

Client Alert

January 22, 2015

Supreme Court Holds That “Tacking” Inquiry Is Generally a Jury Question

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Yesterday, the Supreme Court issued its opinion in *Hana Financial, Inc. v. Hana Bank*, No. 13-1211. The issue presented was whether the judge or the jury should determine whether two trademarks may be “tacked” for purposes of determining priority. The Supreme Court affirmed the Ninth Circuit’s decision that tacking is a question of fact for the jury.

Trademark rights are established as of a mark’s priority date—the date on which an unregistered mark is first used or the date on which an intent-to-use application is filed. The priority date is important in trademark disputes because the party with prior rights can stop the use of confusingly similar marks. Under the tacking doctrine, a trademark owner may, “in limited circumstances,” make narrow modifications to its mark over time while still retaining its priority date. The original and revised marks may be “tacked” when they are considered to be “legal equivalents” such that they “create the same, continuing commercial impression,” and the later mark does not materially differ from or alter the character of the earlier mark. “Commercial impression” must be viewed through the eyes of an ordinary consumer. The Supreme Court held in *Hana* that “[b]ecause the tacking inquiry operates from the perspective of an ordinary purchaser or consumer, . . . a jury should make this determination.”

Hana Financial and Hana Bank both provide financial services to individuals in the United States. In 2007, Hana Financial sued Hana Bank for trademark infringement and claimed priority. Hana Financial asserted that it began using the Hana Financial name and trademark in 1995, whereas Hana Bank first used the name Hana Bank in 2002. In its defense, Hana Bank argued that it had priority under the tacking doctrine based on its use of the name Hana Overseas Korean Club to offer services in the United States starting in 1994. Hana Overseas Korean Club was changed to Hana World Center in 2000 and then to Hana Bank in 2002, when it began operating a bank in the United States.

At trial, the jury found for Hana Bank, and the district court denied Hana Financial’s motion for judgment as a matter of law. Hana Financial appealed, arguing that the issue of tacking should not be decided by a jury. The Ninth Circuit affirmed. While recognizing that the issue presented a split of opinion across circuits, the Ninth Circuit held that the tacking inquiry is a question of fact for the jury. The Ninth Circuit emphasized, however, that tacking applies only in “exceptionally narrow circumstances.”

The Supreme Court affirmed the Ninth Circuit’s decision. 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.” The Court emphasized, however, that, as with any fact question, “[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.” The Court held “only that, when a jury trial has been requested and when the facts do not

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warrant entry of summary judgment or judgment as a matter of law, the question whether tacking is warranted must be decided by a jury.”

What does this mean for trademark owners? If you want to avoid the potential unpredictability of a jury deciding whether your use of a prior similar mark can be tacked on to your use of your current mark so as to establish prior rights over another company, you should consider filing trademark applications for your core mark alone. Had Hana Bank filed for the “Hana” mark when it first started offering financial services in the United States, there would have been no question that it had prior rights. Another alternative is to try to amend registered marks to reflect your current usage. The U.S. Trademark Office has recently loosened its standard for accepting petitions to amend and in some cases has even permitted the deletion of merely descriptive terms from registered marks, reasoning that the mere deletion of a descriptive term is not a material alteration of a mark.

If you are not sure whether your trademark registrations provide you with sufficient protection, or wonder whether your registrations can be amended to reflect current usage, we would be happy to discuss this with you.

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