

High Court Says Trademark Tacking Up To Juries

By **Bill Donahue**

Law360, New York (January 21, 2015, 10:18 AM ET) -- The U.S. Supreme Court issued its first substantive trademark ruling in a decade on Wednesday, ruling unanimously that so-called trademark tacking is a factual question that should be dealt with by juries.

The doctrine of tacking, which the high court hasn't considered in decades, allows a company to slightly modify a trademark while maintaining the original first-use date — the idea being to allow for a mark to be tweaked without losing priority.

The question before the court was whether the key determination in applying tacking — whether a new mark is similar enough to an older version to use the earlier priority date — is a factual question that can be decided by juries or a purely legal one that should be decided by judges.

On Tuesday, in a unanimous opinion penned by Justice Sonya Sotomayor, the high court said juries must handle the question. The court noted that the technical legal test is whether the two “tacked” marks are so similar that consumers “consider both as the same mark” — a test perfectly suited for a jury of regular people.

“Application 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,” Justice Sotomayor wrote.

“Indeed, 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.”

In the case before the high court, Korean firm Hana Financial sued similar sounding Hana Bank for infringement, but the case was tossed after a jury found that Hana Bank could tack the new name onto the priority date of an older, different name — Hana Overseas Korean Club — it had begun using a few years before Hana Financial got started.

Hana Financial took that ruling to the Ninth Circuit and then to the Supreme Court, arguing that juries like the one that killed its case against Hana Bank are “not equipped” to handle a complex question that goes beyond a mere comparison of the two marks, and that leaving the question to juries would create inconsistencies in legal precedent.

Hana Financial got plenty of pushback on that idea from the justices during oral arguments, and it showed in Wednesday's decision — which firmly rejected each of the company's reasons for why only judges should be in charge of tacking.

“Petitioner worries that the predictability required for a functioning trademark system will be absent if tacking questions are assigned to juries,” the court wrote.

“But ... the same could be said about the tort, contract, and criminal justice systems: In all of these areas, juries answer often-dispositive factual questions or make dispositive applications of legal standards to facts,” Justice Sotomayor wrote. “The fact that another jury, hearing the same case, might reach a different conclusion may make the system “unpredictable,” but it has never stopped us from employing juries in these analogous contexts.”

The court was careful to say that judges could still rule on tacking in the context of summary judgments or judgments as a matter of law, and that judges could shape the jury's understanding through careful jury instructions.

“We hold only 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.”

Following the decision, Carlo F. Van den Bosch of Sheppard Mullin Richter & Hampton LLP, counsel for the prevailing Hana Bank, said he and his client were pleased with the outcome.

"This case offered the court a rare foray into trademark jurisprudence, and its decision reaffirms the importance of treating a trademark's impact on consumers as a factual matter," Van den Bosch wrote in an emailed statement.

Counsel for Hana Financial didn't immediately return a request for comment.

One thing not addressed at all by Justice Sotomayor was the concern among some court watchers — and some of the justices during oral arguments — that a ruling on tacking might impact the analysis of likelihood of confusion, a central trademark question of far greater importance than a semi-obscure doctrine.

The reason for concern is that there's currently a circuit split on likelihood of confusion, too, with some courts treating it as a fact question and others a legal question, and it largely mirrors the split over tacking.

“When we write this opinion, will we have to have in the back of our minds what effect it will have on ... the likelihood of confusion issue?” asked Justice Anthony Kennedy. “Is there some way that we should treat this as quite discrete from that?”

“Is it the elephant in the room or something like that?”

Hana Financial is represented by Paul W. Hughes and Charles A. Rothfeld of Mayer Brown LLP.

Hana Bank is represented by Carlo F. Van den Bosch, Robert D. Rose and Michelle LaVoie Wisniewski of Sheppard Mullin Richter & Hampton LLP.

The case is Hana Financial Inc. v. Hana Bank, case number 13-1211, in the Supreme Court of the United States.

--Editing by Sarah Golin.

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