

ALERT

Supreme Court: Trademark Tacking Is a Question of Fact to Be Decided by a Jury

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A unanimous Supreme Court held yesterday that trademark “tacking”, which is relevant in resolving trademark priority issues, is a question of fact best determined by a jury. *Hana Financial, Inc. v. Hana Bank*, No. 13-1211 (January 21, 2015). The Court’s decision affirms an earlier ruling by the Ninth Circuit and resolves a split among the judicial Circuits whether tacking should be treated as a question of law or a question of fact. The issue of priority – *i.e.*, determining as between two parties the first, or senior, user of conflicting trademarks, frequently arises in the context of trademark infringement litigation. Under the doctrine of tacking, a trademark owner is permitted to make minor changes to its trademark over time and still rely on the date of first use of its original mark for purposes of determining priority. A trademark owner may rely on tacking to establish priority as long as the original mark and the mark as revised are “legal equivalents.”

Hana Financial, Inc. (“Hana Financial”), a provider of financial services, adopted and started using the trademark HANA FINANCIAL in 1995. In 2007, Hana Financial sued Hana Bank, a provider of competing financial services, for trademark infringement, claiming that Hana Bank’s use of HANA BANK infringed rights in the HANA FINANCIAL trademark. As part of its complaint, Hana Financial claimed it was the senior user of HANA. Hana Bank denied any infringement and claimed priority over Hana Financial. Hana Bank based its priority claim on its use of HANA in commerce beginning in 1994. Specifically, Hana Bank used the HANA formative in advertising as part of the name HANA OVERSEAS KOREAN CLUB, which provided financial services to Korean expatriates living in the United States, and the name HANA BANK, which appeared in the same

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advertisements, in Korean. In 2000, Hana Bank ceased using the name HANA OVERSEAS KOREAN CLUB in favor of the name HANA WORLD CENTER. In 2002, Hana Bank began operating a bank in the United States under the name and mark HANA BANK.

Hana Bank prevailed on a motion for summary judgment at the trial level, claiming successfully that its rights in the mark HANA could be “tacked” back to its 1994 advertisements, one year prior to Hana Financial’s adoption and first use of the mark HANA FINANCIAL. The Ninth Circuit reversed the District Court’s grant of summary judgment based on its belief that material issues of fact existed as to priority. The case was remanded to the District Court, where a jury found in favor of Hana Bank. The Ninth Circuit affirmed the decision, finding that trademark tacking is applicable only in “exceptionally narrow circumstances” and, more importantly in this context, that the question of tacking is a “highly fact sensitive inquiry” best determined by a jury.

The Supreme Court, in a decision written by Justice Sotomayor, affirmed the Ninth Circuit. The Court, in discussing the rule adopted by the District Court, noted that trademark tacking is allowed when the original mark and the revised mark are “legal equivalents”; that is, they “create the same, continuing commercial impression” and are considered by consumers to be the “same mark.” The Court found that the question whether two marks engender the same commercial impression must be considered from the standpoint of ordinary consumers. The Court therefore found that the determination of whether marks create the same commercial impression for purposes of relying on tacking to establish priority is a question of fact properly decided by a jury. The Court rejected Hana Financial’s various arguments, including that determining whether marks are “legal equivalents” necessarily requires the application of “legal standards.” The Court found that such “mixed questions of law and facts” have long been decided by juries.

The Court also did not accept Hana Financial’s contention that tacking questions must be decided by judges because such decisions will create new law. The Court observed that tacking cases are not required to be decided based on precedent. Indeed, the Court noted that in many tacking cases, the courts rely on precedent only to identify applicable legal standards. The Court noted that its decision does not preclude judges from deciding tacking issues. To the contrary, the Court acknowledged that in cases where a jury trial is not requested or where summary judgment is appropriate, judges in the role of factfinder may decide tacking questions.

This is an important decision because the Court’s holding brings the Circuits into line concerning treatment of this significant issue. There is some speculation that the Court’s decision in *Hana Financial* may have an implication with respect to the likelihood of confusion issue in cases where there is an appropriate jury demand. However, where the case will involve a bench trial or is disposed of based on summary judgment, this decision should not have any impact on how the likelihood of confusion issue is resolved.