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What's the Deference?: Should Dickinson v. Zurko Apply in the Trademark Context?

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WHAT'S THE DEFFERENCE?: SHOULD DICKINSON V. ZURKO APPLY IN THE TRADEMARK CONTEXT?

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I. INTRODUCTION

The United States Patent and Trademark Office (PTO), despite being considered one agency, serves two fundamentally different roles. The PTO oversees both the registration of trademarks and the granting of patents. Each area is covered by its own distinct portion of the United States Code, trademarks falling under Title 15, which deals with commerce, and patents having their own title, Title 35.

Along with being governed by different statutes, the two areas are subject to different, though admittedly analogous, application and review procedures. The nature of the inquiries involved in the two processes are, however, drastically different. Trademarks are recognized to make it easier for the consuming public to identify the source of particular products. The trademark application process involves very fact-specific interpretations of the mark presented and a determination of whether certain explicit statutory requirements are met. An applied-for mark can also be compared to registered marks to determine if there is a likelihood that consumers would be confused as to some relationship between the applied-for mark and registered ones. Such determinations are made solely on the basis of appearance and require no specialized knowledge.

Patents, also granted for the benefit of the public as a whole, are not actually used by or even known to a large majority of the public. Patents involve inventions and mechanical or scientific processes that the general public simply would not comprehend or understand how to use. When a patent is applied for, it must be compared to previous patents and the entirety of public knowledge, referred to as the "prior art," to determine of whether it is useful, novel, and non-obvious. These inquiries require some degree of scientific knowledge and expertise.

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4 See 15 U.S.C. § 1051 (allowing for registration of marks "used in commerce" so as to avoid confusion among consumers).
5 See id. § 1051(a).
6 See id. § 1051(a)(3)(D).
7 See id. § 1051 (requiring that applicant include drawing of mark); id. § 1052 (stating that no trademark shall be denied registration unless its appearance meets certain statutory exemptions).
8 See, e.g., Eibel Process Co. v. Minn. & Ontario Paper Co., 261 U.S. 45, 63 (1923) ("In administering the patent law, the court first looks into the art, to find what the real merit of the alleged discovery or invention is, and whether it has advanced the art substantially.").
Decisions of the PTO involving both patents and trademarks may be appealed to the United States Court of Appeals for the Federal Circuit, or separate civil actions may be brought challenging these decisions in federal district court. The question these federal courts face is how much deference to give the decision of the PTO on review. Traditionally, the federal courts employed two levels of deference when reviewing decisions made by the PTO: a court/court clearly erroneous standard, and a court/agency standard derived from the Administrative Procedures Act (APA). In response to the confusion over which standard to apply, the Supreme Court elected to grant certiorari in Dickinson v. Zurko, and held that a federal court should apply the court/agency APA standard, which calls for the court to decide all relevant legal questions but defer to the agency's findings of fact, when reviewing decisions of the PTO.

Though Zurko was a case dealing with a patent, the court's decision used broad language that could have substantial ramifications for trademark litigation. The court stated that this new rule applied to review of all "findings of fact of the PTO." Although the court did not limit application of this rule to review of patents, the court did not explicitly state that it applied to trademarks. Thus, the question of what level of deference a federal court reviewing a trademark decision of the PTO should apply is still a valid one.

The purpose of this Note is to discuss the distinct histories of the trademark and patent aspects of the PTO—including analysis of the Zurko decision—to show that the Federal Circuit should apply the more strict court/court clearly erroneous standard of review to trademark review decisions. The primary reason for this proposed course of action is that none of the traditional reasons for deferring to agency expertise are present with respect to the common sense nature of trademark decisions.

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13 See id. at 153.
14 Id. at 154.
15 See infra notes 107-08 and accompanying text.
16 Zurko, 527 U.S. at 165.
17 Id.
18 See id. at 160-65 (neglecting to discuss whether rule set forth in Zurko applies to review of review both patents and trademarks).
II. THE DOUBLE LIFE OF THE PTO

A. TRADEMARKS

The Trademark Act of 1946, commonly referred to as the Lanham Act,\(^{19}\) was enacted by Congress to reward investment in the marketplace and promote competition, which ultimately lessens costs for consumers.\(^{20}\) Its enactment was justified by the Constitutional grant to Congress of the power to regulate commerce, both interstate and with foreign nations.\(^{21}\)

A trademark is any source-identifying word or symbol—any means "by which the goods of the [trademark owner] may be distinguished from the goods of others."\(^{22}\) The Lanham Act provides that the owner of "a trademark used in commerce" may apply for registration with the PTO.\(^{23}\) Implicit in this definition of a registrable mark is the fact that the PTO can deny registration for a mark if it is not "used in commerce."\(^{24}\) This seemingly straightforward issue has become ever more important in the midst of the information age and proliferation of new technologies.\(^{25}\)

The PTO can also deny registration to applicants' marks on other grounds. Trademarks traditionally fall within one of four categories of distinctiveness: generic, descriptive, suggestive, or arbitrary or fanciful.\(^{26}\) If a trademark "is one which is commonly used as the name for a type of goods," then it is deemed generic by the PTO and is not registrable.\(^{27}\) If the mark is descriptive, meaning it only describes the underlying product rather than identifying the product's

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\(^{20}\) See Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 34 (2003) ("Federal trademark law... by preventing competitors from copying 'a source-identifying mark,' 'reduces the customer's costs of shopping and making purchasing decisions,' and 'helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.' " (citations omitted)).

\(^{21}\) U.S. CONST. art. 1, § 8, cl. 3 ('The Congress shall have Power.... To regulate Commerce with foreign Nations, and among the several States....').


\(^{23}\) Id. § 1051(a)(1).

\(^{24}\) See Larry Harmon Pictures Corp. v. Williams Rest. Corp., 929 F.2d 662 (Fed. Cir. 1992) (discussing what type of use meets the Lanham Act's "use in commerce" requirement for trademark registration purposes).

\(^{25}\) See, e.g., 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 408 (2d Cir. 2005) (discussing the issue of what constitutes "use in commerce" for the purpose of trademark registration with respect to website addresses).

\(^{26}\) See Horizon Mills Corp. v. QVC, Inc., 161 F. Supp. 2d 208, 211 (S.D.N.Y. 2001) (stating that terms are divided into the four categories of generic, descriptive, suggestive, and arbitrary or fanciful).

\(^{27}\) Id.
source, then the mark is not "inherently distinctive," and thus not registrable without proof of secondary meaning.\textsuperscript{28} The existence of secondary meaning implies that the trademark does in fact serve the traditional trademark function of identifying the source to the consuming public.\textsuperscript{29} Similarly, if the trade dress, or design, of a product is deemed to be merely functional and not source-identifying, then the trade dress is not protectable under the Lanham Act.\textsuperscript{30} However, marks that are suggestive, arbitrary, or fanciful can be registered without a finding of secondary meaning because the use of such marks "ha[...]s no obvious connection with the [underlying] product."\textsuperscript{31} These types of marks have been created by innovation and ingenuity on the part of the trademark owner rather than by an attempt to hoard a common phrase for individual benefit.\textsuperscript{32}

The PTO can also deny registration of a particular mark for a number of other reasons, including if the mark is scandalous or otherwise in bad taste,\textsuperscript{33} deceptive or misleading in any way,\textsuperscript{34} or if the registrant does not have priority to use the mark in the applied-for area.\textsuperscript{35} The PTO's refusal of registration for any of the above-mentioned reasons (or for any other reason provided for in the Lanham Act)\textsuperscript{36} can be appealed to the Trademark Trial and Appeal Board (TTAB).\textsuperscript{37} The TTAB also has jurisdiction over opposition proceedings brought by a third party who objects to the registration of a particular mark and files a notice of opposition.\textsuperscript{38} Such a proceeding is not a full-fledged trial.\textsuperscript{39}

Appeals to the TTAB of PTO decisions come in one of two forms: ex parte appeals and inter partes appeals. An ex parte appeal is one "done or made at the instance and for the benefit of one party only, and without notice to, or argument

\textsuperscript{29} Id. at 766 n.4.
\textsuperscript{32} Id.
\textsuperscript{34} Id. § 1052(a), (e).
\textsuperscript{35} Id. § 1052(d).
\textsuperscript{36} See 15 U.S.C. § 1052 (2000) for a full list of reasons for which trademark registration may be refused by the PTO.
\textsuperscript{37} 15 U.S.C. § 1070 (2000) ("An appeal may be taken to the Trademark Trial and Appeal Board from any final decision of the examiner in charge of the registration of marks. . . .").
\textsuperscript{38} Id. § 1063.
\textsuperscript{39} See EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc., 746 F.2d 375, 377 (7th Cir. 1984) ("The T.T.A.B. is limited by statute to determining whether to grant or deny registration of a trademark; it may not decide whether the use of a certain trademark violates the Lanham Act or grant an injunction against an infringing use.").
by, any person adversely interested. An example of such an appeal would be where one party simply appeals the denial of a trademark registration. An inter partes appeal is one involving two parties, such as when one party is granted trademark registration and another party comes forward to oppose the registration on proper grounds. Though there are obvious opportunities for distinguishing between these two situations, for the purposes of this Note, all appeals will be treated as equivalent. Any distinction between ex parte and inter partes appeals is beyond the scope of this Note.

Under the Lanham Act, a party dissatisfied with a decision of the TTAB can appeal to the United States Court of Appeals for the Federal Circuit. Alternatively, a party may appeal the TTAB's decision to a federal district court of his choice. The Administrative Procedure Act (APA) addresses the amount of deference owed to decisions of administrative agencies by courts reviewing those decisions and under what conditions reviewing courts can overrule or set aside such agency action. However, the APA is silent as to the amount of deference owed such determinations in subsequent judicial proceedings that are not direct appeals. In Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc., the Supreme Court set forth a high level of deference owed to administrative agencies' interpretations of statutes with regard to rule making but neglected to address the level of deference owed in quasi-judicial proceedings such as those involved in the trademark registration process before the PTO and TTAB.

Appeals from TTAB decisions are not the sole means by which a decision of the PTO or TTAB can find its way into federal court. If a trademark owner believes his trademark is being infringed upon under 15 U.S.C. § 1114, he can bring a civil action in federal district court.

40 BLACK'S LAW DICTIONARY 616 (8th ed. 2004).
41 Id. at 836.
43 Id.
45 Id.
46 467 U.S. 837, 843 (1984) (discussing the rule for deference to administrative agencies with no mention of the level of deference owed to quasi-judicial agencies). The Court stated:

If Congress has explicitly left a gap for the agency to fill, there is an express delegation of authority to the agency to elucidate a specific provision of the statute by regulation. . . . In such a case, a court may not substitute its own construction of a statutory provision for a reasonable interpretation made by the administrator of an agency.

47 Id. According to the statute:

Any person who shall, without the consent of the registrant use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark . . .
trademark infringement, the plaintiff must prove three things: (1) that he has a valid trademark, (2) that his use has priority over the defendant's use of that mark, and (3) that the defendant's use of the mark would result in a likelihood of confusion as to the origin of the defendant's product.\(^{48}\) The first two elements are factual issues that are relatively easy to prove one way or the other in most infringement actions. The third element, likelihood of confusion, involves a more complex balancing analysis and thus is typically the focus of trademark infringement cases.\(^{49}\)

In addition to providing protection to owners of federal trademark registration, § 1114 also protects owners of unregistered marks.\(^{50}\) Regardless of whether a mark owner has failed to register a mark or had his registration for that mark declined, he may still bring a suit against an alleged infringer.\(^{51}\) If the mark owner has simply failed to register the mark, this means that no PTO decision is implicated in the suit, and the court has free reign to make whatever factual determinations are necessary to resolve the conflict. If the mark owner has applied for and been denied registration in the past, however, the court is faced with a dilemma: how much deference should be given to the previous determination of the PTO? With that said, regardless of how a PTO decision comes before a federal court, the language of the Lanham Act implies that courts do not owe PTO determinations absolute deference.\(^{52}\)

\[^{48}\] Id.

\[^{49}\] See, e.g., Jim Beam Brands Co. v. Beamish & Crawford Ltd., 937 F.2d 729, 732–33 (2d Cir. 1991) (discussing each party’s arguments on issue of likelihood of confusion between “Beamish” and “Beam” marks).

\[^{50}\] See Sheldon W. Halpem, *A High Likelihood of Confusion: Wal-Mart, Trafix, Mostley, and Dastar—The Supreme Court’s New Trademark Jurisprudence*, 61 N.Y.U. ANN. SURV. AM. L 237, 239 n.17 (2005) (“‘Trademark’ rights may be asserted under § 1125(a), in contradistinction to rights arising from marks registered under . . . § 1051(a).”).


\[^{52}\] See 15 U.S.C. § 1119 (2000) (“In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action. Decrees and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Patent and Trademark Office, and shall be controlled thereby.”).
Although Congress must rely on its power to regulate commerce to justify enacting regulations for trademarks, the Constitution grants Congress the explicit power to regulate the issuance of patents.\textsuperscript{53}

The Patent Act appears in Title 35 of the United States Code.\textsuperscript{54} Patents generally are divided into three categories: utility patents, design patents, and plant patents.\textsuperscript{55} Once an inventor is granted a patent for his invention, he acquires not a positive right to use his invention but rather a negative right, i.e., the right to exclude others from using that invention without his permission.\textsuperscript{56}

Certain subject matters are not patentable under the Patent Act. Section 101 of Title 35 describes those things which are patentable as “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof...”\textsuperscript{57} Though these subjects are fairly general and do not provide explicit bounds for what is and is not patentable, courts have recognized that there are certain subjects which are not patentable, namely laws of nature,\textsuperscript{58} a “scientific truth, or the mathematical expression of it,”\textsuperscript{59} and abstract ideas.\textsuperscript{60}

For an invention to be considered for a patent by the PTO, the patent application must contain two key components: a written description of the invention and claims.\textsuperscript{61} The written description must contain “the manner and process of making and using [the invention], in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains... to make and use” the invention.\textsuperscript{62} The underlying policy behind this requirement is that if other inventors are to be restricted from using a certain invention, they should be put on notice as to what exactly they are prohibited from doing.\textsuperscript{63} One important requirement of the written description, commonly referred to as the

\textsuperscript{53}See U.S. CONST. art. I, § 8, cl. 8 (granting Congress the power “to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”).
\textsuperscript{55}NARD ET AL., supra note 31, at 652. Any such distinctions are beyond the scope of this Note.
\textsuperscript{56}See 35 U.S.C. § 154(a)(1) (2000) (“Every patent shall contain a short title of the invention and a grant to the patentee... of the right to exclude others from making, using, offering for sale, or selling the invention...”).
\textsuperscript{58}Parker v. Flook, 437 U.S. 584, 598 (1978).
\textsuperscript{59}Mackay Radio & Tel. Co. v. Radio Corp. of Am., 306 U.S. 86, 94 (1939).
\textsuperscript{60}Diamond v. Diehr, 450 U.S. 175, 185 (1981).
\textsuperscript{62}Id.
\textsuperscript{63}NARD ET AL., supra note 31, at 653 (explaining that the written description serves to “delineate the patent owner's property right”).
“enablement” requirement, is that the written description must enable someone skilled in the art to make and use the invention. To further this end, in addition to the enablement requirement, a patent application must contain “the best mode contemplated by the inventor of carrying out his invention,” and a series of claims setting out exactly what the “applicant regards as his invention.” These claims can be free-standing, termed “independent” by the Patent Act, or can build off of previous claims, termed “dependent” claims. The written description and claims are often accompanied by a drawing to further describe the claimed invention and help fulfill the enablement requirement.

If a patent application is denied, the applicant may apply for a reexamination of the application and is free to amend the application to address any of the concerns leading to the denial of the original application. If the patent application is again rejected by the PTO, the applicant may then appeal that decision to the Board of Patent Appeals and Interferences (BPAI), the patent equivalent of the TTAB. As with TTAB decisions, if a party is not satisfied with the outcome of a BPAI decision, that party may appeal to the Federal Circuit or bring a civil action to obtain the patent against the Director of the PTO in a federal district court. After a patent has been granted, if a third party wishes to challenge the decision of the BPAI in a reexamination proceeding, whether it be on the grounds that the enablement or utility requirements are not met, or that the invention is not novel in light of the prior art, that party can also appeal that decision to the Court of Appeals for the Federal Circuit.

If, upon examination of a patent application, the PTO decides that the applicant’s invention would infringe any existing patent or any invention for which a patent application is pending, it may instigate an interference in the BPAI under 35 U.S.C. § 135. Both interested parties, the applicant and the patent-holder (or conflicting applicant, whichever the case may be), are given notice, and the BPAI then makes any determinations regarding priority and patentability.

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66 Id.
67 Id.
68 Id.
69 Id. § 113.
70 Id. § 132(a).
71 Id. § 134(a).
72 Id. § 141.
73 Id. § 145.
74 Id. § 302.
75 Id. § 141.
76 Id. § 135.
necessary to settle the dispute.\textsuperscript{77} A party dissatisfied with the outcome of an interference may appeal the decision of the BPAI to the Court of Appeals for the Federal Circuit under § 141.\textsuperscript{78} Alternatively, under § 146 the adversely affected party can bring a civil action against the other party in federal district court within sixty days of the interference decision.\textsuperscript{79}

If, after a patent is granted, a third party believes the patent at issue interferes with a previous patent, then that party can bring a civil action against the applicant under § 291.\textsuperscript{80} In this type of action, "the court may adjudge the question of the validity of any of the interfering patents, in whole or in part."\textsuperscript{81} Such an action is treated the same as if it had been instigated as an appeal by one of the parties to an interference under § 146.\textsuperscript{82}

C. THE TWO LIVES OF THE PTO

The United States Patent and Trademark Office was created under the Patent Act and is granted the power to both issue patents and register trademarks.\textsuperscript{83} Despite its two vastly different functions, the PTO is viewed as a single administrative agency within the Department of Commerce.\textsuperscript{84} Congress did make clear, however, that "those operations designed to grant and issue patents and those operations which are designed to facilitate the registration of trademarks shall be treated as separate operating units within the [PTO]."\textsuperscript{85}

The fact that the two spheres in which the PTO operates are truly distinct is further evidenced by the differing procedures it employs in evaluating patent and trademark applications. For a trademark application, the PTO only reviews the applied-for trademark and makes relatively simple value judgments on the validity of the mark (such as whether the mark generic, descriptive, fanciful, etc.).\textsuperscript{86} In determining whether there is confusing similarity, the PTO and the TTAB evaluate the appearance of the marks together with their respective uses in

\begin{footnotes}
\item[77] Id.
\item[78] Id. § 141.
\item[79] Id. § 146.
\item[80] Id. § 291.
\item[81] Id.
\item[82] Id.; see also 35 U.S.C. § 146 (2000).
\item[84] See id. § 1(a) (stating that the PTO "shall be subject to the policy direction of the Secretary of Commerce").
\item[85] Id.
\item[86] See supra notes 4–7 and accompanying text.
\end{footnotes}
commerce. Such a determination is based upon the evidence presented by the parties and does not require technical expertise on the part of the decisionmaker.

In the patent context, however, the PTO makes relatively complex judgments about the invention, comparing it to prior art to determine if the applicant's invention is useful, novel, and non-obvious. This involves careful consideration of the prior art and close inspection of the invention's functionality and design. The PTO must evaluate a significant amount of extraneous evidence in its evaluation of a patent application.

Thus, while in trademark cases the PTO and TTAB are making relatively simple determinations requiring little to no expertise, the PTO and BPAI in patent cases are making complex, informed determinations drawing heavily upon the agency's expertise in the patent area. This is not a situation where two categories of proceedings are simply being handled in roughly the same way, but rather a case where two completely separate types of proceedings involve drastically different processes. Patent determinations require expertise and at least a rudimentary understanding of the underlying scientific concepts, while trademark decisions can be made without any expert knowledge.

III. STANDARDS OF REVIEW

There are two traditional standards of review that are relevant when discussing the amount of deference owed to determinations of the PTO, TTAB, and BPAI. The first is the traditional "clearly erroneous" standard, sometimes termed court/court review, which applies in instances of judicial review of lower court findings of fact. Given that the TTAB and BPAI hear reviews of PTO decisions in a quasi-judicial environment, this would seem like a viable standard to apply. However, because the PTO and its subsidiaries are administrative agencies set up by congressional statute, the standard generally applied in court review of agency findings could be applied as well. This court/agency standard, set out in the Administrative Procedure Act (APA), is a stricter standard of review than the

88 See id. (stating that the likelihood of confusion must be determined based on the facts in evidence and listing thirteen factors that can be taken into account).
90 Id. § 103.
94 See infra Part III.B.
court/court standard and could potentially lead to different results in factually similar cases.95

A. COURT/COURT REVIEW

The clearly erroneous, court/court standard of review originates in the Federal Rules of Civil Procedure (F.R.C.P.).96 F.R.C.P. 52(a) states that "[f]indings of fact . . . shall not be set aside unless clearly erroneous."97 The Supreme Court clarified the clearly erroneous standard in United States v. United States Gypsum Co.,98 explaining that "[a] finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed."99 In a later case, the Supreme Court further clarified that the clearly erroneous standard "plainly does not entitle a reviewing court to reverse the finding of the trier of fact simply because it is convinced that it would have decided the case differently."100 This means that as long as the lower court had some evidence to support its finding, an appellate court should defer to that finding. It is a necessary corollary to this rule that where there is evidence on both sides leaving the trial judge with two possible interpretations of the evidence, the trial judge's decision cannot be clearly erroneous.101

The Supreme Court has articulated several policy reasons for the application of the clearly erroneous standard when reviewing lower court findings. One key reason is a practical one: the trial judge actually has the facts before him and therefore is in the best position to determine the credibility of witnesses and the amount of credence to give the various pieces of evidence.102 Furthermore, by consistently serving as a finder of fact on a case-by-case basis, the trial judge develops a facility with that function that an appellate judge does not possess.103 In this way, the very nature of the trial judge's role as trier of fact lends support to the proposition that reviewing judges, not well-versed in the art of sifting

96 Fed. R. Civ. P. 52(a); Zurko, 527 U.S. at 153.
99 Id. at 395.
102 See Inwood Labs. v. Ives Labs., 456 U.S. 844, 855 (1982) (noting that F.R.C.P. 52(a) recognizes "the unique opportunity afforded the trial court judge to evaluate the credibility of witnesses and to weigh the evidence").
103 Anderson, 470 U.S. at 574 ("[W]ith experience in fulfilling that role comes expertise.").
through evidence or the underlying details of that process, should defer to the trial judge’s findings.

Another rationale for applying the clearly erroneous standard is to lessen the burden of litigation on the parties involved. As the Supreme Court explained in Anderson, “parties to a case on appeal have already been forced to concentrate their energies and resources on persuading the trial judge that their account of the facts is the correct one; requiring them to persuade three more judges at the appellate level is requiring too much.” Therefore the basic structure of the federal court system and the nature of the trial judge’s role at the lower level dictates that deference be given to the trial judge’s findings in order to promote the efficient operation of the judicial system.

B. COURT/AGENCY REVIEW AND THE APA

Congress enacted the APA in 1946 “in part to bring uniformity to judicial review of administrative action.” The APA was also enacted to respond to complaints of inequitable agency action coupled with a reluctance of the courts to adequately fulfill their role of judicial oversight. Under the APA, a court reviewing a decision of an administrative agency decides all relevant legal questions, but defers to the agency’s findings of fact. Two standards are set out for reviewing the findings of fact of administrative agencies. When an agency makes factual findings in either an informal setting, or where a hearing is not required to be “on the record,” findings of fact can be overturned if they are “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law.” However, if a finding is made in a formal setting, such as an appeal of a PTO decision to the TTAB or BPAI, more deference is given to the agency’s determination and any finding of fact can be overturned only if “unsupported by substantial evidence.”

104 Id. at 575.
108 Chu, supra note 106, at 210.
110 Id. § 706(2)(E).
IV. JUDICIAL REVIEW OF PTO DECISIONS

Before discussing what level of deference should be given when PTO decisions are appealed to a federal court, it is helpful to first review the amount of deference courts have previously given in trademark and patent cases. Federal courts approach judicial review of trademark and patent cases similarly. However, while treatment of patent cases has been fairly consistent, uncertainty is the rule of the day when it comes to reviewing trademark decisions of the TTAB.

A. JUDICIAL REVIEW GENERALLY

In appeals of TTAB and BPAI decisions brought to the Federal Circuit under 15 U.S.C. § 1071(a) or 35 U.S.C. § 141, respectively, new evidence is not allowed. Interestingly, before Zurko, the Federal Circuit consistently utilized a court/court standard of review in such cases. Appeals brought under 15 U.S.C. § 1071(b) and 35 U.S.C. § 145, which allow additional evidence to be brought, have not received the same consistency of treatment.

Although often characterized as trials de novo, appeals of TTAB and BPAI decisions in district courts differ markedly from true trials de novo. Traditionally, a trial de novo is “a new trial on the entire case—that is, on both questions of fact and issues of law—conducted as if there had been no trial in the first instance.” An appeal to a district court of a decision of the BPAI or TTAB differs from the typical trial de novo in two key ways. First, while the district court reviews the administrative record with respect to those issues brought before the PTO, it may consider additional evidence regarding issues not raised in the prior administrative


112 See In re Zurko, 142 F.3d 1447, 1449 (Fed. Cir. 1998) (“We believe section 559 of the Administrative Procedure Act permits, and stare decisis warrants, our continued application of the clearly erroneous standard in our review of these fact-findings.”).


114 Monsanto Co. v. Kamp, 269 F. Supp. 818, 822 (D.D.C. 1967) (noting that appeals against the Commissioner of Patents and appeals of priority decisions made by the Board of Patent Interferences to a district court “are sometimes denominated ‘trials de novo,’ but . . . [p]roceedings in this Court in actions of these two types are not true or genuine trials de novo”).

115 BLACK'S LAW DICTIONARY 1544 (8th ed. 2004).
proceeding. Despite the allowance of new evidentiary material, some equitable limitations are placed on the admission of new evidence. The second difference between a trial de novo and a review of a decision of the TTAB or BPAI is that the "burden is on the party challenging the administrative ruling to demonstrate that it was erroneous," as opposed to a true trial de novo where both parties begin again on equal footing.

B. TRADEMARKS IN FEDERAL COURT

When a registered trademark owner finds himself in a federal court proceeding, many courts hold that the PTO and/or TTAB's grant of the registration is not dispositive of factual or legal issues but merely provides the plaintiff with a presumption of validity of his trademark in infringement actions. According to the Tenth Circuit, "[m]ost courts... hold that the [PTO's] decision to register a mark without requiring proof of secondary meaning creates a rebuttable presumption that the mark is suggestive, arbitrary, or fanciful rather than merely descriptive." The Tenth Circuit accepted the Fourth Circuit's reasoning as justification for applying this standard. The Pizzeria Uno court further explained that a decision of the PTO must be considered presumptively correct by a reviewing court.

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116 Monsanto Co., 269 F. Supp. at 822.
117 See, e.g., id. (stating that "[s]uch evidence as was available to the parties, but was withheld from the Patent Office as a result of fraud, bad faith, or gross negligence, may be excluded at the trial" (citations omitted)); Aqua-Chem, Inc. v. Baldwin-Lima-Hamilton Corp., 1970 U.S. Dist. Lexis 11382, at *3 (D. Ill. June 10, 1970 and Sept. 28, 1970) (holding that "a party may not deliberately withhold evidence from the [BPAI] and then present it to a court when dissatisfied with the Board's decision").
118 Monsanto Co., 269 F. Supp. at 822.
119 See, e.g., Liquid Controls Corp. v. Liquid Control Corp., 802 F.2d 934, 936 (7th Cir. 1986) ("[Registration] entitles the plaintiff to a presumption that its registered trademark is not merely descriptive or generic, or, if merely descriptive, is accorded secondary meaning.").
120 GTE Corp. v. Williams, 904 F.2d 536, 538 (10th Cir. 1990).
121 747 F.2d 1522 (4th Cir. 1984).
122 GTE Corp., 904 F.2d at 538-39.
123 747 F.2d at 1528 (quoting Union Carbide Corp. v. Ever-Ready, Inc., 531 F.2d 366, 379 (7th Cir. 1976)).
124 Id. at 1529; see also 15 U.S.C. § 1057(b) (2000) ("A certificate of registration of a mark... shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce.").
In *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, the Seventh Circuit went in the opposite direction by electing to give the PTO's decision little deference, holding that "[t]he registration of a trademark does not confer upon that mark a presumption of non-descriptiveness." Although *EZ Loader* was a trademark infringement suit, the issue was not about whether that mark was descriptive, suggestive, or arbitrary, but rather whether there was a likelihood of confusion between a registered mark and an unregistered mark. The court affirmed the district court's grant of the defendant's motion for summary judgment on the theory of collateral estoppel. In the underlying case, the district court had applied collateral estoppel to the Federal Circuit's affirmation of the TTAB's finding that there was no likelihood of confusion between the two marks.

C. PATENTS IN FEDERAL COURT

In the early case of *Morgan v. Daniels*, the Supreme Court showed a great deal of deference the PTO's findings in priority disputes, stating that:

> where the question decided in the Patent Office is one between contesting parties as to priority of invention, the decision there made must be accepted as controlling upon that question of fact in any subsequent suit between the same parties, unless the contrary is established by testimony which in character and amount carries thorough conviction.

The Federal Circuit has held this "thorough conviction" standard to be roughly equivalent to the clearly erroneous standard. In order to overturn a lower court's decision as clearly erroneous, a reviewing court must be "left with the definite and firm conviction that a mistake has been committed." The Court then concluded that, because it could discern no substantive difference between "thorough conviction" and "definite and firm conviction," it would apply the clearly erroneous standard in all actions brought under § 145, though it noted that this standard may be changed somewhat by the use of any additional evidence.

125 746 F.2d 375 (7th Cir. 1984).
126 Id. at 379.
127 Id. at 376.
128 Id. at 381.
130 153 U.S. 120, 125 (1894) (emphasis added).
131 Fregeau v. Mossinghoff, 776 F.2d 1034, 1038 (Fed. Cir. 1985).
133 Id.
D. COLLATERAL ESTOPPEL

Collateral estoppel, which was used to dispose of the EZ Loader case, is a common method for taking advantage of previous PTO determinations. Under the doctrine of collateral estoppel, commonly referred to as issue preclusion, a party attempts to use the determination of an issue in a previous lawsuit as binding on a subsequent lawsuit. There are three elements that must be present in order to apply the doctrine of collateral estoppel: (1) a valid and binding judgment on the merits, (2) the issue was actually litigated, and (3) the determination was essential to the judgment. Despite the outcome in EZ Loader and the widespread attempts to apply collateral estoppel to PTO findings, courts have been reluctant to apply the doctrine in the context of likelihood of confusion determinations. A common justification for not applying collateral estoppel in these situations is that the inquiry into likelihood of confusion before the PTO and TTAB is narrower than the inquiry in trademark infringement actions.

The Second Circuit had the opportunity to address a multitude of issues involving the amount of deference owed to the PTO's factual determinations in Jim Beam Brands Co. v. Beamish & Crawford Ltd., including an attempt to use collateral estoppel. Plaintiff Jim Beam, a popular producer of various alcoholic beverages, owned trademark registrations for “BEAM,” “BEAM’S,” and “JIM BEAM.” The defendant later obtained registration for its own mark, “BEAMISH,” for use in connection with sales of its beer. The plaintiff petitioned the TTAB to cancel the defendant’s registration on the basis that it was

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135 See BLACK’S LAW DICTIONARY 279 (8th ed. 2004).
137 See Jim Beam, 937 F.2d at 734–36; EZ Loader, 746 F.2d at 377–79; Levy, 104 F.3d at 41–43; Tonka, 836 F. Supp. at 211–12.
138 Levy, 104 F.3d at 41.
140 Id. at 731.
141 Id.
likely to cause confusion with the plaintiff's previously registered marks.\textsuperscript{142} The TTAB found in the defendant's favor.\textsuperscript{143}

On appeal, the Court of Appeals for the Federal Circuit noted that factual findings of the TTAB should only be overturned if clearly erroneous.\textsuperscript{144} Although the court admitted that the TTAB's findings were not clearly erroneous in this case, the court reversed the TTAB's decision anyway and canceled the defendant's registration, holding that likelihood of confusion was a legal matter for the reviewing court to determine.\textsuperscript{145}

Subsequently, Jim Beam brought a trademark infringement action against Beamish under § 1114(1)(a) of the Lanham Act.\textsuperscript{146} The district court held that because likelihood of confusion had been found by the Federal Circuit, the doctrine of collateral estoppel applied, and the finding of likelihood of confusion was binding upon the district court.\textsuperscript{147} In reversing the district court's decision, the Second Circuit held that a likelihood of confusion determination in the context of trademark infringement was a different standard from likelihood of confusion in the context of trademark registration.\textsuperscript{148} The inquiry in the former situation revolves solely around the appearance of the marks,\textsuperscript{149} while in the latter situation the focus is not simply the appearance but also the context in which the marks are used.\textsuperscript{150} Because the issue of likelihood of confusion was not identical in both situations, the Second Circuit concluded that collateral estoppel did not apply.\textsuperscript{151} The court did not, however, foreclose the possibility of collateral estoppel ever applying in this particular situation.\textsuperscript{152}

\textsuperscript{142} Id.
\textsuperscript{143} Id.
\textsuperscript{144} Id.
\textsuperscript{145} Id. at 731–32.
\textsuperscript{146} Id. at 732.
\textsuperscript{147} Id. at 733.
\textsuperscript{148} Id. at 735.
\textsuperscript{149} 15 U.S.C. § 1052(d) (2000) ("No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration ... unless it ... so resembles a mark registered ... as to be likely, when used on or in connection with the goods of the applicant, to cause confusion ... ").
\textsuperscript{150} Jim Beam, 937 F.2d at 734–35. \textit{See also} 15 U.S.C. § 1114(1)(a) (covering situations in which the infringing mark is used "in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use").
\textsuperscript{151} 937 F.2d at 735.
\textsuperscript{152} \textit{See id.} (distinguishing cases in which "the Board had actually decided the issue of likelihood of confusion of the marks in context" (emphasis added)).
The Supreme Court faced the issue of how much deference to give PTO decisions in *Dickinson v. Zurko*. In that case, the Supreme Court had to decided how much deference to give findings of fact of the PTO when directly reviewing those decisions. The Court granted certiorari after the Federal Circuit, en banc, had held that the clearly erroneous standard was the appropriate standard of review.

A. THE CASE

Before *Zurko* reached the Supreme Court, the Commissioner of the PTO had argued for the Federal Circuit to review factual findings of the PTO using the more deferential substantial evidence standard of the APA rather than the stricter clearly erroneous standard. Though the PTO is clearly an administrative agency for the purposes of the APA, there are exceptions to the application of the Act’s standard of review. The Act explicitly provides that it “[d]oes not limit or repeal additional requirements imposed by statute or otherwise recognized by law.” The Federal Circuit noted that it had been firmly established in previous Court of Customs and Patent Appeals (CCPA) (the predecessor of the TTAB and BPAI) decisions that the applicable standard of review was one of the court/court, clearly erroneous variety.

In *Zurko*, the Federal Circuit relied on two main sources to support its decision: the legislative history of the APA and the principle of stare decisis. According to the court, the legislative history provided both general and specific support for maintaining the clearly erroneous standard of review. The court noted that the Attorney General’s Manual on the APA stated that the APA “generally leaves the mechanics of judicial review to be governed by other statutes and by judicial rules.” In terms of judicial review, the Attorney General’s Manual stated that the APA “was drafted to restate rather than alter
existing, established standards.' Moreover, the court concluded that the legislative history indicated that judicial review of PTO decisions was intended to be exempt from any standard of review set out in the APA. The court described Congress’s intent that the APA apply to agencies generally, but went on to say that Congress intended an exception for substantive PTO decisions based on existing common law standards and the availability of trial de novo under 35 U.S.C. § 145.

The Federal Circuit explained that under the doctrine of stare decisis, courts should not significantly alter well-established practices absent a substantial reason. Furthermore, in the realm of statutory construction the principle of stare decisis has “special force” because Congress has the power to legislate specifically on a subject if dissatisfied with the judiciary’s interpretation of legislation. Recognizing that the reasoning of prior decisions may nevertheless become outdated, the Federal Circuit emphasized that “[t]he clearly erroneous standard has not become a doctrinal anachronism, nor have the premises underlying it changed to make it irrelevant or unjustifiable—it is very much alive and in use throughout the legal system.” The Supreme Court then elected to grant certiorari to determine the appropriate standard to apply when reviewing TTAB decisions.

The Zurko Court began its analysis by examining the Federal Circuit’s view that in appeals of PTO decisions in the CCPA, a clearly erroneous court/court standard was applied prior to the adoption of the APA in 1946. The Court disagreed with the Federal Circuit’s analysis. Although the Court could find neither a court/court nor a court/agency standard explicitly stated in these pre-APA cases, there was some consistency in the language used to describe the applicable standards. Many of the cases used phrases such as “clear case of error,” “clearly wrong,” or “manifest error.” The Federal Circuit had interpreted this language as indicating a clearly erroneous court/court review standard, but the Supreme Court held that this interpretation was misplaced.

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163 Id.
164 Id. (citing several statements in the APA legislative history explicitly exempting review of PTO decisions from the APA’s standard of review).
165 Id. at 1452.
166 Id. at 1457.
167 Id. (quoting Patterson v. McLean Credit Union, 491 U.S. 164, 172–73 (1989)).
168 Id. at 1458.
170 Id.
171 Id. at 155.
172 Id. at 154–55.
173 Id. at 155.
174 Id. at 158–61.
WHAT'S THE DEFFERENCE?

The Federal Circuit based its interpretation of the CCPA decisions on a Supreme Court case from the late nineteenth century, *Morgan v. Daniels*. In reviewing a decision of the PTO, the *Morgan* Court emphasized that “this is something more than a mere appeal. It is an application to the court to set aside the action of one of the executive departments of the government.” The Court in the case went on to say that when parties have contested the priority of their respective inventions before the PTO, there is a presumption in favor of the PTO’s decision with respect to that question of fact in a subsequent suit between the same parties unless clear testimony to the contrary is established. Therefore, if the resolution of a question of fact about priority of invention is supported by evidence from both sides and thus open to the PTO’s discretion, then the court owes deference to that decision.

Upon close inspection of the CCPA cases, the Supreme Court in *Zurko* found fault with the Federal Circuit’s analysis. The Court noted that many of the decisions emphasized the PTO’s technical expertise in explaining why the PTO was better qualified than a federal court to make certain decisions in the patent context. According to the Court, though the words “manifest error” and “clearly wrong” are more closely akin to the less deferential clearly erroneous, court/court standard, these terms were used “to explain why [the CCPA] gave so much, not so little, deference to agency factfinding.” The Court, staying faithful to the spirit of the *Morgan* decision, held that when reviewing a finding of fact by the PTO, the Federal Circuit should apply the normal federal court standard of review for agency decisions under the APA.

*Zurko* was not a unanimous decision, however. In his dissent, Chief Justice Rehnquist said he “would defer, not to agencies in general as the Court does today, but to the Court of Appeals for the Federal Circuit, the specialized Article III court charged with review of patent appeals.” Both the patent bar and the Federal Circuit had interpreted previous CCPA cases as applying the stricter clearly erroneous standard of review to PTO decisions. According to Justice

175 *In re Zurko*, 142 F.3d 1147, 1453–54 (Fed. Cir. 1998) (quoting *Morgan v. Daniels*, 153 U.S. 120, 125 (1894)).
177 *Id.* at 125.
178 *Id.* (stating that the decision of the PTO must control because the question of priority of invention was doubtful).
180 *Id.*
183 *Id.*; see also *In re Zurko*, 142 F.3d 1447, 1449 (Fed. Cir. 1998) (“We believe section 559 of the
Rehnquist, because the intent behind the APA was to raise the minimum standards in order to bring uniformity to judicial review of agency actions, lowering the standard of review from the previous clearly erroneous standard to the less strict court/agency standard would be inconsistent with the purposes of the Act. In Rehnquist's view, the court/court standard had been clearly established and would constitute an "'additional requirement... recognized by law,'" thus providing an exception to court/agency standard of review described in the APA.

B. TRADEMARKS AND ZURKO

Neither Zurko nor the CCPA cases relied upon by the Supreme Court in Zurko were trademark infringement suits but rather were all patent infringement cases. While the Lanham Act does provide for judicial review of PTO decisions, it never explicitly states the appropriate standard of review that should be applied in trademark cases.

Given that (1) the PTO handles both patent and trademark applications, (2) the Supreme Court in Zurko did not explicitly limit its holding to the patent context, and (3) new evidence is allowed in appeals to district courts that is not permitted in appeals to the Federal Circuit, several interesting issues arise. One district court hearing an appeal from a TTAB decision denying trademark registration applied the APA court/agency standard of review in a case in which no new evidence was presented. The Federal Circuit, citing Zurko, has held that it is required to apply the APA standard of review to factual determinations in the trademark context as well. Though Zurko involved a patent and a decision of the BPAI, the Federal Circuit noted that "'nothing in these statutes suggests that the TTAB should receive any less deference on factfinding than the BPAI.'" In CAE, Inc. v. Clean Air Eng'g, Inc., the Seventh Circuit held that district courts hearing appeals under 15 U.S.C. § 1071(b) should apply the APA standard of

[APA] permits, and stare decisis warrants, our continued application of the clearly erroneous standard in our review of these fact-findings.

184 Zurko, 527 U.S. at 171 (Rehnquist, C.J., dissenting).
185 Id. (quoting 5 U.S.C. § 559 (2000)).
186 Id. at 155 ("The 89 pre-APA cases all involve CCPA review of a PTO administrative decision, which either denied a patent or awarded priority to one of several competing inventors.").
190 Id. at 1085.
WHAT'S THE DEFERENCE?

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review to TTAB decisions. The Seventh Circuit noted that although the district court did not explicitly adopt the APA standard in reviewing the TTAB's findings of fact, it had "applied that standard in substance." Application of Zurko and the APA standard of review even in the patent setting has not been universal. The District of Massachusetts refused to apply the court/agency standard when reviewing a decision of the BPAI because the Supreme Court in Zurko did not explicitly focus on the standard of review a district court should apply to factual findings of the PTO under 35 U.S.C. § 145. The First Circuit did not hear this case on appeal, so it is unclear whether the circuit would endorse the District of Massachusetts's interpretation of Zurko or whether this decision would simply be an anomaly.

Of the eleven circuit courts of appeals, only the Seventh Circuit has addressed the issue of which standard of review to apply in the trademark context, choosing to follow the APA standard in accordance with Zurko. The question has only directly come up in one other circuit, with a district court in the Ninth Circuit siding with the Zurko court. A district court in the Fourth Circuit, though not expressly referring to the Zurko standard, has applied a "substantial evidence" standard. The opinion in this case later cites Zurko when discussing the implications of the different standards. Other courts have used the phrase "substantial evidence" to indicate the APA, court/agency standard of review set out in Zurko.

VI. WHICH STANDARD SHOULD BE APPLIED IN THE TRADEMARK CONTEXT?

A. WHAT STANDARD HAVE THE COURTS ACTUALLY APPLIED?

The uncertainty as to what standard should be applied by courts reviewing PTO trademark decisions was most readily demonstrated by the Seventh Circuit's

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191 267 F.3d 660, 676 (7th Cir. 2001).
192 Id.
194 See Clean Air, 267 F.3d 660, 676 (7th Cir. 2001) ("[W]e must determine whether... the district court's review of the TTAB's decision was consistent with Zurko.").
197 Id.
198 See, e.g., Chen v Bouchard, 347 F.3d 1299, 1301 (Fed. Cir. 2003) ("Because the Board's decision was supported by substantial evidence and not contrary to law, and its evidentiary rulings do not reflect an abuse of discretion, we affirm.").
decision in *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*199 There, the court held that registration of a mark did not provide the registrant with a presumption that the mark was non-descriptive.200 However, to support this assertion, the court misapplied previous Seventh Circuit holdings. In *Chicago Reader, Inc. v. Metro College Publishing Co.*, the Seventh Circuit held that while the word “READER” was descriptive, the plaintiff was “entitled to continued trademark protection for its particular design of ‘Reader,’” which it had registered as a trademark.201 Similarly, the Seventh Circuit in *Telemed Corp. v. Tel-Med Inc.* held that the term “Telemed” should be protected “only when it appears in the distinctive ‘optical font’ typestyle” of the mark for which the plaintiff had received registration.202

In both cases, the court essentially reached the same conclusion: registration of a word in a stylized design does not render the underlying word non-descriptive but rather provides the mark owner with the presumption that the mark itself is protectable. The *EZ Loader* court, however, described the holdings in these cases as standing for the proposition that “the registration of a trademark does not confer upon that mark a presumption of non-descriptiveness.”203 The *EZ Loader* court wrongly concluded that a determination that an underlying word is descriptive is the same as a finding that the mark itself is descriptive. Though a subtle difference, this is a difference nonetheless. It is important to note that while the *Telemed* and *Chicago Reader* courts found the underlying words descriptive in both cases, they did not overturn the PTO’s grantings of registration. In fact, the courts in both cases deferred to the PTO’s decision to register the marks and never questioned the validity of the registration of the actual mark.204

The Seventh Circuit in *EZ Loader* also overlooked the fact that, in the underlying case, the Federal Circuit consciously demonstrated a great deal of deference when directly reviewing a TTAB decision. The Federal Circuit noted that in close cases involving undisputed facts, “the ultimate decision on likelihood of confusion necessarily involves a substantial degree of subjectivity,” and the court deferred to the TTAB’s judgment on the issue.205

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199 746 F.2d 375 (7th Cir. 1984).
200 Id. at 379.
201 711 F.2d 801, 804 (7th Cir. 1983) (emphasis added).
202 588 F.2d 213, 219–20 (7th Cir. 1978).
203 *EZ Loader*, 746 F.2d at 379.
204 See *Telemed*, 588 F.2d at 215, 220; *Chicago Reader*, 711 F.2d at 804.
205 *EZ Loader Boat Trailers, Inc. v. Cox Trailers, Inc.*, 706 F.2d 1213, 1215 (Fed. Cir. 1983). In support of its decision, the court referenced *Witco Chemical Co. v. Whitfield Chemical Co.*, which noted that [i]t is, after all, a matter of judgment and appellant’s position is, fundamentally, that the board exercised a wrong judgment, not that it was in any way mistaken about the law or the important facts. We are not disposed to overturn the unanimous judgment of the board in a case such as this one where judgments
The approach endorsed by the Federal Circuit, showing deference to the TTAB’s interpretation of the evidence, is essentially a court/agency standard of review. The Seventh Circuit in *EZ Loader*, in contrast, claimed to follow a less deferential approach more akin to a court/court standard. Ironically, despite declaring that PTO decisions warranted little deference, the Seventh Circuit in *EZ Loader* disposed of the case based on the Federal Circuit’s decision, which had given a TTAB finding a tremendous amount of deference.

Further muddying the waters is the *Jim Beam* case. The court there was addressing the effect of a ruling not of the PTO or TTAB but rather of the Court of Appeals for the Federal Circuit, which was directly reviewing the ruling of the TTAB. Unlike its showing of great deal of deference to the TTAB finding in *EZ Loader*, the Federal Circuit in *Jim Beam* endorsed a clearly erroneous standard of review for factual findings of the TTAB.206 The Federal Circuit showed little deference to the previous finding of likelihood of confusion and essentially confronted the issue anew. Interestingly enough, the Second Circuit showed the Federal Circuit a similar level of faux-deference, espousing the necessity of deference, while nevertheless fashioning a means of overturning the ruling anyway.

B. COURT/COURT VS. COURT/AGENCY: DOES IT MAKE A DIFFERENCE?

The difference between the court/court standard of review and the court/agency standard “is a subtle one—so fine that . . . [there is not] a single instance in which a reviewing court conceded that use of one standard rather than the other would in fact have produced a different outcome.”207 But that does not mean that every difference between the two standards is completely meaningless. The application of the two standards seems to indicate that a reviewing court may review agency action based on its own reasoning under the clearly erroneous standard, while under the APA standard the reviewing court is confined to reviewing the decision based on the reasoning of the agency.208

While the issue of deference to PTO decisions in the trademark context is not so completely unsettled in the wake of *Zurko* to be considered a problematic split among the circuits, future litigation could enhance the uncertainty already present. Parties dissatisfied with the decisions of the TTAB might choose, to the extent

may differ but in which it appears to have done a careful job and where there is substantial support in the record for what it has done.


206 See supra note 144 and accompanying text.


possible, to bring appeals in districts or circuits that choose to follow the less
deferial court/agency standard. This would ultimately clog up federal district
courts with cases which the Federal Circuit was created to handle.

C. THE APPROPRIATE STANDARD

Despite the fact that title 35 of the United States Code is entitled "Patents,"
the sections dealing with the creation of the PTO refer to both the patent and
trademark functions of that office. Because this section appears in Part III of
Title 35, which is entitled "Patents and Protection of Patent Rights," and deals
exclusively with the patent aspect of the PTO, it arguably has no relevance in
the trademark context. However, because the PTO was established to deal with
both patents and trademarks, and because clear distinctions are made between the
two contexts throughout the code, the holding in Zurko and the opinion's broad
language could be read to imply that the court/agency standard as set forth in the
APA should be applied across the board to all PTO determinations. Moreover,
there is also an overwhelming desire for uniformity in terms of review of actions
of administrative agencies, which makes applying one standard to all PTO
decisions seem like a logical choice.

So how much deference should the Federal Circuit and federal district courts
hearing trademark appeals give to determinations of the TTAB? Ultimately, the
reviewing court would have three options: (1) show TTAB decisions absolute
deference, (2) show TTAB decisions no deference whatsoever and review all
evidence de novo, or (3) show TTAB decisions some intermediate level of
deference.

If courts showed decisions of the TTAB absolute deference, this would
essentially eliminate the purpose of allowing a review in the first place. Only
when new evidence is submitted would the reviewing court have any
responsibility besides rubber-stamping the decision of the TTAB. The fact that
the Federal Circuit is hearing the appeal implies that it should exercise at least

210 Id. §§ 100-318.
211 See Zurko, 527 U.S. at 160 (noting that out of the eighty-nine CCPA cases reviewed by the
Zurko court, the CCPA gave much deference to the PTO fact-finding because of the PTO's
expertise in the technically complex subject matter and because in many of the cases, several PTO
tribunals had reviewed the subject matter and agreed on the factual findings). According to the
Zurko court, "[t]hese reasons are reasons that courts and commentators have long invoked to justify
deference to agency factfinding." Id. (emphasis added).
212 Id. at 154 ("Recognizing the importance of maintaining a uniform approach to judicial review
of administrative action, we have closely examined the Federal Circuit's claim for an exception to
that uniformity." (citation omitted)).
some minimal amount of scrutiny or else the review would be a mere formality and an utter waste of judicial resources.

Because of the confusion and inconsistency surrounding judicial review of PTO findings coupled with the amount of subjectivity involved in the court/agency review standard, some may argue that complete de novo review would be the appropriate option. In fact, section 1119 of the Lanham Act explicitly allows reviewing courts to overturn TTAB findings and enter orders to the Director of the TTAB. Thus, it could be argued that this language actually is the applicable rule; however, this provision is not frequently followed by courts.

Numerous arguments can be made for the practicality of de novo review. For one thing, very few TTAB decisions ever find their way into a court for review in the first place. The dearth of trademark cases in federal cases in federal court suggests that the TTAB continues to be the preferred forum for settling trademark disputes due to its apparent efficiency when compared to federal courts. TTAB resolution of a trademark dispute is less expensive and much quicker than a federal court due to its stripped-down procedures. Another possible advantage to the de novo/no deference rule would be the incentive it imposes on the TTAB to perform its review functions more thoroughly in order to have those decisions stand up. This argument, however, glosses over one very important consideration: the purpose of having administrative agencies in the first place. Some detractors argue that by delegating authority to administrative agencies, Congress is relinquishing its responsibility to decide key political questions, waving the white flag in the face of making difficult decisions. This, however, is a gross mischaracterization of the situation.

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214 See Hamilton, supra note 181, at 514 ("The Lanham Act expressly provides that courts shall have all of the same rights as the TTAB, and in fact . . . even though courts have historically recognized the expertise of the TTAB and its examiners, one could argue that the Lanham Act affords district courts the right to operate fully independent of the agency's findings.").
215 Id. at 515 ("No federal district court has ever concluded that an appeal under § 21(b) of the Lanham Act should be absolute de novo—some have come close, but in the end, all agree that agency findings are entitled to some weight.").
216 See id. at 514 n.154 ("During the year 2000, there were only sixty-five ex parte appeals and thirty-seven inter-partes appeals from the USPTO to the Federal Circuit.") (citing 2000 USPTO PERFORMANCE AND ACCOUNTABILITY REP. 36, available at http://www.uspto.gov/web/offices/com/annual/2000/00litigation.pdf).
218 See Hamilton, supra note 181, at 514 ("[I]f all federal judges review TTAB findings with great scrutiny, giving less outright deference, the TTAB will have an incentive to conduct better fact finding, and issue more thorough opinions to avoid embarrassing reversals.").
219 See Harold J. Krent, Book Notes, Delegation and Its Discontents: Power Without Responsibility, 94
Congress's reliance on administrative agencies arose out of "a practical understanding that in our increasingly complex society, replete with ever changing and more technical problems, Congress simply cannot do its job absent an ability to delegate power under broad general directives."220 It would be impossible for Congress to function if it were forced to engage in legislating and rule-making at the level of detail necessary to have any practical effect in every area in which rules are currently propagated by various administrative agencies.

In a similar vein, quasi-judicial entities along the lines of the PTO and the TTAB were created to make complex, fact-specific determinations.221 The PTO review process is intended to be a cheap and expedient means of dealing with the question of compliance with the requirements of the Lanham Act without clogging the federal courts.222 Yet the Act still provides for federal court review in situations where a party believes the TTAB's decision was not the correct one.223 This places a check on the threat of arbitrary decisions while keeping the federal courts free of the ordinarily clear-cut decisions that the PTO and TTAB generally face.

If every finding of the PTO or TTAB were subject to de novo review by a federal court, this would encourage every party receiving an adverse decision to appeal to either the Federal Circuit or a federal district court in hopes that judges less knowledgeable and experienced in the subject matter would see things differently. Not only would such a standard of review go against considerations of judicial economy, but it would also eliminate any real sense of finality to PTO decisions. Further, this standard would effectively render the PTO superfluous: if every PTO decision were reviewable de novo in federal court, then the agency findings in essence would be meaningless, and thus the PTO would serve no practical purpose.

The structure of our current administrative state depends on giving administrative agencies some amount of authority and deferring at least in part to their rules and decisions, including factual findings of the PTO and TTAB. The

COLUM. L. REV. 710, 714 (1994) (reviewing DAVID SCHOPENBROD, POWER WITHOUT RESPONSIBILITY (1993)).

220 Mistretta v. United States, 488 U.S. 361, 372 (1989). The court went on to emphasize that "'[i]n an increasingly complex society Congress obviously could not perform its functions if it were obliged to find all the facts subsidiary to the basic conclusions which support the defined legislative policy.'" Id. (quoting Opp Cotton Mills, Inc. v. Adm'r of Wage & Hour Div. of Dep't of Labor, 312 U.S. 126, 145 (1941)).

221 See Pennsylvania v. West Virginia, 262 U.S. 553, 619–23 (1923) (Brandeis, J., dissenting) (noting that a specialized commission may be better able to make complex technical determinations than Congress).

222 See Hamilton, supra note 181, at 514 (stating that TTAB's "purpose" is as "the primary screener of trademark registrability").

key question that must be answered is how much deference to TTAB decisions is warranted in trademark disputes? There are two obvious options for the Federal Circuit to choose between in terms of how much deference to show TTAB decisions: the court/court clearly erroneous standard or the court/agency arbitrary or capricious standard. It might seem obvious, absent an explicit statutory explication of the appropriate standard of review, that the logical choice is the court/agency standard as set out by the Supreme Court in Zurko.\textsuperscript{224} Although Zurko and the cases discussed by the Supreme Court in that decision all involved patents, the broad language used could be read as applying to both patent and trademark decisions of the PTO and TTAB. However, despite how simple this issue appears on its surface, a clearly erroneous standard would in fact be the smarter choice.

The BPAI is generally made up of members with law degrees and technical expertise in one of several scientific disciplines.\textsuperscript{225} This scientific expertise is used to make educated judgments as to the characteristics of the applicant's invention and previous inventions with which the applicant's invention is being compared. In situations such as these, the reason for deferring to agency decisions becomes quite clear. The members of the BPAI are required to have a scientific background because it is necessary for many of the decisions they make. When an appeal comes to a federal court, the judges reviewing the case probably will not have any real scientific background at all, at least not to the extent necessary to make such decisions. Therefore, substantial deference should be given to the BPAI in light of the expertise of its members, and courts should not be permitted to easily overturn such decisions.

Members of the TTAB, however, are not called upon to make determinations as complex and technical as those made by the BPAI. In fact, when the TTAB is faced with a decision regarding the registrability of an applied-for mark, the main focus is on how the general public would view that mark: whether it is descriptive, fanciful, obscene, or likely to be confused with another mark presently used in commerce. Such determinations require no extraordinary skill outside of the ability to make objective value judgments, which any judge serving on a federal court presumably possesses. It makes no sense to afford members of the TTAB more deference than that afforded lower court judges, who are arguably more qualified to make such determinations given their position. There


is no real countervailing interest in deferring to agency expertise in situations where no such expertise is truly exercised.

Aside from this practical rationale, there is also a further public interest realized when applying the stricter clearly erroneous standard to TTAB decisions. If members of the TTAB know they are to be scrutinized more thoroughly upon review, they will be more likely to make careful inspections of the evidence before them and more specific and in-depth findings in the interest of not having those findings overturned. Such improved inquiry at the TTAB level could have the effect of freeing up the federal courts and streamlining judicial efficiency.

VII. CONCLUSION

While applying the traditional APA standard of judicial review of administrative agencies to PTO decisions involving patents is logical given the technical expertise required to make such a determination, it makes no sense in the context of trademark decisions. When faced with a trademark issue, the PTO is not uniquely situated to solve the problem. No specialized knowledge is relied upon to make such a decision. The examiner merely looks at the evidence before him and makes a decision based on his best judgment. Providing such decisions more deference than that given to similarly made decisions in lower courts frustrates the purposes of judicial review and ignores the justifications for providing agency decisions a different standard of review in the first place. In light of these considerations, a stricter clearly erroneous standard would be the logical standard to apply in the trademark context.

However, though *Zurko* was a patent case and thus arguably inapplicable to trademark suits in federal courts, the opinion's broad language could be (and in some cases has been) interpreted to require the more deferential APA standard to trademark as well as patent cases. The Supreme Court's failure to clearly articulate the breadth of *Zurko*'s holding has left open the question of what the appropriate standard should be. Because of the small number of trademark decisions that are appealed, and the supposed improbability of the choice of review actually making a difference in a particular case, there may not be enough impetus to settle the issue. But holes in the law such as these are always troublesome. Until Congress or the Supreme Court directly addresses the issue, the standard of review in the trademark context will remain an open question.

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