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United States: Trademark Tacking is Factual Question For Juries Says U.S. Supreme Court

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Hana Financial, Inc. v. Hana Bank, 135 S.Ct. 907 (2015)

In its first trademark ruling in a decade, the U.S. Supreme Court in *Hana Financial, Inc. v. Hana Bank* unanimously held that the question of trademark tacking is a factual one for juries to decide.

"Tacking" developed as a trademark doctrine to accommodate the fact that trademark owners sometimes alter their marks over time. Tacking permits the owner to "tack on" the use of an older mark format to the use of a newer format in order to claim priority back to first use of the older format. Tacking is permitted only where the marks are deemed "legal equivalents," that is, where the marks "create the same, continuing commercial impression so that consumers consider both as the same mark." *Hana Financial, Inc. v. Hana Bank*, 135 S.Ct. 907, 909 (2015) (internal quotation marks and citation omitted).

Although tacking is a well-established principle in trademark law, courts had differed on whether tacking was a question of fact for the jury or a question of law for the judge. The Ninth Circuit, which adjudicated the *Hana* case before it was appealed to the Supreme Court, held that tacking is a question for juries. *Hana Financial, Inc. v. Hana Bank*, 735 F.3d 1158, 1160 (9th Cir. 2013) (tacking "requires a highly fact-sensitive inquiry" that is "reserved for the jury") (internal quotation marks omitted). The Sixth Circuit and Federal Circuit, on the other hand, had held that the question of whether two marks are legally equivalent should be left to a judge. *See Van Dyne-Crotty, Inc.*, 926 F.2d at 1159; *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998).

The Supreme Court, however, had no difficulty placing the question squarely before a jury. The Court first noted that "[t]he commercial impression that a mark conveys must be viewed through the eyes of a consumer." *Hana*, 135 S. Ct. at 910 (internal quotation marks and citation omitted). With that principle established, the Court easily concluded that "[a]pplication of a test that relies upon an ordinary consumer's understanding of the impression that a mark conveys falls comfortably within the ken of a jury." *Hana*, 135 S. Ct. at 911. The Court went on to remark that "we have long recognized across a variety of doctrinal contexts 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." *Id.*

The Court was not persuaded by Hana Financial's several arguments that tacking must be left to a judge. In particular, the Court did not agree that because the "legal equivalents" standard for tacking involves the application of a legal standard, it must be decided by a judge, noting that "the application-of-legal-standard-to-fact sort of questions . . . , commonly called a "mixed question of law and fact," has typically been resolved by juries." *Id.* (internal quotation marks and citation omitted).

Reassuringly, the Court also pointed out that its conclusion that tacking is a question for juries to decide does not mean that judges can never decide the issue. The Court stated that, "[i]f the facts warrant it, a judge may decide a tacking question on a

motion for summary judgment or for judgment as a matter of law." *Hana*, 135 S. Ct. at 911.

Although the Supreme Court implicitly recognized that the tacking doctrine should apply "only in 'exceptionally narrow circumstances,'" *Hana*, 135 S. Ct. at 910 (quoting *Hana Financial, Inc. v. Hana Bank*, 735 F.3d 1158, 1160 (9th Cir. 2013)), the facts of *Hana Financial* show that juries might be inclined to apply the doctrine broadly.

Petitioner Hana Financial owned rights in the trademark HANA FINANCIAL dating back to its first use of the mark in 1995. Hana Financial sued Hana Bank in 2007 alleging that the HANA BANK mark infringed the HANA FINANCIAL mark. Hana Bank denied infringement by, *inter alia*, claiming priority or rights via the tacking doctrine. *Hana*, 135 S.Ct. at 908.

Hana Bank, established in Korea in 1971 as Korea Investment Finance Corporation, changed its name to Hana Bank in 1991. In May 1994, Hana Bank established a service called "Hana Overseas Korean Club" and first began to promote its services in the United States through advertisements that read "Hana Overseas Korean Club" in both English and Korean, and included the name "Hana Bank" in Korean along with the bank's logo. In 2000, Hana Bank changed the name of "Hana Overseas Korean Club" to "Hana World Center." It was not until 2002 that Hana Bank began operating a physical bank in the United States under its own name. *Hana*, 135 S.Ct. at 909.

Based on this history, the jury concluded that Hana Bank had priority of Hana Financial's first use of its own mark in 1995. *Hana*, 735 F.3d at 1163. After the jury verdict, Hana Financial moved for judgment as a matter of law or for a new trial, and then appealed to the Ninth Circuit when the district court denied the motion.

Noting that the names "Hana Overseas Korean Club," "Hana World Center," and "Hana Bank" "seem aurally and visually distinguishable" and do not even necessarily indicate "that these entities offer the same services," Hana, 735 F.3d at 1166, the Ninth Circuit seemed constrained to accept the jury's decision. *Id.* ("our characterization of tacking as a question of fact is arguably dispositive"). That said, the Ninth Circuit ultimately concluded that, considering the evidence as a whole, the jury's decision was not entirely unreasonable:

> The jury could have reasonably concluded that ... purchasers associated "Hana Bank" with the "Hana Overseas Korean Club" when "Hana Overseas Korean Club" appeared, in English, next to "Hana Bank," in Korean, and the dancing man logo in the advertisements. In that context, "Hana" was arguably the most significant portion of the trade names, as the ordinary purchasers would have made the association between the English word "Hana" and the Bank's Korean name. . . . In light of this combination of facts, the jury could reasonably conclude that throughout the time period at issue, the ordinary purchasers of these services had the continuous impression that the advertised services were being offered by the Bank and that there were no material differences between the marks.

735 F.3d at 1167.

If the Ninth Circuit was discomfited by the *Hana* jury's application of the tacking doctrine, the U.S. Supreme Court expressed no such qualms, deciding the case in a short, eight-page decision. But if practitioners are now less sure how broadly tacking will be applied in a given case, at least they are left with clear guidance that tacking is a question of fact, and can develop their evidence with a view to convincing a jury, not a judge.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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