# IP Alert: Supreme Court Considers Whether Judge or Jury Should Tackle Trademark “Tacking”




# SUPREME COURT CONSIDERS WHETHER JUDGE OR JURY SHOULD TACKLE TRADEMARK “TACKING”

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On December 3, 2014, the U.S. Supreme Court heard oral arguments in the case Hana Financial, Inc. v. Hana Bank et al., on writ of certiorari from the United States Court of Appeals for the Ninth Circuit. This is the second of two trademark cases the Court has heard in as many days, doubling the number of trademark cases that the Court has heard over the past 10 years. At issue in the case is the trademark doctrine of “tacking,” whereby a party may “tack” the use of an older mark onto a new mark for purposes of determining priority, allowing the trademark owner to make slight modifications to a mark over time without losing priority rights.

As summarized by the respondent, superior trademark rights generally belong to the party that was first to use its mark in commerce, not necessarily the party that was first to register it. So, the “first use” or priority date of a mark is central to any infringement analysis. In the vast majority of cases, the inquiry is simple because both parties have used their marks unchanged. On some occasions, however, one of the parties may have altered its mark in response to market trends or simply to freshen up its brand image. When a mark is altered, the question arises whether the alteration resets the priority clock, or whether the trademark owner may “tack” its use of the altered mark onto its original mark to retain the benefit of its earlier priority date. The parties do not dispute the standard to determine whether tacking is permissible in any particular case—tacking is available when both marks convey to consumers a “continuing commercial impression” such that the marks are “legal equivalents” of one another. What the parties dispute is whether that determination is a question of law or a question of fact, and whether or not that determination should be made by a judge or jury.

In this case, respondent Hana Bank had adopted the mark HANA OVERSEAS KOREAN CLUB in 1994. Petitioner Hana Financial adopted the mark HANA FINANCIAL in 1995. Hana Bank switched to the mark HANA BANK some time later. Priority thus hinges on whether Hana Bank can tack its use of HANA BANK to its previous use of HANA OVERSEAS KOREAN CLUB. The district court held that the issue of whether tacking was permissible is a question of fact, and gave the issue to the jury to decide. The jury, relying largely on an advertisement that included the text “Hana Bank” alongside the mark HANA OVERSEAS KOREAN CLUB, decided that HANA OVERSEAS KOREAN CLUB and HANA BANK created a continuing commercial impression, and decided in favor of respondent Hana Bank.

Based on the oral argument, it would appear that both parties agree that the result in this case would have differed had a judge decided the issue of tacking rather than a jury, because courts have historically allowed tacking in only very narrow circumstances. The oral arguments in this case focused on the legal/equitable questions involved, and similarities to the trademark concept of likelihood of confusion (which was not lost on Justice Kennedy, referring to the “likelihood of confusion” as an “elephant in the room” during oral argument). The Justices quickly honed in on the similarities of likelihood of confusion and tacking, noting that determining a mark’s “commercial impression” is not dissimilar to the factual analysis that one undertakes when evaluating a likelihood of confusion for potential trademark infringement. And more specifically, at least in the likelihood of confusion context, that the analysis is undertaken by a jury, not a judge.

Petitioner’s arguments that decisions made by juries would be less consistent than decisions made by judges (and therefore less reliable as precedent) appeared to fall on deaf ears, as the Justices pointed out glaring inconsistencies even in previous judge-made decisions (Justice Alito stated that he could not even conceive of a way to reconcile two cases cited in the briefs, and that he would

“rather blame [the inconsistency] on the jury than the court”). The Justices further noted that judges could reign in juries through the use of existing judicial tools such as properly worded jury instructions and motions for judgment as a matter of law (JMOL). Lastly, one Justice pointed out that even the stare decisisvalue of judge-made decisions is limited because each determination is heavily fact based—another reason why the decision should be left to the jury.

Reading the tea leaves, it appears to this writer that the Justices ultimately consider tacking and the “commercial impression” of a mark to be a simple concept—much simpler than patent claim construction as was at issue in theMarkman case cited by the parties—and that it is a context-specific inquiry involving questions of fact that should be answered by a jury, not a judge. Existing judicial tools can be used to address concerns regarding consistency and the appropriate bounds of the tacking doctrine. The Court seems poised to adopt the position that a judge can set boundaries in tacking cases just as the judge would in any other civil trial matter, and leave the ultimate decision to the “panel of consumers” known as the jury.

Audio of the oral arguments is available here. A transcript of the oral arguments is available here.

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