

2018-2069

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

IN RE FCA US LLC,

Appellant

Appeal from the United States Patent and Trademark Office,
Trademark Trial and Appeal Board in No. 85650654.

**BRIEF FOR APPELLEE—DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK OFFICE**

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TABLE OF CONTENTS

I. Statement of the Issue.....	1
II. Statement of the Case with Relevant Facts	2
A. The Examining attorney concluded that confusion is likely.....	2
B. The Board affirmed the refusal.	4
III. Summary of the Argument.....	12
IV. Argument	13
A. Standard of review	13
B. Likelihood of confusion legal principles	14
C. The Board was not bound to follow the district court.....	17
D. Under the proper legal framework demanded by Section 7(b), the Board’s assessment of likelihood of confusion was correct.....	19
1. FCA does not contest the Board’s finding that the marks are similar under the first <i>DuPont</i> factor.....	20
2. FCA also does not dispute the Board’s finding that the goods and services are related under the second <i>DuPont</i> factor.....	21
3. The Board’s finding that the trade channels overlap under the third <i>DuPont</i> factor was correct.....	22
4. The Board’s assessment that some, but not great, care will be exercised in purchasing FCA’s goods and the registrant’s services under the fourth <i>DuPont</i> factor was correct.....	23
5. The Board properly assessed inherent and conceptual weakness, including the number and nature of similar marks for similar goods and services, under the sixth <i>DuPont</i> factor.....	25
6. The Board properly treated the seventh <i>DuPont</i> factor relating to actual confusion as neutral.	28

E. FCA’s policy arguments do not show that the Board erred.	29
1. The USPTO’s regulations permitting suspension of trademark matters do not dictate a particular outcome in an application or Board proceeding.....	29
2. FCA’s argument that the USPTO should be bound by a district court decision involving two private parties is legally flawed.	31
3. The Board’s proper decision not to give controlling weight to the district court’s decision in <i>Moab Industries</i> does not upset the balance of judicial economy or encourage litigants to join the USPTO as a party.....	32
V. CONCLUSION	35

TABLE OF AUTHORITIES

Cases

Apparel, Inc., In re,
 366 F.2d 1022 (CCPA 1966)17

B & B Hardware, Inc. v. Hargis Indus., Inc.,
 135 S. Ct. 1293 (2015).....passim

Brockway Glass Co., Inc., In re,
 154 F.2d 673 (CCPA 1946)33

Calgon Corp., In re,
 435 F.2d 596 (CCPA 1971)33

Coach Services, Inc. v. Triumph Learning LLC,
 668 F.3d 1356 (Fed. Cir. 2012) 6, 21

Dixie Rests., Inc., In re,
 105 F.3d 1405 (Fed. Cir. 1997)14, 15, 33

E. I. du Pont DeNemours & Co., In re,
 476 F.2d 1357 (CCPA 1973)passim

Giant Food, Inc. v. Nation’s Foodservice, Inc.,
 710 F.2d 1565 (Fed. Cir. 1983)28

Han Beauty, Inc. v. Alberto-Culver Co.,
 236 F.3d 1333 (Fed. Cir. 2001) 13, 14

Hewlett-Packard Co. v. Packard Press, Inc.,
 281 F.3d 1261 (Fed. Cir. 2002)..... 17, 20

i.am.symbolic, LLC, In re,
 866 F.3d 1315 (Fed. Cir. 2017) 20, 26

Jet, Inc. v. Sewage Aeration Systems,
 223 F.3d 1360 (Fed. Cir. 2000)31

Juice Generation, Inc. v. GS Enters. LLC,
 794 F.3d 1334 (Fed. Cir. 2015) 25, 26

Majestic Distilling Co., Inc., In re,
 315 F.3d 1311 (Fed. Cir. 2003) 10, 28

Martin’s Famous Pastry Shoppe, Inc., In re,
 748 F.2d 1565 (Fed. Cir. 1984)21

Mighty Leaf Tea, In re,
 601 F.3d 1342 (Fed. Cir. 2010)17

Octocom Sys., Inc. v. Houston Computer Servs., Inc.,
 918 F.2d 937 (Fed. Cir. 1990)17

Packard Press, Inc. v. Hewlett-Packard Co.,
 227 F.3d 1352 (Fed. Cir. 2000)22

Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772,
 396 F.3d 1369 (Fed. Cir. 2005) 23, 26

Power Integrations, Inc. v. Lee,
 797 F.3d 1318 (Fed. Cir. 2015)4

Recot, Inc. v. Becton,
 214 F.3d 1322 (Fed. Cir. 2000)20

Squirtco v. Tomy Corp.,
 697 F.2d 1038 (Fed. Cir. 1983).....14

Stone Lion Capital Partners, LP v. Lion Capital LLP,
 746 F.3d 1317 (Fed. Cir. 2014)7, 16, 24

Tektronix, Inc. v. Daktronics, Inc.,
 534 F.2d 915 (CCPA 1976)26

Trans Texas Holdings Corp., In re,
 498 F.3d 1290 (Fed. Cir. 2007) 6, 31

Tri-Star Marketing, LLC. v. Nino Franco Spumanti S.R.L.,
 84 USPQ2d 1912 (ITAB 2007)34

Tuxedo Monopoly, Inc. v. General Mills Fun Group, Inc.,
 648 F.2d 1335 (CCPA 1981)15

Viterra, In re,
 671 F.3d 1358 (Fed. Cir. 2012)3, 13, 14

Statutes

15 U.S.C. § 1051(b)2
15 U.S.C. 1052(d).....2, 3, 14, 33
15 U.S.C. § 1057(b)16
15 U.S.C. § 106433
15 U.S.C. § 106833
15 U.S.C § 1071(b)(2).....32
15 U.S.C. § 1119 30, 33
15 U.S.C. § 1122(a).....32

Regulations

37 C.F.R. § 2.67..... 29, 30
37 C.F.R. § 2.117(a)..... 29, 30
37 C.F.R. § 2.142(g).....34

Other Authorities

3 J. MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20:15
(4th ed. 2014).....15

STATEMENT OF RELATED CASES

The Director is unaware of any other appeal from the Trademark Trial and Appeal Board in connection with trademark application Serial No. 85/650,654 in this Court or any other court. The Director is also unaware of any related cases pending in this or any other court that will directly affect, or be affected by, this Court's decision in this pending appeal. The Director is aware, however, that Appellant has a pending application (Serial No. 88/132,611) for the same mark covering some of the same goods as the application in this appeal. The USPTO's examination of that application may be affected by the decision in this appeal.

I. STATEMENT OF THE ISSUE

The Trademark Trial and Appeal Board (“Board” or “TTAB”) affirmed the refusal to register FCA US LLC’s (“FCA”) proposed mark MOAB for “motor vehicles, namely, passenger automobiles, their structural parts, trim, and badges.” The Board found that FCA’s proposed mark MOAB was likely to be confused with the previously registered mark MOAB INDUSTRIES (Reg. No. 3912705) for “automotive conversion services, namely, installing specialty automotive equipment.”

FCA’s sole argument on appeal is that the Board failed to give controlling weight to a district court decision in an infringement action in which the district court found that JEEP WRANGLER MOAB or MOAB together with JEEP WRANGLER did not infringe the MOAB INDUSTRIES mark. Not only did the district court consider a mark different from the one covered by FCA’s application, but it considered more limited goods (expensive, off-road enhanced performance vehicles versus all passenger automobiles and their parts and trim) and trade channels (only the trade channels for finished, off-road vehicles). In view of these differences, the Board did not consider itself bound by the district court decision. Rather, it found that it was required to consider the mark and the full scope of usages disclosed in the application and registration.

The issue on appeal is whether the Board properly concluded that FCA is not entitled to register MOAB for automobiles and their structural parts, trim, and badges

due to the existing registration of MOAB INDUSTRIES for the services of installing specialty automotive equipment during automotive conversion.

II. STATEMENT OF THE CASE WITH RELEVANT FACTS

On June 13, 2012, FCA filed application Serial No. 85/650,654 based on an intent to use the mark in commerce under Section 1(b) of the Lanham Act, 15 U.S.C. § 1051(b), for the mark MOAB covering “motor vehicles, namely, passenger automobiles, their structural parts, trim and badges.” Appx77-82.

The Examining Attorney refused registration under Section 2(d) of the Lanham Act, 15 U.S.C. § 1052(d), on the ground that FCA’s mark is likely to be confused with the previously registered mark MOAB INDUSTRIES for “automotive conversion services, namely, installing specialty automotive equipment.” Appx85-96; Appx148-193; Appx686-759; Appx783-801. The Board affirmed the refusal to register. Appx1-34. FCA appealed the decision to this Court. Appx813-815.

A. The Examining attorney concluded that confusion is likely.

Applying the framework set out in *In re E. I. du Pont DeNemours & Co.*, 476 F.2d 1357 (CCPA 1973),¹ the Examining Attorney considered the similarity of the marks

¹ *DuPont* lists the following factors as potentially relevant: (1) the similarity or dissimilarity of the marks in their entirety as to appearance, sound, connotation and commercial impression; (2) the similarity or dissimilarity of the goods or services in the application and registration; (3) the similarity or dissimilarity of trade channels; (4) the conditions under which and buyers to whom sales are made; (5) the fame (*i.e.*, strength) of the prior mark; (6) the number and nature of similar marks in use on similar goods; (7) nature and extent of any actual confusion; (8) the length of time and

(first factor), relatedness of the goods and services (second factor), the overlapping trade channels (third factor), and found these factors to weigh in favor of a likelihood of confusion. She found the other factors she considered—a purported lack of actual confusion (seventh factor) and any weakness of the shared MOAB term (sixth factor)—insufficient to overcome a likelihood of confusion. Considering all the relevant factors, the Examining Attorney refused registration under Section 2(d). Appx86; Appx94-95; Appx149-150; Appx688-689.

Additionally, the Examining Attorney considered the district court’s decision in *Moab Industries LLC v. Chrysler Group LLC*, No. 3:12-cv-08247 (D. Ariz. Oct. 6, 2016) (Appx475-499), and other evidence submitted by FCA related to the civil action. Appx689. She explained that in the examination context, the USPTO has no authority to review or decide matters that constitute a collateral attack on a cited registration. Appx689. Because, she explained, the cited registration was active and valid, the registrant was entitled to the full scope of protection the registration affords. Appx689.

conditions of any concurrent use; (9) the variety of goods on which a mark is used; (10) the market interface between applicant and the owner of a prior mark; (11) the extent to which applicant has a right to exclude others from use of its mark on its goods; (12) the extent of potential confusion, i.e., whether de minimis or substantial; (13) any other probative fact. 476 F.2d at 1361. In each case, “only factors of significance to the particular mark need be considered.” *In re Viterra Inc.*, 671 F.3d 1358, 1361-62 (Fed. Cir. 2012) (citation omitted).

B. The Board affirmed the refusal.

The Board affirmed the refusal to register MOAB for automobiles, and their structural parts, trim, and badges based on a likelihood of confusion with MOAB INDUSTRIES for automotive conversion services, namely, installing specialty automotive equipment. Appx1-34.

The district court decision. The Board began its analysis by considering the district court's decision in *Moab Industries*. Appx3-12; Appx475-499. The Board "carefully reviewed and considered the District Court's judgment." Appx11 (citing *Power Integrations, Inc. v. Lee*, 797 F.3d 1318 (Fed. Cir. 2015)). It concluded that the questions raised in the infringement action and those before it were "different" and required "different analyses," at least in part. Appx11-12.

The Board explained that an analysis of likelihood of confusion in the registration context must consider the exact marks shown and the full extent of goods and services identified in the application and registration, without consideration of asserted "marketplace realities" that are inconsistent with the application and registration. Appx6-8. (citing *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1307-08 (2015)). The Board observed that compared to the application before it, the district court's assessment related to a different mark (JEEP WRANGLER MOAB rather than MOAB), more limited goods (expensive, off-road enhanced performance vehicles rather than all passenger automobiles), and more limited trade channels (those for only finished vehicles versus the broader identification of goods in the

application that includes structural parts and trim). Appx8-9; Appx18. The Board highlighted findings of fact and conclusions of law from the district court's decision that showed that the court's assessment of likelihood of confusion differed from the question the Board was required to answer.

Different mark:

69. . . . [Applicant] has not infringed on [Registrant's] registered trademark (MOAB INDUSTRIES) by selling [Applicant's] JEEP WRANGLER MOAB Special Edition. . . .

70. Plaintiff's Count 2 for federal unfair competition fails for lack of proof of confusion: that is, [Applicant] has not created the false or misleading impression that [Applicant's] JEEP WRANGLER MOAB Special Edition vehicles are those of plaintiff. . . .

Appx8-9 (quoting Appx490) (alterations in Board decision).

More limited goods/services:

34. [Registrant's] MOAB vehicle and [Applicant's] MOAB Special Edition are both JEEP WRANGLER vehicles that have been upfitted in somewhat different ways to enhance their off-road capabilities. . . .

41. Both plaintiff's and defendant's MOAB vehicles are expensive. While they are both highway legal, the vehicles are intended for off-highway use under difficult to extreme circumstances. . . .

Appx9 (quoting Appx486; Appx490) (alterations in Board decision).

More limited trade channels:

40. The parties' uncontested facts . . . reflect that the parties' marketing channels are very different. [Applicant] sells "off the assembly line" new vehicles through its authorized dealers. [Registrant] purchases new vehicles from [Applicant's] dealers, upfits them, and resells them through auction and licensed resale dealers, in some instances the used car lots of

defendant's authorized dealers. This factor suggests little likelihood of confusion.

Appx18 (Appx489-490) (alterations in Board decision).

The Board concluded that the question of likelihood of confusion answered by the district court differed materially from the question the Board was required to consider. In addition to finding that the issues before the district court and the Board were not identical, the Board further found that the party being charged (in effect) with preclusion, i.e., the USPTO, had not had a full and fair opportunity to litigate any claims in the prior action. Appx11-12 (citing *In re Trans Texas Holdings Corp.*, 498 F.3d 1290 (Fed. Cir. 2007) (holding that a determination in district court litigation between two private parties does not bind the USPTO in a later ex parte proceeding)). Accordingly, the Board conducted its own analysis of likelihood of confusion based on the record before it.

The marks identified in the application and registration. The Board considered the similarity or dissimilarity of the marks MOAB and MOAB INDUSTRIES under the first *DuPont* factor. Recognizing that the proper test is not a side-by-side comparison, the Board found the marks to be similar in appearance, sound, and meaning inasmuch as each includes the term MOAB. Appx23 (citing *Coach Services, Inc. v. Triumph Learning LLC*, 668 F.3d 1356, 1368 (Fed. Cir. 2012)). The Board noted that the descriptive term INDUSTRIES is a point of difference in the registered mark. Appx23-24. The Board found, however, that consumers would be more likely to

focus on MOAB as the source identifying term. Appx24. It found that the marks in their entireties are similar in commercial impression. Appx24.

Relatedness of the goods and services. The second *DuPont* factor examines the similarity or dissimilarity of the goods and services identified in the application and cited registration. Because the description of goods in FCA's application is not restricted, the Board found that it must consider the goods covered by the application to include all goods of the types identified, i.e., all passenger automobiles, structural parts, and trim and badges. Appx 13 (citing *Stone Lion Capital Partners, LP v. Lion Capital LLP*, 746 F.3d 1317 (Fed. Cir. 2014)). Likewise, it found that the services covered by the registration were not limited to conversion services to enhance off-road capability, but rather covered conversion services featuring all kinds of specialty automotive equipment. Pointing to evidence showing businesses that both perform conversions and sell structural parts, including the registrant, and to evidence that dealers of automobiles also sell and install structural parts, the Board found that customers would expect structural parts and conversion services, as well as new automobiles and installation of specialty automotive equipment, to emanate from the same source. Appx14-17. Thus, the Board found that the relationship between the goods and services is one that favors likelihood of confusion. Appx17.

Trade channels. The Board next considered the third *DuPont* factor, the established and likely-to-continue trade channels. The Board found that the trade channels are, at least in part, overlapping. It observed that businesses that install

automotive equipment—the services identified in the cited registration—are a trade channel through which structural parts travel. Appx17; *accord* Appx14-16. The Board noted that the record evidence established that conversion shops install original equipment manufacturer (“OEM”) parts. Appx17. It also observed that the registrant’s website reflected that it installs a variety of structural parts, including stabilizers, track bar brackets, and chassis. Appx17-18.

The Board distinguished the district court’s assessment of trade channels from the issue before the Board. It explained that the district court considered only FCA’s finished automobiles. Appx18. But the Board was required to consider the trade channels not only for finished automobiles, but also for the structural parts covered by the application. Because the trade channels for registrant’s services and the goods identified in the application overlap, the Board found this third *DuPont* factor to weigh in favor of a likelihood of confusion. Appx17-19.

Customers and conditions of sale. The Board next considered the fourth *DuPont* factor, the conditions under which and buyers to whom sales are made. The Board observed that FCA’s relevant goods included not only finished automobiles—the only goods the district court considered—but also “structural parts, trim, and badges.” Appx19. The Board also considered consumers of all passenger vehicles to be the relevant purchasing class, as FCA has not “tailored its application” to the more limited category of expensive automobiles for use under extreme conditions that the district court considered. Appx19-20.

Considering the full scope of usages identified in the application, the Board found that FCA's customers would include ordinary drivers with no particular automotive sophistication or enthusiasm. While care would be somewhat elevated in the purchase of any automobile, and structural parts and trim, the Board did not find that the record established that "great care" would be taken in the purchase of all the goods identified in FCA's application. Appx22-23. Thus, it found that the facts on this factor were "mixed." Appx23. The Board concluded that FCA's goods and the registrant's services are likely to be selected with an elevated degree of care, and the involvement of salespersons at the point of sale would reduce the likelihood of confusion. Appx34.

Inherent and conceptual weakness of MOAB. The Board considered the inherent strength of the cited mark based on the nature of the term and its commercial strength based on its use in the marketplace under the sixth *DuPont* factor. The Board noted that evidence of third-party use may reflect commercial weakness, while third-party registration evidence may bear on the conceptual weakness of a term. Appx24-25. The Board considered evidence in the record, including evidence that the district court also considered, in assessing commercial weakness. Appx26-27. The Board referred to record evidence showing three automotive service companies that use MOAB in their name. Appx26. Two of those same companies were also referenced in the district court's decision. Appx26. Additionally, the district court considered evidence of use of MOAB in a wide variety

of other fields. Appx26. The Board considered those other uses to be of minimal probative weight in demonstrating weakness in the automotive field. Appx26. Thus, it concluded there was “little indication of commercial weakness.” Appx33.

In assessing conceptual weakness, it found the limited number of relevant registrations in the record to be unpersuasive in demonstrating conceptual weakness. The Board also considered the meaning of the term MOAB in connection with the goods and services at issue. Appx25-26. Consistent with the district court’s determination, the Board found the term somewhat weak conceptually for off-road vehicles and upfitting services for off-road vehicles because of the association of Moab, Utah with off-roading activities. Appx25. The Board found that the same conceptual tie did not exist for all of the goods in FCA’s application and the services in the registration, because neither were limited strictly to off-roading vehicles. Appx27. The Board thus found that the inherent weakness of MOAB diminished the likelihood of confusion to a “minor” degree. Appx27.

Absence of actual confusion. Finally, the Board considered the nature and extent of any actual confusion under the seventh *DuPont* factor. The Board prefaced such consideration by noting that the lack of evidence of actual confusion typically carries little weight in an ex parte registration action where the registrant is not a party. Appx27 (citing *In re Majestic Distilling, Co., Inc.*, 315 F.3d 1311 (Fed. Cir. 2003)). Here, because of the unusual situation where FCA and the registrant had “squarely confronted each other,” the Board considered the district court’s findings on actual

confusion, as well as an additional expert report and survey by Dr. Ravi Dhar.² Appx27-29. The Board noted that the district court found “no substantial evidence of confusion on the part of customers for [Registrant’s] MOAB vehicles.” Appx28 (alteration in Board decision). The Board further explained, however, that because FCA did not submit any of the underlying evidence to the agency, all that the Board had to consider from the district court action was the court’s conclusion on this factor. The court had concluded that the registrant failed to present persuasive evidence that there was actual confusion caused by FCA’s use of MOAB together with JEEP and WRANGLER on vehicles. It did not reach a conclusion on any confusion created by FCA’s use of MOAB alone. The Board found the evidence of actual confusion and the court’s conclusion on the subject to have “limited relevance” where the only issue is whether confusion is likely between MOAB and MOAB INDUSTRIES. Appx28.

The Board also considered the Dhar expert report and survey, which FCA contended was evidence of a lack of actual confusion. The Board criticized the survey for testing only MOAB in combination with the JEEP brand (which FCA contends is famous), for testing only forward, not reverse confusion, and for flaws in the testing

² The Board observed that although FCA “seem[ed] to suggest that [the] survey was before the District Court . . . the Court’s decision indicates otherwise: ‘*Dr. Dhar did not perform nor did [Registrant] undertake any survey evidence addressing the subject of customer confusion.*’” Appx28-29, n.57 (quoting Appx489 ¶ 38) (alteration and emphasis in Board decision).

format. Appx29-33. The Board thus found that the Dhar survey did not test the impact of the mark FCA seeks to register, addressed an underinclusive universe of relevant consumers, and was ill-suited to test the type of confusion that is most likely to occur. Appx29-33. With these concerns, the Board found the survey results to be entitled to little weight. Appx33. Ultimately the Board treated the seventh *DuPont* factor as neutral. Appx33.

III. SUMMARY OF THE ARGUMENT

The Board properly determined that FCA is not entitled to register MOAB for automobiles and their structural parts, trim and badges due to the prior registration of MOAB INDUSTRIES for the services of installing specialty automotive equipment during automotive conversion. The question in this case is whether the district court's decision in *Moab Industries* controls the outcome here. The Board considered the district court's decision, but found that the district considered a different mark than the one FCA seeks to register (JEEP WRANGLER MOAB rather than MOAB alone), and found that the district court had considered a more limited universe of goods and trade channels than those identified in FCA's application. Because these differences affected the assessment of each of the *DuPont* factors the Board had to consider, the Board could not properly afford the district court's decision preclusive or controlling weight in evaluating whether there is a likelihood of confusion between the mark and usages disclosed in FCA's application and the cited registration.

Considering the full scope of relevant usages and the relevant marks, the Board found the marks MOAB and MOAB INDUSTRIES to be similar, automobiles and particularly automotive structural parts to be related to the services of installing specialty automotive equipment, the trade channels for the goods and services to overlap in part, the registered mark to be slightly weak conceptually, but not commercially weak, and the purchasing decisions to be made with an elevated degree of care. The Board also found the lack of evidence of actual confusion to be a neutral factor. Taken together, the Board concluded that confusion is likely between the marks MOAB and MOAB INDUSTRIES for the goods and services disclosed in the application and registration.

IV. ARGUMENT

A. Standard of review

Likelihood of confusion is a legal determination based on underlying findings of fact. *In re Viterra, Inc.*, 671 F.3d 1358, 1361 (Fed. Cir. 2012). Legal determinations are reviewed de novo, but this Court upholds the Board's factual findings unless they are unsupported by substantial evidence. *Id.* Findings concerning the relatedness of the goods and the similarity between the marks, including the connotation and commercial impression of the marks, are factual determinations. *Id.*; see also *Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 1337 (Fed. Cir. 2001).

Substantial evidence is something less than the weight of the evidence but “more than a mere scintilla.” *Viterra*, 671 F.3d at 1361. Evidence is substantial if a

reasonable person might find that the evidentiary record supports the agency's conclusion. *Id.* "Where two different conclusions may be warranted based on the evidence of record, the Board's decision to favor one conclusion over the other is the type of decision that must be sustained . . . as supported by substantial evidence." *Id.* (citation omitted).³

B. Likelihood of confusion legal principles

Under Section 2(d), the USPTO cannot register a mark when it would be likely to cause confusion with an existing registered mark. Likelihood of confusion under Section 2(d) is determined on a case-by-case basis, applying the factors set forth in *DuPont*, 476 F.2d at 1361. Not all of the factors may be relevant or of equal weight in a given case, and only those factors implicated by the evidence of record need be considered. *Viterra*, 671 F.3d at 1361; *In re Dixie Rests., Inc.*, 105 F.3d 1405, 1406 (Fed. Cir. 1997). The analysis "may focus . . . on dispositive factors, such as similarity of the marks and relatedness of the goods." *Han Beauty*, 236 F.3d at 1336. A likelihood of confusion need not be shown with respect to all of the goods set forth in the application; rather, a showing of likelihood of confusion as to a single product is sufficient. *Squirtco v. Tomy Corp.*, 697 F.2d 1038, 1041 (Fed. Cir. 1983) (holding that a

³ FCA argues that the Board is not entitled to any deference. See Br. at 7 (arguing that "review is plenary" and that the Court "should not give . . . any deference to the Board Ruling"). That position is plainly contradicted by precedent that requires the Court to give deferential review to the Board's factual findings that are supported by substantial evidence.

single good from among several may sustain a finding of likelihood of confusion); *Tuxedo Monopoly, Inc. v. General Mills Fun Group, Inc.*, 648 F.2d 1335, 1336 (CCPA 1981).

In the registration context, likelihood of confusion is determined by the marks and usages disclosed in the application and the cited registration under consideration. Evidence of actual marketplace usages that vary from the usages encompassed by the marks or the identifications of goods and services listed in the application and registration are not considered in assessing likelihood of confusion in the registration context. *See B & B Hardware*, 135 S. Ct. at 1307 (quoting 3 J. MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 20:15 (4th ed. 2014), at 20-45, that for purposes of registration, “it is the mark as shown in the application and as used on the goods [or services] described in the application which must be considered, not the mark as actually used”); *see also id.* (explaining that registration review is based on “the marks, goods [or services], and channels of trade only as set forth in the application and in the [cited] registration, regardless of whether the actual usage of the marks by either party differs”); *Dixie Rests.*, 105 F.3d at 1408 (noting that “the second *DuPont* factor expressly mandates consideration of the similarity or dissimilarity of the services ‘as described in an application or registration.’”). This rule necessarily follows from Section 7(b) of the Lanham Act, which provides that a federal trademark registration on the Principal Register “shall be prima facie evidence . . . of the [registrant’s] exclusive right to use the registered mark in commerce *on or in connection*

with the goods or services specified in the certificate” 15 U.S.C. § 1057(b) (emphasis added).

The question of likelihood of confusion in the infringement context and in the registration context often differ. As Justice Ginsburg explained in her concurring opinion in *B & B Hardware*: “The Court rightly recognizes that for a great many registration decisions issue preclusion obviously will not apply. That is *so because contested registrations are often decided upon a comparison of the marks in the abstract and apart from their marketplace usage.*” *B & B Hardware*, 135 S. Ct. at 1310 (Ginsburg, J. concurring) (emphasis added) (internal quotation marks and citations omitted). The assessment of likelihood of confusion in the trademark infringement context takes into account the actual display of and usage in the marketplace of the relevant marks. *Id.* at 1308. When the actual marketplace usages match the full range of usages covered by a trademark application or registration, then the question of likelihood of confusion might fully align in both the registration and infringement contexts. *Id.* But when the marketplace usage considered is more narrow (e.g., only some goods identified by the application or registration) or concerns a mark different from that disclosed in the registration or application (e.g., one accompanied by a house mark or logo, or displayed in a certain color or format), the question of likelihood of confusion in the registration context necessarily must examine the additional relevant facts dictated by the broader identification of goods or services and the marks shown in an application or registration. *See Stone Lion*, 746 F.3d at 1324; *Octocom Sys., Inc. v.*

Houston Computer Servs., Inc., 918 F.2d 937, 942 (Fed. Cir. 1990) (holding that registrability must be decided on the basis of the identification of goods or services “set forth in the application [and registration] regardless of what the record may reveal as to the particular nature of an applicant’s [or registrant’s] goods [or services], [and] the particular channels of trade or the class of purchasers to which sales of the goods [or services] are directed.”).

Any doubt regarding likelihood of confusion must be resolved in favor of the registrant, who is entitled to all of the presumptions the registration provides, and against the newcomer, who “has the opportunity and obligation to avoid confusion with existing marks.” *Hewlett-Packard Co. v. Packard Press, Inc.*, 281 F.3d 1261, 1265 (Fed. Cir. 2002); *see also In re Mighty Leaf Tea*, 601 F.3d 1342, 1346 (Fed. Cir. 2010). This principle benefits consumers, and it protects the rights of prior registrants by not “constantly subjecting them to the financial and other burdens of opposition proceedings.” *In re Apparel, Inc.*, 366 F.2d 1022, 1023 (CCPA 1966).

C. The Board was not bound to follow the district court.

It is unclear on what legal basis FCA relies to argue that the district court’s decision is binding on the Board. FCA references issue preclusion, Br. at 15, 16, 18, and argues that the district court decision should be given “controlling weight,” Br. at 18. But FCA does not formally argue the elements of issue preclusion. That said, it also does not articulate a legal theory on which the district court’s decision would be binding absent identity of the issues. Certainly, in *B & B Hardware*, on which FCA

relies, Br. at 11, 17, the Supreme Court made clear that for issue preclusion purposes the issues must be identical, meaning “the usages adjudicated by the TTAB [must be] materially the same as those before the district court.” *B & B Hardware*, 135 S. Ct. at 1310. The Court further explained that “if a mark owner uses its mark in ways that are materially unlike the usages in its application, then the TTAB is not deciding the same issue.” *Id.* at 1308.

The Board properly found that the issue before it was not identical to the one litigated in the district court. The Board highlighted the findings of fact and conclusions of law from the district court’s decision supporting that the district court’s assessment of likelihood of confusion materially differed from the question the Board had to answer. *Supra* pp. 5-6. The district court considered a more narrow set of circumstances with respect to both the goods and services and the trade channels. And it also considered FCA’s use of MOAB only when used together with JEEP WRANGLER, e.g., as JEEP WRANGLER MOAB in reference to special edition vehicles. These differences impacted the assessment of each of the *DuPont* factors before the Board. Appx12-34.

In this case, there was no legal or factual basis on which the Board could defer to the district court. The Board thus properly concluded that it could not give controlling weight to the district court’s determination that confusion was unlikely because the marks and usages the district court addressed were different from those in the application and registration before the Board. Appx11-12.

FCA makes no attempt to explain how the factual questions examined by the district court and the Board were identical. Rather, it rests its argument in support of identity of the issues on the underlying legal test for likelihood of confusion. Br. at 10-11. That the legal tests are fundamentally the same does not answer the question of whether the factual issues are identical for preclusion purposes. *See B & B Hardware*, 135 S. Ct. at 1308 (recognizing that there may be reasons not to “apply issue preclusion in some or even many cases”). Further, FCA’s policy arguments, discussed *infra* pp. 29-34, do not dictate ignoring the legal limitations of the doctrine of issue preclusion.

D. Under the proper legal framework demanded by Section 7(b), the Board’s assessment of likelihood of confusion was correct.

The Board considered six *DuPont* factors: the similarity of the marks in their entirety (first factor), the similarity and nature of the goods and services as described in the application and registration (second factor), the similarity of the trade channels (third factor), the conditions under which and buyers to whom sales are made (fourth factor), the number and nature of similar marks in use on similar services (sixth factor), and the nature and extent of any actual confusion (seventh factor). The Board properly determined that, taken together, the relevant *DuPont* factors indicate that confusion is likely and FCA is not entitled to register MOAB for automobiles and their structural parts due to the prior registration of MOAB INDUSTRIES for the

related conversion services of installing specialty automotive equipment (including structural parts).

1. FCA does not contest the Board’s finding that the marks are similar under the first *DuPont* factor.

The first *DuPont* factor—the “similarity or dissimilarity of the marks in their entireties”—is “a predominant inquiry.” *Hewlett-Packard*, 281 F.3d at 1265. This factor examines the relevant features of the marks, including appearance, sound, connotation, and commercial impression. *Recot, Inc. v. Becton*, 214 F.3d 1322, 1329 (Fed. Cir. 2000). “The proper test is not a side-by-side comparison of the marks, but instead whether the marks are sufficiently similar in terms of their commercial impression such that persons who encounter the marks would be likely to assume a connection between the parties.” *In re i.am.symbolic, LLC*, 866 F.3d 1315, 1323 (Fed. Cir. 2017) (internal quotation marks and citation omitted).

The Board found the marks to be similar in appearance, sound, and meaning inasmuch as each includes the term MOAB. Appx23. The Board noted that the term INDUSTRIES is a point of difference in the registered mark, but that term is unlikely to be viewed as an indicator of source by consumers. Appx23-24. The Board found that consumers would be more likely to focus on the distinctive term MOAB as the source identifying term in both marks. Appx24. It found that the marks in their entireties were similar in commercial impression. Appx24.

FCA does not contest the Board's factual findings with respect to the similarity of the marks. The Board properly found the first *DuPont* factor to weigh in favor of likely confusion.

2. FCA also does not dispute the Board's finding that the goods and services are related under the second *DuPont* factor.

The second *DuPont* factor compares the goods in FCA's application with the services in the cited registration. 476 F.2d at 1361. To support a likelihood of confusion determination, the goods or services need only be found to be related in some manner, or the "circumstances surrounding their marketing are such that they could give rise to the mistaken belief that they emanate from the same source." *Coach*, 668 F.3d at 1369 (internal quotation marks omitted); *see also In re Martin's Famous Pastry Shoppe, Inc.*, 748 F.2d 1565, 1566-68 (Fed. Cir. 1984). The Board properly found that FCA's goods, which include all types of passenger automobiles, and structural parts, trim, and badges therefor, are related to conversion services for automobiles involving installing specialty automotive equipment. The Board pointed to evidence in the record showing that the same companies that perform conversions in the nature of installing specialty automotive equipment also sell structural parts for automobiles that the company or the purchaser installs. Appx14-17. Those parts include OEM structural parts. Appx17. The Board also pointed to FCA's advertising showing that FCA's automobile dealers sell and install specialty automotive equipment. Appx15 (citing Appx256 (stating that "Jeep Accessories by Mopar offer the opportunity to

enhance and personalize your Jeep Wrangler. They are *available for purchase and installation* at your Jeep dealer.”(emphasis in Board decision)); *see also* Appx56.

The Board’s finding that the goods and services are related is supported by substantial evidence. FCA does not argue otherwise. The Board thus properly found the second *DuPont* factor to weigh in favor of a likelihood of confusion.

3. The Board’s finding that the trade channels overlap under the third *DuPont* factor was correct.

The third *DuPont* factor examines the similarity or dissimilarity of established, likely-to-continue trade channels. *DuPont*, 476 F.2d at 1361. Absent a limitation in the description of goods or services, it is presumed that the goods identified in the application and services identified in the registration “travel in all normal channels of trade” for the goods and services. *Packard Press, Inc. v. Hewlett-Packard Co.*, 227 F.3d 1352, 1361 (Fed. Cir. 2000); *see also B & B Hardware*, 135 S. Ct. at 1300 (explaining that “if an application does not delimit any specific trade channels of distribution, no limitation will be applied” (quotation marks and citation omitted)). The Board found that the record evidence establishes that businesses that install automotive equipment—the services identified in the cited registration—are a trade channel through which structural parts travel. Appx17; *accord* Appx14-16. Thus, the Board found that the trade channels of FCA’s goods and the registrant’s services are, at least in part, overlapping. Appx18-19.

FCA contends that the record lacks evidence to support the Board's finding on this point. Br. at 13. But the Board clearly identified record evidence establishing that trade channels for structural automotive parts include automotive conversion shops. Appx14-16. It observed that businesses that install specialty automotive equipment—the services identified in the cited registration—are a trade channel through which structural parts travel, and identified record evidence establishing that conversion shops install OEM parts. Appx17; *accord* Appx14-16 (citing Appx161-164; Appx730-731; Appx735; Appx739). It also observed that the registrant's website reflected that it installs a variety of structural parts, including stabilizers, track bar brackets, and chassis. Appx17-18 (citing Appx436-438).

Thus, the Board properly found the third *DuPont* factor to weigh in favor of likely confusion.

4. The Board's assessment that some, but not great, care will be exercised in purchasing FCA's goods and the registrant's services under the fourth *DuPont* factor was correct.

The fourth *DuPont* factor measures the customers to whom and conditions under which sales of the goods or services identified in the application and registration are made. *DuPont*, 476 F.2d at 1361. Purchaser sophistication and a higher degree of care in making a purchasing decision may tend to minimize a likelihood of confusion. *See Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondée en 1772*, 396 F.3d 1369, 1376 (Fed. Cir. 2005). Purchaser sophistication and the degree of care

afforded a purchase must be assessed by the “least sophisticated potential purchasers.” *See Stone Lion*, 746 F.3d at 1325.

Considering the full scope of usages identified in the application, the Board found that FCA’s customers would include ordinary drivers with no particular automotive sophistication or enthusiasm. The Board observed that care would be somewhat elevated in the purchase of any automobile, and structural parts and trim. Appx23. However, it did not find that the record established that “great care” would be taken in the purchase of all of the goods identified in FCA’s application, in contrast with the degree of care that attended the more limited universe of goods—high-end, specially-equipped, off-road vehicles—that was before the district court. Appx22-23. The Board did find that with respect to the registrant’s conversion services, the customers would be likely to have the sophistication of an automotive enthusiast. Appx20. The Board thus found that the facts on the fourth *DuPont* factor were “mixed.” Appx23.

FCA faults the Board for having considered the least sophisticated consumer, and alleges that the Board did not rely on evidence in assessing the degree of care that would be afforded a relevant purchase. Br. at 12. FCA’s argument lacks merit. The district court relied on particular evidence related to the expense and consumer knowledge of high-end, off-road vehicles to find that consumers exercised care in purchasing FCA’s specially equipped vehicles. Appx19-20 (discussing district court’s decision). Because FCA’s application is not limited to those specialty vehicles,

however, but includes all types of automobiles and their structural parts, badges, and trim, the Board was required to consider the least sophisticated consumer of the goods identified in FCA's application. Appx19-23. The Board acknowledged that any automobile purchase would involve some degree of care. But for less expensive cars, or ones that are not marketed and sold to car enthusiasts, the Board had no evidence to demonstrate the high degree of care the district court afforded such purchases. Appx19-20. Likewise, the Board found that because of their lower price point, consumers would exercise relatively less care in the purchase of parts and trim for cars. Appx20.

Based on the record evidence, the Board found that FCA's goods and the registrant's services are likely to be selected with an "elevated" degree of care. Appx34. The Board did not err in declining to adopt the district court's placement of great weight on this factor, because the facts considered by the district court differed from those the Board was required to consider.

5. The Board properly assessed inherent and conceptual weakness, including the number and nature of similar marks for similar goods and services, under the sixth *DuPont* factor.

The relative strength or weakness of a mark establishes its scope of protection. *Juice Generation, Inc. v. GS Enters. LLC*, 794 F.3d 1334, 1338 (Fed. Cir. 2015) ("The weaker [a] mark, the closer an applicant's mark can come without causing a likelihood of confusion."). Sufficient "[e]vidence of third-party use of similar marks on similar

goods is relevant to show that a mark is relatively weak and entitled to only a narrow scope of protection.” *Palm Bay*, 396 F.3d at 1373. The purpose of third-party use evidence is to show that customers have become conditioned by encountering so many similar marks that they distinguish between them based on minor distinctions. *Id.*; see also *Juice Generation*, 794 F.3d at 1339. Evidence of third-party registrations may also be considered to show, in the manner of a dictionary, “the sense in which . . . a mark is used in ordinary parlance” and that a term “has a normally understood and well-recognized descriptive or suggestive meaning.” *Juice Generation*, 794 F.3d at 1339 (internal quotation marks and citations omitted); *Tektronix, Inc. v. Daktronics, Inc.*, 534 F.2d 915, 917 (CCPA 1976) (noting that even if “there is no evidence of actual use” of the marks in “third-party registrations,” such registrations “may be given some weight to show the meaning of a mark in the same way that dictionaries are used”). Evidence is only probative on this factor if it relates to marks that cover goods or services related to those at issue. See *i.am.symbolic*, 866 F.3d at 1328 (disregarding third-party registrations for other types of goods where the proffering party had neither proven nor explained that they were related to the goods in the cited registration).

The Board considered evidence in the record, including evidence that the district court considered, in assessing commercial weakness. Appx26-27. It properly assessed the record evidence and determined that there was no showing of commercial weakness. In finding no commercial weakness, the Board referred to record evidence showing three automotive service companies that use MOAB in their

name. Appx26. Two of those same companies were also referenced in the district court's decision. Appx26. Additionally, the district court considered evidence of use of MOAB in a wide variety of other fields. Appx26. The Board considered those other uses to be of minimal probative weight in demonstrating weakness because they did not relate to the automotive field. Appx26. Thus, it concluded there was "little indication of commercial weakness." Appx33.

In assessing the conceptual weakness of the term MOAB, the Board considered the two registrations of record for MOAB-formative marks, MOAB TAXI for "taxi transport," and MOAB for "bicycles." Appx25. It found the limited number of registrations, only one of which related to motor-vehicle transport, unpersuasive in showing conceptual weakness. Appx25. The Board also considered the meaning of the term MOAB in connection with the goods and services at issue. Appx25-26. Consistent with the district court's determination, the Board found the term MOAB somewhat weak conceptually for off-road vehicles and upfitting services for off-road vehicles because of the association of Moab, Utah, with off-roading activities. Appx25. But the Board also found that the evidence did not establish that MOAB had the same conceptual connection for all of the goods encompassed by FCA's application and the services in the registration, which include all passenger automobiles (e.g., small hybrids, light-weight electric automobiles), structural parts, and associated conversion services. Appx27

FCA argues that the Board's finding on conceptual weakness was not based on

record evidence. Br. at 12. The Board relied on the evidence it had—the application identifying all types of automobiles and their structural parts and trim and the registration that is not limited to off-road conversion services. Appx27. To the extent FCA wished the Board to find otherwise, it could have provided evidence that the suggestive meaning of MOAB applied to the full ranges of goods identified in its application and services identified in the cited registration. Based on the evidence before it, the Board properly found that the conceptual weakness of MOAB diminishes the likelihood of confusion between MOAB and MOAB INDUSTRIES only to a “minor” degree for the goods and services covered by the application and registration. Appx27.

6. The Board properly treated the seventh *DuPont* factor relating to actual confusion as neutral.

A showing of actual confusion is strong evidence of a likelihood of confusion. *Majestic Distilling*, 315 F.3d at 1317. However, the lack of evidence of actual confusion typically carries little weight in an ex parte registration proceeding where the registrant is not a party. *Id.* As this Court has recognized, “it is unnecessary to show actual confusion in establishing likelihood of confusion.” *Giant Food, Inc. v. Nation’s Foodservice, Inc.*, 710 F.2d 1565, 1571 (Fed. Cir. 1983).

The Board considered both the limited information it had from the district court’s decision, and Dr. Dhar’s survey and expert report. With respect to both, the Board found that the marks considered were different from those covered by the

application and registration. *Supra* pp.10-12. The Board also expressed additional concerns with the suitability of the Dhar survey, which it found rendered the survey entitled to little weight. *Supra* pp. 11-12. The Board thus found that the evidence did not point either way on actual confusion. While the Board found no evidence of actual confusion, the Board also did not find evidence that established a lack of actual confusion for the full scope of the goods and services it had to consider.

The Board properly assessed this factor as neutral. FCA does not contest any of the Board's findings as to actual confusion, nor does it argue that it improperly weighed this factor.

E. FCA's policy arguments do not show that the Board erred.

1. The USPTO's regulations permitting suspension of trademark matters do not dictate a particular outcome in an application or Board proceeding.

The USPTO's regulations permit the Office to suspend action on a trademark application when "a proceeding is pending before . . . a court which is relevant to the issue of registrability of the applicant's mark." 37 C.F.R. § 2.67 (allowing for suspension of action "for a reasonable time for good and sufficient cause," and "[t]he fact that a proceeding is pending before the Patent and Trademark Office or a court which is relevant to the issue of registrability of the applicant's mark . . . will be considered prima facie good and sufficient cause); *accord* 37 C.F.R. § 2.117(a) (providing for suspension of a Board proceeding). FCA argues, in effect, that the decision to suspend examination of its application pending disposition of the *Moab*

Industries litigation should bind the USPTO to the outcome of that district court action. Br. at 14-15. Such a per se rule is neither required by the regulation, nor has any logical basis. The USPTO suspends examination of an application or a Board proceeding when a court action appears to be relevant to the issue before the agency, but the actual relevance of any court action will depend on the evidence considered, the issues decided, and its final outcome. For example, a district court could enter a final judgment directing the USPTO to cancel or modify a registration. *See* 15 U.S.C. § 1119 (power of court over registration).

Here, no order from the court issued directing the USPTO to do anything or directing the parties to take a particular action before the agency, such as amending their respective application and registration. When the USPTO lifted the suspension of FCA's application and resumed examination, the USPTO took into account the district court action and considered the district court's decision, as FCA requested. For rational reasons amply explained in the Board's decision and in this brief, the Board determined that the district court's decision did not resolve the question before the agency, which concerns whether the mark in FCA's application is entitled to registration for the goods listed in that application. Nothing in 37 C.F.R. § 2.67 or § 2.117(a) demand otherwise.

2. FCA’s argument that the USPTO should be bound by a district court decision involving two private parties is legally flawed.

In *Trans Texas Holdings*, 498 F.3d at 1297, this Court declined to apply issue preclusion in an ex parte patent proceeding based on a prior district court litigation. The Court held that because the “PTO was not even a party to the earlier district court litigation[,] . . . [it] cannot be bound by its outcome.” *Id.*

FCA attempts to overcome the general rule against collaterally estopping a non-party by arguing that the registrant in the district court action effectively stood in the shoes of the USPTO. Br. at 15-17. But this Court rejected that exact argument in *Trans Texas Holdings*. 498 F.3d at 1297-98. As in that case, here “[t]he PTO’s interests were not represented in the earlier litigation.” *Id.* Moreover, because federal trademark registration is at issue, the public’s interests are at stake. Those interests should not be prejudiced based on a position or view that a party, other than the USPTO, took or failed to take in a prior proceeding.

Jet, Inc. v. Sewage Aeration Systems, 223 F.3d 1360 (Fed. Cir. 2000), on which FCA relies (Br. at 15), is not to the contrary. *Jet* substantively addressed the question of claim preclusion, not issue preclusion. And the Court did not, as FCA indicates, vacate the Board’s *refusal* to give preclusive effect to a district court decision. Br. at 15. Rather, it vacated the Board’s decision *to* give preclusive effect, and remanded for consideration of issue preclusion, which the Board had not addressed after granting dismissal based on claim preclusion. *Jet*, 223 F.3d at 1365.

3. The Board's proper decision not to give controlling weight to the district court's decision in *Moab Industries* does not upset the balance of judicial economy or encourage litigants to join the USPTO as a party.

FCA finally argues that strict adherence to the requirements of issue preclusion when comparing trademark infringement litigation in district court and registration determinations before the USPTO thwarts judicial economy and encourages private parties to join the USPTO as a party in infringement actions. Br. at 17-19. FCA articulates no theory or mechanism under which the USPTO would be a proper party in an infringement action involving a dispute solely between two private parties, in which the only connection the USPTO would have to the suit is that it issued a registration or had an application pending before it. The USPTO is aware of none. The statute waives sovereign immunity only when the United States violates a provision of the Lanham Act. 15 U.S.C. § 1122(a) (waiving immunity only for “violation[s] under this chapter”). Moreover, in the particular context where a party to an inter partes registration decision is dissatisfied with the USPTO's decision, Section 21(b)(2) of the Lanham Act specifies that the USPTO Director cannot be made a party to the case, but may ask to intervene. 15 U.S.C. § 1071(b)(2). If the USPTO cannot be made a party even in an inter partes review action directly involving a registration question, it surely cannot be made a party in a case solely between two private parties principally involving infringement questions.

FCA also does not explain why judicial economy will be hampered when the USPTO fulfills its examination duties and decides whether an applicant's mark is entitled to registration under Section 2(d). When the questions of infringement and registration raise distinct factual issues, they will need to be decided separately.

Moreover, FCA was well-positioned to promote the judicial economy it claims to seek. FCA could have negotiated an agreement with the registration owner either to limit the scope of its application and the registration or to obtain consent to FCA's registration as part of the settlement it ultimately reached with respect to the court litigation. It could have sought, as a form of relief from the district court, to limit the scope of the '705 registration under 15 U.S.C. § 1119 to reflect only the alleged actual marketplace usages by the registrant. Or it could have pursued a cancellation action to amend the registration to reflect a narrower field of use consistent with the registrant's actual marketplace activities (to the extent they are more narrow than the services covered by the registration) under Sections 14 and 18 of the Lanham Act, 15 U.S.C. §§ 1064, 1068.⁴ See *Dixie Rests., Inc.*, 105 F.3d at 1408; *In re Calgon Corp.*, 435 F.2d 596, 598 (CCPA 1971); *In re Brockway Glass Co., Inc.*, 154 F.2d 673, 675 (CCPA 1946).

Additionally, as the Board explained, “[a]pplicants have the option of tailoring their applications so that the registrations that ultimately issue will more closely reflect

⁴ FCA did file an action with the Board to cancel the '705 registration. (Cancellation No. 92057939, <http://ttabvue.uspto.gov/ttabvue/v?pno=92057939&pty=CAN>). The proceeding was suspended pending the disposition of the district court litigation, and ultimately dismissed without prejudice by agreement.

market realities . . . [e.g.,] they may identify their goods with greater specificity, indicate a specific use for which the goods are specialized, identify the types of purchasers who use the goods. . . [or] specify any trade channels to which their marketing activities may be restricted.”⁵ Appx7-8. FCA could have requested a remand to the Examining Attorney before the Board issued its decision to amend its identification of goods to conform to the particular goods considered by the district court in the infringement action. *See* 37 C.F.R. § 2.142(g) (“An application which has been considered and decided on appeal will not be reopened except for the entry of a disclaimer. . . .”).

FCA took none of these steps here. There is nothing in the record indicating that FCA sought to limit the registration to the conditions of sale the district court identified for the registrant’s services.⁶ And FCA did not amend its own identification of goods in the application at issue here. FCA’s inaction in taking the steps necessary to align the registration question with the issues decided by the district court is not a justification for reversing the Board.

⁵ FCA did file a new application with an amended identification of goods. That application is not before the Court here.

⁶ To be clear, there is no legal deficiency with a registration that contains a broader specification of goods or services than those that are actually offered, so long as those that are offered are actually encompassed within and not inconsistent with the goods or services identified in the registration. *Tri-Star Marketing, LLC. v. Nino Franco Spumanti S.R.L.*, 84 USPQ2d 1912, 1915 (TTAB 2007) (“Given that respondent is making and selling sparkling wine, and sparkling wine is clearly a specific type of wine, respondent could obtain and/or maintain a registration for ‘wines’ and ‘sparkling wines’ on the same record.”).

V. CONCLUSION

The Board properly concluded that there is a likelihood of confusion between MOAB for “motor vehicles, namely, passenger automobiles, their structural parts, trim, and badges” and MOAB INDUSTRIES for “automotive conversion services, namely, installing specialty automotive equipment.” The Board carefully considered the district court’s decision, but properly concluded that the decision did not control or resolve the registration question before the Board. The Board’s findings underlying its likelihood of confusion conclusion are supported by substantial evidence, and its legal conclusions are correct. Accordingly, the Court should affirm the Board’s decision.

Respectfully submitted,

March 18, 2019

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CERTIFICATE OF SERVICE

I hereby certify that on March 18, 2019, I electronically filed the foregoing BRIEF FOR APPELLEE—DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE using the Court’s CM/ECF filing system. Counsel for appellant was electronically served by and through the Court’s CM/ECF filing system per Fed. R. App. P. 25 and Fed. Cir. R. 25(a) and 25(b).

/s/ Mary Beth Walker

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**CERTIFICATE OF COMPLIANCE WITH
FEDERAL RULE OF APPELLATE PROCEDURE 32(A)**

I hereby certify that this brief complies with the requirements of Fed. R. App. P. 32(a)(5) and (6) because it has been prepared in 14-point Garamond, a proportionally spaced font.

I further certify that this brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because it contains 8,825 words, excluding the parts of the brief exempted under Rule 32(a)(7)(B)(iii), according to the count of Microsoft Word.

/s/Mary Beth Walker
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