sixth Circuit relied, has since deliberately overruled its own precedent. In an *en banc* decision in 1985, the Ninth Circuit declared that "the clearly erroneous standard should be applied in reviewing a trial court's determination concerning likelihood of confusion."³⁴ In support of its decision, the Ninth Circuit stated that *de novo* review requires a "significant diversion of appellate resources" and that there was a reduced need for *de novo* review because of "the limited precedential value of likelihood of confusion decisions."³⁵

A non-trademark 1982 Supreme Court case, *Pullman-Standard v. Swint*,³⁶ again restricted the scope of review and has affected the treatment of likelihood of confusion determinations by the circuit courts. In *Swint*, the Court applied Rule 52(a) of the Federal Rules of Civil Procedure, which allows a court to set aside factual findings only if they are clearly erroneous, in a way that eliminated any distinction between the treatment of "subsidiary" and "ultimate" facts.³⁷ In 1984, the Fourth Circuit followed *Swint* and rejected any distinction between "subsidiary" and "ultimate" findings in reviewing the issue of likelihood of confusion.³⁸

In 1985, the Seventh Circuit, citing *Swint*, expressly disagreed with the Federal Circuit on the scope of review question. In *Scandia Down Corp. v. Euroquilt, Inc.*,³⁹ the Seventh Circuit first stated a flat rule: "[T]he question of likelihood of confusion is all fact and no law."⁴⁰ As for the Federal Circuit's treatment of likelihood of confusion as an "ultimate" issue subject to *de novo* review, the Seventh Circuit stated: "[a]lthough we should think carefully before disagreeing with the views of the Federal Circuit, a specialist court on questions concerning intellectual property, we will not change the [clearly erroneous] standard" as mandated in *Swint*.⁴¹ The Seventh Circuit pointed to a number of evils that would be avoided by limit-

(White, J., dissenting from denial of *certiorari*) (classifying First, Fifth, and Eighth Circuits as applying clearly erroneous standard and Second and Ninth Circuits as applying *de novo* review).

34. *Levi Strauss & Co. v. Blue Bell, Inc.*, 778 F.2d 1352, 1355, 228 U.S.P.Q. 346, 348 (9th Cir. 1985) (*en banc*) (observing that with this decision Ninth Circuit is now in accord with analogous principles from non-trademark fields).

35. *Id.* at 1355-56, 228 U.S.P.Q. at 348 (noting that likelihood of confusion raised no constitutional issues and called for mostly factual tests).

36. 456 U.S. 273 (1982) (discussing standard of review in Title VII discrimination context).

37. *Pullman-Standard v. Swint*, 456 U.S. 273, 287 (1982).

38. *See Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1526, 224 U.S.P.Q. 185, 187 (4th Cir. 1984) (noting that Supreme Court in *Swint* made distinction obsolete).

39. 772 F.2d 1423, 227 U.S.P.Q. 138 (7th Cir. 1985).

40. *Scandia Down Corp. v. Euroquilt, Inc.*, 772 F.2d 1423, 1428, 227 U.S.P.Q. 138, 141 (7th Cir. 1985) (finding no need to decide if mixed questions of fact and law are reviewed under different standards), *cert. denied*, 475 U.S. 1147 (1986).

41. *Id.* at 1428, 227 U.S.P.Q. at 141 (concluding Federal Circuit inconsistent with

ing the scope of review, including increased randomness of the judicial process, duplication of the trial judge's efforts, scant benefit from the additional strain on judicial resources, improper "arrogation" of judicial power, undermining the district court's legitimacy in the eyes of litigants, and increasing the number of appeals.⁴² The Seventh Circuit in *Scandia Down* then applied the clearly erroneous standard and affirmed the trial court's finding of likelihood of confusion.⁴³ Basing its petition, in part, on the need to resolve the split of circuits on the scope of review, the losing party sought *certiorari*, which the Supreme Court denied with Justice White again dissenting.⁴⁴ In 1987, the Third Circuit followed the Seventh and held that the differentiation between "ultimate" and "basic" facts in likelihood of confusion cases was "no longer tenable" in view of *Swint*.⁴⁵

III. APPELLATE REVIEW OF TRADEMARK TRIAL AND APPEAL BOARD DECISIONS

Another facet of the conflict between the Federal Circuit and other courts is their different treatment of appeals from the Trademark Trial and Appeal Board (TTAB) of the PTO. The Federal Circuit has non-exclusive jurisdiction over TTAB appeals.⁴⁶ In deciding such cases, the Federal Circuit applies its own standard in reviewing the record as transmitted from the TTAB.⁴⁷ An unusual statutory provision enables a party to a TTAB proceeding to force an appeal out of the Federal Circuit by electing to file a civil action

Supreme Court in *Swint*, and observing that distinction between foundational and ultimate facts has drifted in and out of appellate cases for years).

42. *Id.* at 1428-29, 227 U.S.P.Q. at 142 (quoting, in part, Advisory Committee notes on 1985 amendment of FED. R. CIV. P. 52(a)).

43. *Id.* (observing that trial judge's choice between two permissible views cannot be clearly erroneous).

44. *Euroquilt, Inc. v. Scandia Down Corp.*, 475 U.S. 1147, 1147, 229 U.S.P.Q. 560, 560 (1986) (White, J., dissenting from denial of *certiorari*) (recognizing split among circuits). Soon after Justice White's dissent, the Eighth Circuit was faced with the task of choosing the appropriate standard of review. While the Eighth Circuit issued an unclear decision involving the matter in August 1987, *Life Technologies, Inc. v. Gibbco Scientific, Inc.*, 826 F.2d 775, 776, 3 U.S.P.Q.2d 1795, 1796 (8th Cir. 1987) (appearing to utilize clearly erroneous standard), subsequent opinions revert to the clearly erroneous standard of one of the leading Eighth Circuit trademark cases, *Squirtco v. Seven-Up Co.*, 628 F.2d 1086, 1091, 207 U.S.P.Q. 897, 900 (8th Cir. 1980) (setting forth clearly erroneous standard). See *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 399, 5 U.S.P.Q.2d 1315, 1316 (8th Cir. 1987) (following *Squirtco*); see also *Hotel Corp. v. Norlew Inc.*, 841 F.2d 214, 219, 6 U.S.P.Q.2d 1646, 1649 (8th Cir. 1988) (using clearly erroneous standard).

45. See *American Home Prods. Corp. v. Barr Laboratories, Inc.*, 834 F.2d 368, 370 n.2, 5 U.S.P.Q.2d 1073, 1075 n.2 (3d Cir. 1987) (noting that amendments to Federal Rules and Supreme Court undercut *de novo* review of likelihood of confusion appellate cases).

46. 15 U.S.C. § 1071(a)(1) (1988).

47. *Id.* § 1071(a)(3).

in an appropriate United States district court for review of the TTAB decision rather than appeal to the Federal Circuit.⁴⁸ Such civil actions are confusingly said to offer trials *de novo*; some of the reasons why this is a misnomer are discussed below. It is true, however, that it may be possible to offer new evidence in such proceedings.⁴⁹ In the event of a district court adverse decision, the case is subsequently appealable to the United States court of appeals for the particular district in which the civil action was tried.⁵⁰

Depending on its needs, a party may prefer a review of the closed record by the Federal Circuit or an opportunity to offer new evidence to a district court. Another advantage of a civil action, or disadvantage, as one may see it, is that a district court will decide not only the registrability of the mark,⁵¹ but may also exercise direct injunctive power over the actual use of the mark and may award damages, profits, costs, and attorney fees.⁵² A Federal Circuit decision on the merits of a TTAB appeal would immediately affect only registrability. The opportunity to consolidate all of the issues for civil review by a district court to achieve judicial economy was a factor considered by Congress in framing the law.⁵³

A party to an appeal from the TTAB may find itself in district court facing not only a different record but also a different standard of review than it would face in the Federal Circuit. While the Federal Circuit will exercise *de novo* review of the TTAB's decision on the "ultimate" issue of likelihood of confusion, the majority of civil review courts⁵⁴ will accept the TTAB's finding "unless the contrary is established by testimony which in, character and amount, carries thorough conviction."⁵⁵ The Federal Circuit itself has equated the

48. *Id.* § 1071(b)(1) (authorizing "person . . . dissatisfied with the decision of the Commissioner or Trademark Trial and Appeal Board . . . may . . . have remedy by a civil action.").

49. *See* Standard Oil Co. v. Osage Oil & Transp., Inc., 10 U.S.P.Q.2d 1554, 1556 (N.D. Okla. 1988) (noting that additional evidence may be presented by party when TTAB decision is being reviewed by district court).

50. 15 U.S.C. § 1121(a) (1988) (stating that "the courts of appeal of the United States . . . shall have appellate jurisdiction, of all actions arising under this chapter").

51. *Id.* § 1119 (giving courts power "to determine the right to registration, order the cancellation of registrations, in whole or in part, restore uncanceled registrations, and otherwise rectify the register with respect to the registration of any party to the action").

52. *Id.* §§ 1114(1), 1116, 1117.

53. *See* 3 J. GILSON, TRADEMARK PROTECTION AND PRACTICE §§ 21(1)-21(75) (1990) (providing legislative history of 15 U.S.C. § 1071 which addresses congressional intent regarding, *inter alia*, consolidation of issues in district court).

54. J. T. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 21:5 (Supp. 1989).

55. *Morgan v. Daniels*, 153 U.S. 120 (1984) (concluding that Patent Office decision regarding priority of invention can only be overturned if contrary is established by testimony which in character and amount carries thorough conviction); *see, e.g.*, *Wells Fargo & Co. v. Stagecoach Properties, Inc.*, 685 F.2d 302, 306, 216 U.S.P.Q. 480, 483 (9th Cir. 1982) (following *Daniels* determination); *American Heritage Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 10, 182 U.S.P.Q. 77, 81 (5th Cir. 1974) (applying thorough conviction standard to infringe-

thorough conviction standard with the clearly erroneous standard.⁵⁶

The discrepancy in standards of review was discussed at length by the First Circuit in *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*⁵⁷ In this case, the TTAB dismissed Coventry's opposition and Coventry appealed to the CCPA.⁵⁸ The defendant elected to proceed with a civil action in district court,⁵⁹ which resulted in an affirmance of the TTAB dismissal based on the "thorough conviction" standard of review.⁶⁰ Coventry's unsuccessful argument was as follows:

But for the defendant's action [electing civil review], the case would have been heard by the [CCPA], which is comprised of experts in the area of trademarks . . . ; [the CCPA] would have engaged in a less deferential and far more open-ended review of the [TTAB's] decision than that permitted the district court under the "thorough conviction" test [F]or the district court to apply such a restrictive test in these circumstances would clearly prejudice plaintiff's right of appeal [The TTAB is] very frequently reversed . . . simply on the basis of the [CCPA's] *own independent judgment* of the question of whether the marks are confusingly similar.⁶¹

The district court rejected Coventry's argument based on extensive precedent requiring application of the "thorough conviction" or "clear error" standard.⁶² The court acknowledged the pragmatic appeal and ingenuity of Coventry's argument and the "sympathetic note in its logic."⁶³ The district court characterized the dichotomy as to the standard of review as "quite understandable because the judges of the [CCPA], being experts in the field, may indeed be better equipped to reevaluate the entire record."⁶⁴ Despite this, the district court held to the stricter standard of review. In affirming, the First Circuit also acknowledged "some plausibility" to Coven-

ment and cancellation action with regard to service mark); *Watkins Prods. v. Sunway Fruit Prods.*, 311 F.2d 496, 498-99, 136 U.S.P.Q. 14, 16 (7th Cir. 1962) (stating PTO finding must be accepted if it is consistent with evidence and cannot be overturned by mere preponderance of evidence standard).

56. See *Fregeau v. Mossinghoff*, 776 F.2d 1034, 1038, 227 U.S.P.Q. 848, 851 (Fed. Cir. 1985) (discussing similarity between thorough conviction and clearly erroneous standards as to applicant's burden of proof).

57. 392 F. Supp. 347, 185 U.S.P.Q. 617 (D.R.I.), *aff'd*, 526 F.2d 20, 188 U.S.P.Q. 657 (1st Cir. 1975), *cert. denied*, 426 U.S. 920 (1976).

58. *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 392 F. Supp. 347, 348, 185 U.S.P.Q. 617, 618 (D.R.I.), *aff'd*, 526 F.2d 20, 188 U.S.P.Q. 657 (1st Cir. 1975), *cert. denied*, 426 U.S. 920 (1976).

59. *Id.*

60. *Id.* at 354, 185 U.S.P.Q. at 622-23.

61. *Id.* at 351, 185 U.S.P.Q. at 620-21 (emphasis in original).

62. *Id.* at 353-54, 185 U.S.P.Q. at 623.

63. *Id.* at 354, 185 U.S.P.Q. at 623.

64. *Id.* at 352, 185 U.S.P.Q. at 621.

try's contention.⁶⁵ However, just as the Seventh Circuit did in *Scandia Down*,⁶⁶ the acknowledgement of CCPA and Federal Circuit "expertise" did not result in departure from the strict standard.

IV. IMPACT OF OTHER PRACTICES

Two other practices of the Federal Circuit suggest an implicit inconsistency with its rule of *de novo* review of the issue of likelihood of confusion. First, the Federal Circuit applies the clearly erroneous standard to findings of secondary meaning,⁶⁷ genericness and descriptiveness,⁶⁸ abandonment,⁶⁹ and functionality.⁷⁰ These are major issues in trademark law and are frequently encountered by the TTAB and federal courts. Each involves consideration of multiple factors of evidence, as does the likelihood of confusion issue. There appears to be no articulated reason to treat these issues with a different standard of review.

Second, the Federal Circuit, which has exclusive jurisdiction over appeals of patent cases,⁷¹ applies its own precedent to the decision of patent issues in order to fulfill its mandate of developing a consistent jurisprudence and promoting a uniform application of patent law.⁷² Where a patent case also involves pendant trademark issues, however, the Federal Circuit will apply the trademark law of the circuit in which the case was tried "to avoid exacerbating the problem of intercircuit conflicts in nonpatent areas" and to frustrate forum shopping regarding non-patent claims.⁷³ The exception is the issue

65. *Sarah Coventry, Inc. v. T. Sardelli & Sons, Inc.*, 526 F.2d 20, 21, 188 U.S.P.Q. 657, 658 (1st Cir. 1975), *cert. denied*, 426 U.S. 920 (1976).

66. *See supra* notes 39-44 and accompanying text (discussing *Scandia Down* in context of standard of review).

67. *See In re Loew's Theatres, Inc.*, 769 F.2d 764, 768, 226 U.S.P.Q. 865, 869 (Fed. Cir. 1985) (holding that PTO's finding that more than *de minimis* segment of population would associate chewing tobacco with city of Durango could only be overturned if clearly erroneous).

68. *See In re Merrill Lynch*, 828 F.2d 1567, 1571, 4 U.S.P.Q.2d 1141, 1144 (Fed. Cir. 1987) (finding failure of PTO to sustain its burden of showing that applicant's proposed trademark was generic is clearly erroneous).

69. *See Cerveceria Centroamericana, S.A. v. Cerveceria India, Inc.*, 892 F.2d 1021, 1024, 13 U.S.P.Q.2d 1307, 1312 (Fed. Cir. 1989) (defining abandonment in terms of non-use and intent).

70. *See Cable Elec. Prods. v. Genmark, Inc.*, 770 F.2d 1015, 1030, 226 U.S.P.Q. 881, 890-91 (Fed. Cir. 1985) (applying clearly erroneous standard to overturn district court's ruling on functionality due to its failure to look at evidence on nonfunctionality).

71. 28 U.S.C. § 1295(a)(1) (1988).

72. *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1438, 223 U.S.P.Q. 1074, 1086 (Fed. Cir. 1984) (11 judge panel) (noting congressional intent that Federal Circuit only contribute to uniformity of patent laws so as not to usurp district court's role).

73. *Bandag, Inc. v. Al Bolser's Tire Stores, Inc.*, 750 F.2d 903, 909, 223 U.S.P.Q. 982, 986 (Fed. Cir. 1984) (holding that trademark portion of case should be decided by law of circuit in which case was tried).

of likelihood of confusion which the Federal Circuit, accustomed to the *de novo* standard of review, may review differently than the originating circuit.

V. CASE STUDY: NINA RICCI VERSUS VITTORIO RICCI

Many of these tensions were exposed in *Nina Ricci S.A.R.L. v. E.T.F. Enterprises*.⁷⁴ There, the Federal Circuit ruled on a decade-long conflict between the marks NINA RICCI and VITTORIO RICCI in which the TTAB, the District Court for the Southern District of New York, and the Federal Circuit all reached different conclusions on the subject of likelihood of confusion.⁷⁵

In the first battle, decided in 1979, the TTAB sustained an opposition by Nina Ricci against the mark VITTORIO RICCI.⁷⁶ Nina Ricci asserted prior use and registration of the marks NINA RICCI, CAPRICCI, SIGNORICCI, MADEMOISELLE RICCI, and RICCI for beauty aids and apparel.⁷⁷ The application to register VITTORIO RICCI covered items of apparel, including belts and shoes.⁷⁸ After concluding that the respective goods of the parties were "closely related if not identical,"⁷⁹ the Board focused attention on the "pivotal question" of the similarity of the marks.⁸⁰ The applicant contended that "Ricci" was a common surname and not a strong mark.⁸¹ The applicant further argued that comparison of the marks, the feminine NINA RICCI and the masculine VITTORIO RICCI, led to the conclusion of no likelihood of confusion.⁸² The Board, however, emphasized that the NINA RICCI mark and variations were strong due to their "long and extensive use and promotion and the accompanying goodwill, fame and reputation."⁸³ The Board deemed the surname RICCI to be "the dominant and most significant element" of Nina Ricci's RICCI combination marks.⁸⁴ It

74. 889 F.2d 1070, 12 U.S.P.Q.2d 1901 (Fed. Cir. 1989).

75. *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 203 U.S.P.Q. 947 (T.T.A.B. 1979) (finding likelihood of confusion), *rev'd*, 523 F. Supp. 1147, 213 U.S.P.Q. 517 (S.D.N.Y. 1981) (finding no likelihood of confusion). The Federal Circuit's 1989 decision was a connected case. *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 9 U.S.P.Q.2d 1061 (T.T.A.B. 1988) (finding no likelihood of confusion), *rev'd*, 889 F.2d 1070, 12 U.S.P.Q.2d 1901 (Fed. Cir. 1989) (finding likelihood of confusion).

76. *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 203 U.S.P.Q. 947 (T.T.A.B. 1979), *rev'd*, 523 F. Supp. 1147, 213 U.S.P.Q. 517 (S.D.N.Y. 1981).

77. *Id.* at 947-48.

78. *Id.* at 950.

79. *Id.*

80. *Id.*

81. *Id.* at 950-51.

82. *Id.*

83. *Id.* at 952. Nina Ricci also proved large scale advertising expenditures and sales revenues in connection with its RICCI marks. *Id.* at 948.

84. *Id.*

noted its 1962 decision sustaining Nina Ricci's opposition to the mark RICCI OF HAYMAKER for apparel.⁸⁵ In that decision, the Board referred to the "common knowledge that various couturiers . . . are frequently referred to by their surname alone."⁸⁶ In sum, as between VITTORIO RICCI and Nina Ricci's RICCI marks, the Board in 1979 found that there was a likelihood that the marks could be confused and refused to register VITTORIO RICCI.⁸⁷

Instead of appealing to the CCPA, the VITTORIO RICCI applicant commenced a civil action in the Southern District of New York for *de novo* review of the TTAB's decision.⁸⁸ Nina Ricci counterclaimed for trademark infringement.⁸⁹ The district court's 1981 decision adopted the "thorough conviction" standard of review. The court wrote that "thorough conviction" was the "prevailing" standard and applied the Second Circuit's multi-factor test for likelihood of confusion.⁹⁰ The district court determined that the TTAB erred in refusing the registration of VITTORIO RICCI; ordered the registration of that mark for belts and shoes, the only VITTORIO RICCI apparel products actually on the market; and dismissed Nina Ricci's infringement counterclaim.⁹¹

In reaching this decision the district court acknowledged that NINA RICCI was a strong mark for perfumes but held that Nina Ricci's other RICCI combination marks were weak and that NINA RICCI did not use the mark RICCI alone.⁹² In discussing the "similarity of marks" factor, the court noted that in the actual marketing of the brands NINA RICCI and VITTORIO RICCI, the surname was "invariably modified" by the respective given names.⁹³ As for the "proximity of products" factor, the court scrutinized the lists of apparel items appearing in Nina Ricci's registrations and determined that Nina Ricci's products consisted primarily of fragrances; Vittorio Ricci's products consisted primarily of footwear; Nina Ricci had no plan to expand into footwear; both parties' products were expensive and of high quality; and they were purchased typically by

85. *Id.* at 951 (citing *Nina Ricci, S.A.R.L. v. Haymaker Sports, Inc.*, 134 U.S.P.Q. 26 (T.T.A.B. 1962), which held that there was likelihood of confusion as to NINA RICCI's and RICCI OF HAYMAKER's marks).

86. *Nina Ricci, S.A.R.L. v. Haymaker Sports, Inc.*, 134 U.S.P.Q. 26, 28 (T.T.A.B. 1962).

87. *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 203 U.S.P.Q. 947, 951-52 (T.T.A.B. 1979).

88. *E.T.F. Enters. v. Nina Ricci, S.A.R.L.*, 523 F. Supp. 1147, 213 U.S.P.Q. 517 (S.D.N.Y. 1981).

89. *Id.* at 1148-49, 213 U.S.P.Q. at 519.

90. *Id.* at 1156, 213 U.S.P.Q. at 524-25.

91. *Id.* at 1157, 213 U.S.P.Q. at 525.

92. *Id.* at 1154, 213 U.S.P.Q. at 523-24. The court found the TTAB's finding that the defendant had a "RICCI" mark was clearly erroneous. *Id.* at 1156, 213 U.S.P.Q. at 524.

93. *Id.* at 1154-55, 213 U.S.P.Q. at 524.

careful, sophisticated buyers.⁹⁴

After its victory before the district court, the applicant applied anew to register VITTORIO RICCI for the apparel items other than belts and shoes, and Nina Ricci again opposed. This time, in 1988, the Board found no likelihood of confusion and dismissed the opposition.⁹⁵ The Board followed the district court's "guidance,"⁹⁶ giving particular weight to the fact that the marks consisted of the common surname "Ricci" prefixed with the respective first names and noting two "negatives": there had been no actual confusion and no showing of intent by applicant to capitalize on Nina Ricci's goodwill.⁹⁷

Nina Ricci appealed to the Federal Circuit⁹⁸ and the applicant did not elect to transfer the case to the district court. In a 1989 decision, the Federal Circuit predictably treated the ultimate determination of likelihood of confusion as "a legal matter, based on the facts properly found,"⁹⁹ reversed the TTAB, and held that there was a likelihood of confusion between the VITTORIO RICCI mark and Nina Ricci's marks.¹⁰⁰ The Federal Circuit's reasoning was substantially similar to the reasoning used by the Board to reach its decision more than a decade before.¹⁰¹ In the 1989 decision, the Federal Circuit reversed the Board because it weighed the factors differently. The Federal Circuit reasoned "that the RICCI surname is a unifying name" in Nina Ricci's marks, the surname is the "dominant and significant part of [those] marks";¹⁰² and that the Nina Ricci marks were strong due to their fame, promotion, and success.¹⁰³ The Federal Circuit decided that the absence of actual confusion was entitled to little or no weight because there had been little or no opportunity for it to occur.¹⁰⁴ No mention was made of the appli-

94. *Id.* at 1155-56, 213 U.S.P.Q. at 524-25.

95. *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 9 U.S.P.Q.2d 1061, 1066 (T.T.A.B. 1988), *rev'd*, 889 F.2d 1070 (Fed. Cir. 1989). The Board found that collateral estoppel did not apply since registrability as to the new apparel items had been left expressly undecided by the district court. *Id.* at 1065. See *E.T.F. Enters.*, 523 F. Supp. at 1156, 213 U.S.P.Q. at 525.

96. *Nina Ricci, S.A.R.L.*, 9 U.S.P.Q.2d at 1065.

97. *Id.* at 1066.

98. *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 889 F.2d 1070, 12 U.S.P.Q.2d 1901 (Fed. Cir. 1989); see Ford & Flick, *Review of the 1989 Trademark Decisions of the Court of Appeals for the Federal Circuit*, 39 AM. U.L. REV. 1233, 1250 (1990) (discussing factors court considered in reaching decision).

99. *Nina Ricci, S.A.R.L.*, 889 F.2d at 1072, 12 U.S.P.Q.2d at 1902.

100. *Id.* at 1074, 12 U.S.P.Q.2d at 1904.

101. See *Nina Ricci, S.A.R.L. v. E.T.F. Enters.*, 203 U.S.P.Q. 947, 950-51 (T.T.A.B. 1979) (discussing relationship between Ricci's surname and her mark).

102. *Nina Ricci, S.A.R.L.*, 889 F.2d at 1073, 12 U.S.P.Q.2d at 1903 (noting fashion industry practice of using surname to identify product).

103. *Id.*

104. *Id.*

cant's good faith, but the Federal Circuit did state that "there is no excuse for even approaching the well-known trademark of a competitor."¹⁰⁵

In sum, the district court reversed the TTAB's decision that found likelihood of confusion, and the Federal Circuit reversed the TTAB's decision that found no likelihood of confusion. The TTAB, in its 1988 decision, deliberately acquiesced in the district court's decision. The Federal Circuit, in effect, vindicated the Board's 1979 decision without any detailed analysis that distinguished or reconciled the district court's intervening legal analysis or findings of fact.¹⁰⁶

CONCLUSION

In light of the Supreme Court's rulings and the adoption of the clearly erroneous standard by most circuits, the Federal Circuit should articulate its reasons for adhering to the *de novo* standard when reviewing likelihood of confusion cases. Is the Federal Circuit wasting its resources? Is it encouraging appeals from the TTAB? Is it improperly abrogating judicial power? Is it undermining the legitimacy of the TTAB in the eyes of litigants? Or does so difficult and subjective a problem as likelihood of confusion require broad review in order to serve justice? Whatever the answers, the questions should be addressed.

105. *Id.* at 1074, 12 U.S.P.Q.2d at 1904 (quoting *Planter's Nut & Chocolate Co. v. Crown Nut Co.*, 305 F.2d 916, 924-25, 134 U.S.P.Q. 504, 511 (C.C.P.A. 1962) which held that there was likelihood of confusion regarding representations of Mr. Peanut's harmonized peanut).

106. The TTAB and Federal Circuit held that collateral estoppel did not apply "because the [district] court did not determine the issue of likelihood of confusion with respect to any of applicant's goods or services now before us [those other than belts and shoes]." *Nina Ricci, S.A.R.L.*, 9 U.S.P.Q.2d 1061, 1065 (T.T.A.B. 1988), *rev'd*, 889 F.2d 1070 (Fed. Cir. 1989). It should be noted, however, that both the TTAB and CCPA have often determined that shoes and other items of apparel are related goods for purposes of determining likelihood of confusion. *In re Pix of America, Inc.*, 225 U.S.P.Q. 691, 692 (T.T.A.B. 1985) (citing cases). The same result is reached when belts and other items of apparel are considered. *Justin Inc. v. D.B. Rosenblatt*, 213 U.S.P.A. 968, 976 (T.T.A.B. 1981).