Supreme Court Holds that Tacking is a Question of Fact for the Jury

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In *Hana Financial, Inc. v. Hana Bank*, 135 S. Ct. 907, 910 (2015) the Supreme Court of the United States reaffirmed that for the purposes of determining priority in trademark disputes between two marks, tacking, or retaining mark priority despite a small change to the mark, remains a question for the jury. Prior to this decision, there was a circuit split: The Ninth Circuit had previously held that tacking was a factual inquiry that is reserved for the jury, while both the Federal and Sixth Circuits saw tacking as a matter of law. The Supreme Court resolved the issue in holding that tacking is a mixed question of law and fact and, as such, the jury’s decision regarding whether a slightly altered trademark can benefit from the priority date of the original mark will remain authoritative. Therefore, practitioners should alter their trademark litigation strategies.

Trademark rights are determined by when a mark is first used in commerce: a senior user who started using a mark in 2000 has priority over a junior user who started using the same or similar mark in 2010. But users of trademarks may want to change the mark over time while keeping the priority of the first use; such a practice is called “tacking.” Tacking allows a trademark holder to make slight changes to a mark while retaining all rights in the mark. It is commonly used when a company makes tweaks to its name. In order to successfully tack a modified mark, both the modified and the original mark must create the same continuing commercial impression and the later mark should not materially differ from the original.

*Hana* emerged out of just that kind of scenario. In 1994, Hana Bank used the name “Hana Overseas Korean Club” in both English and Korean and used the name “Hana Bank” in Korean in advertisements in the United States. In 2000, Hana Bank changed the name of Hana Overseas Korean Club to “Hana World Center,” and, two years later, began to operate a bank under the name of “Hana Bank.” This bank was the first physical presence that Hana Bank had in the United States. Petitioner Hana Financial was established in the United States in 1994 and began using “Hana Financial” as its trademark a year later, registering the trademark in 1996. In 2007, Hana Financial sued Hana Bank, alleging infringement of its mark "Hana Financial." Hana Bank denied infringement by invoking the tacking doctrine, claiming it had priority.
The District Court initially granted summary judgment to Hana Bank on the infringement claim, accepting the tacking claim defense and finding that Hana Bank had priority use of the mark. On appeal, the Court of Appeals for the Ninth Circuit reversed, holding that there were genuine issues of material fact as to priority of the trademark’s use. On remand, the claim was tried before a jury, and the jury returned a verdict in favor of Hana Bank, finding that tacking applied and Hana Bank had first use of the mark. The Ninth Circuit affirmed, stating that, although tacking applied only in limited circumstances, tacking is a fact-sensitive inquiry that is reserved for the jury.

The Supreme Court held that tacking is a question for the jury when a trial by jury is requested and the facts do not warrant summary judgment or judgment as a matter of law. Thus, parties seeking to appeal tacking determinations of juries, under claims that the jury was not suited to reach a decision on tacking, are unlikely to prevail. Instead, future litigants hoping preserve a right to challenge adverse tacking determinations should raise the issue on motion, either summary judgment or judgment of law, or seek a bench trial. The Supreme Court specifically noted that judges could determine issues of tacking in these circumstances.