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PERSPECTIVE

Opinion may stir up more trademark tacking litigation

By Andrea Jeffries and Tiffany Tejeda-Rodriguez

On Jan. 21, the U.S. Supreme Court issued its first trademark opinion in 10 years, *Hana Financial Inc. v. Hana Bank*. Although Hana dealt with the rarely litigated issue of trademark tacking in a jury trial — and is thus one of the less significant opinions of this term — it nevertheless will have practical implications for both trademark litigants and the trial courts.

"Tacking" arises when a trademark holder changes its mark over time. A typical example is when a trademark owner redesigns a mark after its original use, and seeks to "tack" the priority date of the redesigned mark to the original to establish priority over a mark that came into use in the meantime. Tacking may also arise to rebut a claim that by changing the design, the holder abandoned the original mark. To "tack" marks, the owner must demonstrate that they create the "same, continuing commercial impression." The 9th U.S. Circuit Court of Appeals noted that the tacking doctrine applies in "exceptionally narrow circumstances." As a result, it is rarely litigated.

The court took up tacking in *Hana* to resolve a circuit split regarding who should determine if tacking applies: judge or jury. The Federal and 6th Circuits treated tacking as a question of law, while the 9th Circuit, where *Hana* arose, regarded it as a question of fact.

At trial, the case involved a classic example of the doctrine: Defendant Hana Bank raised tacking to argue that it was first to use the disputed mark.

The defendant began using the name "Hana Bank" in Korea in 1991. In 1994, it began providing a service in the U.S. to Korean expatriates called "Hana Overseas Korean Club," and advertised that service by using the name "Hana Bank" and the Hana Bank logo. The defendant changed the name of the service to "Hana World Center" in 2000 and began operating a bank in the U.S. under the name "Hana Bank" in 2002.

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Meanwhile, in 1995, the plaintiff began using the name "Hana Financial." By arguing that its use of "Hana Bank" should be tacked to the 1994 use of "Hana Overseas Korean Club," the defendant sought to establish that it owned the mark (and therefore that the plaintiff's claim of infringement had no merit). The jury agreed that tacking applied, and the court entered judgment in favor of the defendant.

After trial, plaintiff Hana Financial moved for judgment as a matter of law and for a new trial, arguing that the names Hana Bank had used were materially different as a matter of law and, thus, could not be tacked. The district court denied the motion, and the plaintiff appealed.

The 9th Circuit upheld both the trial court's jury instructions on tacking and the jury finding. The Supreme Court granted certiorari in light of the circuit split, and held that tacking "falls comfortably within the ken of a jury" because the test "relies on upon an ordinary consumer's understanding of the impression a mark conveys."

Though trademark tacking is rarely litigated — a search of the over 50,000 trademark actions filed in district courts between Jan. 1, 2000, and Jan. 26, 2015, revealed only 152 cases that hit on the terms "tack" or "tacking" — *Hana* may have implications for how, and how often, the issue is litigated. As the 9th Circuit noted, "the fact that the doctrine rarely applies does not mean that it never will."

Because many trademark trials proceed without juries, *Hana*'s most immediate effect will be on judges in bench trials. Federal Rule of Civil Procedure 52(a) requires the court in a bench trial to "find the facts specially and state its conclusions of law separately." After *Hana*, this means judges in trademark bench trials must make specific factual findings on tacking when it is raised — a new requirement for courts in those circuits that previously treated tacking as a question of law.

Hana may also have the effect of inspiring more litigants to seek damages in tacking cases in order to obtain a jury trial. Some parties may see an advantage in the possibility of presenting the tacking question to a jury, something the 9th Circuit implied when it noted that courts that considered tacking to be a question of law might have reached a different decision on the same facts. We may see a tail-wagging-the-dog effect from *Hana*, if litigants seek damages in order to get a jury trial on tacking. Any such impact would likely be greater in those circuits that previously treated tacking as a question of law, where until now, parties had no opportunity to present the tacking issue to a jury.

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