



Intellectual Property Alert:

The Supreme Court Points Courts to Juries on Issue of Trademark Tacking

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On January 21, 2015, the Supreme Court issued a unanimous decision, affirming the ruling of the U.S. Court of Appeals for the Ninth Circuit, holding that trademark tacking is an inquiry that operates from the perspective of an ordinary purchaser or consumer and is thus a question for a jury.

Under limited circumstances, the tacking doctrine permits a party to “tack” the use of an older trademark onto a new revised version of the trademark for priority purposes.

Background

A financial company, Korea Investment Finance Corporation, began operating under its new name, “Hana Bank,” in Korea in 1991. In 1994, it began advertising and offering its financial services in the United States under the name “Hana Overseas Korean Club.” It then changed its name to “Hana World Center” in 2000 and ultimately resolved to call itself “Hana Bank” in 2002. This final “Hana Bank” (“Respondent”) was the company’s first physical presence in the United States. In short, the name changed as follows:

KOREA INVESTMENT FINANCE CORPORATION

↓

HANA BANK

↓

HANA OVERSEAS KOREAN CLUB

↓

HANA WORLD CENTER

↓

HANA BANK

Hana Financial (“Petitioner”) began offering financial services in the United States in 1995 under its “Hana Financial” trademark. It obtained a federal registration for a logo incorporating its name in 1996.

In 2007, Petitioner filed suit alleging that Respondent infringed its “Hana Financial” trademark. Respondent responded to the infringement claim with arguments that it had priority to the trademark in view of the tacking doctrine. The district court held that tacking is a factual question and submitted it to the jury, which ruled in favor of Respondent. The Ninth Circuit affirmed, but indicated that the result would perhaps have been different if tacking were considered a legal issue.

As the Circuits were split as to whether tacking was an issue to be decided by juries or judges, the Supreme Court granted certiorari.

Supreme Court

The Supreme Court acknowledged that the tacking doctrine allows for a party to “tack” on the use of an earlier version of its trademark to that of its current revised trademark if the trademarks are “legal equivalents.” In other words, there must be a continuing commercial impression between the trademarks such that consumers consider them to be the same.

Petitioner offered several arguments to advance its position that tacking should be decided as a matter of law. First, it argued that the “legal equivalents” test invokes a legal standard. The Court clarified that tacking involves a mixed question of both law and fact and should thus be resolved by a jury. Petitioner next argued that tacking determinations will create precedent and should therefore be a decision for judges. The Court denied this argument because it did not find that tacking cases would create new precedent any more than tort, contract or criminal proceedings. The third argument asserted by Petitioner was that leaving the tacking question to juries would eliminate any predictability as to the outcome of future tacking decisions. The Court again responded to this argument asking how tacking was any different from tort, contract or criminal proceedings where juries also have to answer factual questions and where different juries may reach different conclusions on the facts presented. Finally, Petitioner argued that judges have historically decided tacking issues. This argument relied on cases resolved in bench trials at summary judgment. The Court agreed that under those circumstances judges may resolve tacking disputes. However, that did not alter the Court’s determination that in all other circumstances, the issue is one for a jury.

The Court therefore held that the tacking question, being dependent on an ordinary consumer’s impression, must be decided by a jury except in a non-jury case or circumstances when the facts warrant entry for summary judgment or judgment as a matter of law.

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