

## Supreme Court Rules that Trademark “Tacking” Is a Question for the Jury

On January 21, 2015, the Supreme Court in *Hana Financial, Inc. v. Hana Bank*, No. 13-1211, unanimously held that whether different versions of a trademark may be “tacked” for purposes of determining priority is a jury question.

A party who first makes *bona fide* use of a trademark in commerce has priority over later users. Typically, the use of a mark necessary to claim priority must be continuous, but in certain limited circumstances, when a mark has been revised over time, a party may still be allowed to claim the first use date of the original version of the mark. This doctrine, called “tacking,” is available when the original and subsequent mark(s) are considered to be “legal equivalents” of one another because they create the same, continuing commercial impression to an ordinary consumer.

The issue of tacking in *Hana Financial* was decided by a jury at the district court level. In the subsequent opinion, the Ninth Circuit held that tacking should be considered a question of fact to be determined by the jury unless the evidence is so strong that it permits only one conclusion. *Hana Fin., Inc. v. Hana Bank*, 735 F.3d 1158, 1168 (9th Cir. 2013) (Nov. 22, 2013). The Ninth Circuit found that the jury was properly instructed on the narrow doctrine of tacking, and upheld its finding. *Id.* The court recognized, however, that certain other circuits considered tacking to be a question of law. *Id.*

Petitioner Hana Financial, Inc. appealed to the Supreme Court on the issue of whether tacking is a question of fact to be decided by a jury or a question of law to be decided by a court. Petitioner argued that tacking is a question of law that should be decided by a court because, *inter alia*, the “legal equivalent” test involves the application of a legal standard, an inquiry that juries are not equipped to make; tacking determinations would result in the development of precedents that will guide future tacking disputes, a task typically reserved for judges; allowing juries to make tacking determinations would make it impossible to develop precedents that provide predictable rules; and tacking is an equitable doctrine that historically has been decided by courts, not juries.

Respondents Hana Bank and Hana Financial Group contended that tacking requires a subjective assessment of whether two marks convey a continuing commercial impression to relevant consumers, an issue of fact that is best suited for a jury. In so arguing, respondents pointed, *inter alia*, to the historical treatment of trademark and analogous issues as questions of fact. Respondents further argued that the tacking inquiry is similar to the test for likelihood of confusion, which it contended was factual in nature, in that both involve a comparison of trademarks’ respective commercial impressions on ordinary consumers.

In its decision, the Court held that tacking is a question of fact for the jury, as it relies upon an ordinary consumer’s understanding of the commercial impression conveyed by a mark. This falls comfortably within the ken of a jury, as fact-intensive questions of how an ordinary person or community would make an assessment typically do, across a variety of doctrinal contexts.

Addressing petitioner Hana Financial’s arguments, the Court noted that mixed questions of law and fact, such as the “legal equivalents” inquiry, typically are resolved by juries. The Court compared the nature and impact of tacking determinations to that of determinations made in tort cases, contract disputes, and criminal proceedings, where juries make determinations regarding often dispositive factual questions or make dispositive applications of legal standards to facts. Regarding petitioner’s concern that a jury may not be equipped to correctly apply the relevant legal standard, the Court noted that the solution is to craft careful jury instructions that make that standard clear. The Court additionally pointed out that the cases relied upon by petitioner to argue that tacking has historically been a matter for the court involved the resolution of

tacking disputes in bench trials, at summary judgment, or the like – situations in which it is undisputed that judges may resolve such disputes – and that those cases do not undermine the Court’s conclusion that tacking is a question of fact for the jury when summary judgment or judgment as a matter of law are not warranted.

Although most courts that had addressed the issue already considered tacking a question of fact, *Hana Financial* will require a change in the Federal Circuit and the Sixth Circuit, which previously deemed tacking to be a question of law. Moreover, while the issue of tacking arises infrequently, the Court’s suggestion that juries are best suited to assess the perspective of ordinary consumers may have a broader impact on trademark infringement cases going forward, since several circuits take the position that the likelihood of confusion analysis used to determine infringement is at least partially a question of law.

To find out how the Supreme Court’s decision in *Hana Financial* affects your interests, please contact your usual Ropes & Gray attorney or one of the following Ropes & Gray attorneys.

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