

Supreme Court Rules Trademark Tacking Is a Question of Fact

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Priority of use is a hallmark of trademark law. A party generally establishes rights in a trademark by using the mark in commerce before anyone else. Over the years, lower courts have recognized a doctrine called “tacking,” under which a trademark owner may “clothe a new mark with the priority position of an older mark.” The key to the tacking doctrine is that the new trademark must “create the same, continuing commercial impression” as the old mark; that is, the marks must be “legal equivalents.” Lower courts have split on whether a judge or jury should determine whether tacking is available in a particular case. In *Hana Financial, Inc. v. Hana Bank*, No. 13-1211, slip op. (Jan. 21, 2015) (<http://bit.ly/1HjJKC0>), the U.S. Supreme Court considered the question and settled the circuit split, holding that tacking is a question for the jury.

Factual Background

Respondent Hana Bank began as a Korean financial entity, Korea Investment Finance Corporation, in 1971. That entity began using the name “Hana Bank” in Korea in 1991 and began offering and promoting a financial service in the United States called “Hana Overseas Korean Club” for Korean expatriates in 1994. Advertisements for Hana Overseas Korean Club included the name “Hana Overseas Korean Club” in English next to Respondent’s “Hana Bank” mark in Korean. Later, in 2002, Respondent opened a physical bank in the United States under the English name “Hana Bank.”

Petitioner Hana Financial, Inc., established in 1994, is a California corporation. It first used the name and service mark “Hana Financial” in commerce in 1995 and registered the trademark with the United States Patent and Trademark Office (USPTO) in 1996. It has always operated under the name “Hana Financial.”

The District Court and Ninth Circuit Proceedings

Petitioner sued Respondent in the U.S. District Court for the Central District of California in 2007, alleging trademark infringement of its Hana Financial mark. Respondent defended by claiming priority, arguing that its current use of Hana Bank should be tacked onto its 1994 use of Hana Overseas Korean Club. The case was ultimately tried to a jury. The district court, drawing heavily upon Petitioner’s proposed jury instructions, instructed the jury on the issue of tacking. After deliberation, the jury returned a verdict in favor of Respondent.

On appeal, the Ninth Circuit affirmed. The court explained that tacking is a highly fact-sensitive determination best decided by the jury and is only permissible under limited circumstances. The Supreme Court granted certiorari.

The Supreme Court Opinion

In a unanimous decision, the Supreme Court held that tacking is a jury question. Central to the Court’s opinion is the tacking doctrine’s reliance upon the commercial impression of the new and older marks on the ordinary consumer. “Application of a test that relies upon an ordinary consumer’s understanding of the impression that a mark conveys,” the Court asserted, “falls comfortably within the ken of a jury.” *Hana Financial*, No. 13-1211, slip op. at 4. The Court clarified that its holding does not foreclose all judicial determination of tacking questions. Judges may still decide tacking questions on motions for summary judgment or for judgment as a matter of law, and in cases tried before a judge.

The Court rejected numerous arguments by Petitioner explaining why tacking should be considered a question of law and decided by a judge. Petitioner's first argument was that the "legal equivalents" test for tacking requires application of a legal standard to the facts of a particular case. In rejecting this argument, the Court noted that such mixed questions of law and fact are generally resolved by juries. Petitioner asserted that tacking determinations create precedent that must be followed in future tacking cases, so allowing juries to decide these issues would make the trademark system unpredictable. Here, the Court referenced the jury's role in other areas, such as torts, contracts, and criminal law, noting that jury verdicts do not create new law in these areas and will not do so in tacking cases; the fact that different juries may reach different results has never stopped the use of juries in other types of cases. Finally, Petitioner argued that judges have historically decided tacking issues. In rejecting this argument, the Court reasoned that all of the cases on which Petitioner relied were decided on summary judgment or during bench trials.

Conclusion

The Supreme Court has made clear that in a jury trial in which neither summary judgment nor judgment as a matter of law is appropriate, the issue of tacking is a question for the jury. This opinion bolsters the importance of the jury in determining issues that rely on the viewpoint of the ordinary consumer. This decision has likely opened the door to the Court resolving the current circuit split over whether the likelihood of confusion standard for trademark infringement is purely one of fact. Trademark owners will likely attempt to extend *Hana* to this issue in jurisdictions that do not treat the likelihood of confusion inquiry as a pure question of fact. Because the crux of this opinion was the fact that the test for tacking relies upon the ordinary consumer's impression, and because the likelihood of confusion inquiry turns on whether consumers are likely to be confused about the source of a good or service, this extension seems logical.

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