



Trade Mark Tacking A Factual Question For The Jury

- *Journal of Intellectual Property Law & Practice* (2015) doi: 10.1093/jiplp/jpv041

Author(s): Charles R. Macedo, Chester Rothstein,

Hana Financial, Inc v Hana Bank, United States Supreme Court, No 13-1211, 574 US __ (21 Jan 2015)

Abstract

The US Supreme Court confirms that trade mark tacking is a question of fact to be resolved by the fact-finder (typically the jury) rather than a question of law to be resolved by the court.

Legal context

Under US law, a party claiming trade mark ownership must establish that it was the first to use the mark in the sale of goods or services, or that it has 'priority'. The trade mark 'tacking' doctrine allows a trade mark owner to 'tack' the date of the first use of the original mark onto a revised mark to establish priority where the two marks create the same, continuing commercial impression and are regarded as essentially the same by the consumer. In other words, the two marks must be 'legal equivalents'. The tacking doctrine allows a trade mark owner to modify its mark over time without losing priority and ownership.

In *Hana Financial, Inc v Hana Bank*, No 13-1211, 574 US __ (21 Jan 2015) ('*Hana*'), the US Supreme Court addressed the question of whether 'tacking' is a question of fact to be resolved by the fact-finder, for example the jury, or a question of law to be resolved by the court.

Facts

The District Court

In 2007, Hana Financial claimed a US priority date of 1995 as the basis for a trade mark infringement suit against Hana Bank. Hana Bank defended by arguing it was the senior user with priority, because it had first used the mark 'Hana Overseas Korean Club' in the US in 1994, before it changed its name to 'Hana World Center' in 2000, and finally settling on



'Hana Bank' in 2002 (500 F Supp 2d 1228 (CD Cal 2007)). The District Court granted summary judgment to the defendant Hana Bank, but the Ninth Circuit determined there were genuine issues of material facts as to priority, and remanded for a new trial (398 Fed Appx 257 (9th Cir 2010)). On remand, the District Court gave the jury the following instruction:

A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. This is called 'tacking'. The marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked (735 F3d 1158, 1163 (9th Cir 2013)).

The jury found in favour of Hana Bank, finding tacking through continuous use from 'Hana Overseas Korean Club' (2011 US Dist LEXIS 70096 (CD Cal 29 Jun 2011)).

The Ninth Circuit

On appeal, the Ninth Circuit affirmed, concluding that the jury received an instruction that correctly conveyed the narrowness of the tacking doctrine (735 F3d 1158, 1166). The jury could have reasonably concluded that the ordinary purchasers of the financial services at issue likely had a consistent, continuous commercial impression of the services the defendant offered and the origin of those services, due in part to the advertisements that grouped the name 'Hana Overseas Korean Club' in English, next to its 'Hana Bank' mark in Korean and an unchanged distinctive 'dancing man' logo.

Petition for Certiorari

Hana Financial petitioned to the United States Supreme Court for *certiorari*, citing the circuit split between the Ninth Circuit—which views tacking as a question of fact for the jury—and the Sixth Circuit, Federal Circuit and Trademark Trial and Appeal Board (TTAB)—which view tacking as a question of law for the judge. In its opposition, Hana Bank argued that the Supreme Court should not take this case, because it would leave unanswered a similar circuit split over whether likelihood of confusion in trade mark cases is a question of fact or law (or a mixed question). Notwithstanding this, the Supreme Court granted Hana Financial's petition to resolve the circuit split on tacking.

Analysis

In a unanimous decision penned by Justice Sonia Sotomayor, the Supreme Court held that 'when a jury trial has been requested and when the facts do not warrant entry of summary judgment or judgment as a matter of law, the question whether tacking is warranted must be decided by a jury'. The Court reasoned that 'when the relevant question is how an ordinary person or community would make an assessment, the jury is generally the decisionmaker that ought to provide the fact-intensive answer'. However, there are circumstances where a judge would make that determination—where there are no material facts at issue.



The Court was unconvinced by Hana Financial's four arguments as to why tacking should be considered a question of law to be resolved by a judge:

1. the 'legal equivalents' test for tacking is a mixed question of law and fact, which is appropriately resolved by juries;
2. tacking determinations by juries will not create new law to be relied on in deciding other tacking cases;
3. tacking should not be treated differently than other areas of the law in which decision-making in fact-intensive disputes is performed by a jury and necessarily involves some degree of uncertainty; and
4. judges may resolve, and have historically resolved, tacking disputes when there are no material facts at issue, but 'when a jury is to be empaneled and when the facts warrant neither summary judgment nor judgment as a matter of law, tacking is a question for the jury'.

The Court explained in a footnote that its holding is not inconsistent with its decision in the patent case of *Markman v Westview Instruments, Inc.*, 517 US 370 (1996), in which it held that 'construing patent terms falls to judges and not to juries'. The Court reasoned that, while claim construction is the responsibility of judges as they are likely to do textual interpretation better than jurors, tacking is an appropriate question for the jury as it is a factual judgment about consumer impression and not a task that 'judges often do better than jurors (*Hana*, slip op at 6-7 n2)'.

As to the question of the split in the circuits concerning whether likelihood of confusion is a question for the fact-finder or the court, the Supreme Court left that issue for another day.

Practical significance

Hana is significant for its analysis on what constitutes a question of fact to be resolved by a fact-finder versus a question of law to be resolved by the court. While it is unlikely that the tacking issue which was specifically resolved in this dispute will have a great effect on US trade mark disputes, the broader outlines of the Court's analysis on the fact versus law distinction may impact other aspects of trade mark law, as well as other areas of law in general. For example, a few days prior to its decision in *Hana*, the US Supreme Court issued a decision in *Teva Pharms USA, Inc v Sandoz, Inc*, No 13-854, 574 US __ (20 January 2015), where it found that, although claim construction in patent cases are questions of law for the court, to the extent the district court resolves underlying factual disputes, such factual disputes should be reviewed under a 'clear error' standard under Fed R Civ P 52(a)(6) (instead of a *de novo* standard, as the US Court of Appeals for the Federal Circuit has applied). While *Hana* did not answer the question of whether likelihood of confusion is a question of fact for the jury, the reasoning of *Hana* gives an indication that the Supreme Court would ultimately hold that it is.



[Charles Macedo](#) and [Chester Rothstein](#) are partners and [Sandra Hudak](#) and [Reena Jain](#) are associates at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issues including litigating patent, copyright, trademark, and other intellectual property disputes. They may be reached at cmacedo@arelaw.com, crothstein@arelaw.com, shudak@arelaw.com, and rjain@arelaw.com.