Hana Financial v. Hana Bank: Supreme Court Holds That Trademark "Tacking" Is A Question For Juries

by David R. Todd

On January 21, 2015, the Supreme Court issued its decision in *Hana Financial, Inc. v. Hana Bank*, in which the Court considered the doctrine of trademark "tacking." Under the doctrine of "tacking," a party may claim priority in a mark based on prior use of another mark only when the marks "create the same, continuing commercial impression" and the later mark does "not materially differ from or alter the character" of the prior mark. In *Hana*, the Court addressed whether tacking is a question for a judge or a jury. Justice Sotomayor's opinion for a unanimous Court concluded that it is a question for the jury.

Hana Bank was established in Korea in 1971, although it did not begin using the name "Hana Bank" until 1991. But at that time, it operated only in Korea. In 1994, it began providing financial services to Korean expatriates in the United States, and it marketed those services under the name "Hana Overseas Korean Club." The promotional materials that Hana Bank used in connection with those services included the name "Hana Overseas Korean Club" in both English and Korean, accompanied by the name "Hana Bank" in Korean. In 2002, Hana Bank established its first physical presence in the United States, operating a bank using the name "Hana Bank."

Meanwhile, Hana Financial began using its name and an associated trademark in commerce in the United States in 1995. Hana Financial, like Hana Bank, provides financial services to individuals in the United States.

In 2007, Hana Financial sued Hana Bank for trademark infringement, alleging that Hana Bank is confusingly similar to Hana Financial. In response, Hana Bank argued that its use of Hana Bank predated Hana Financial's use of its mark and therefore Hana Financial's claim for infringement must fail. Hana Bank claimed that, based on the doctrine of "tacking," it had priority in the United States back to 1994, whereas Hana Financial only had priority to 1995. Specifically, Hana Bank pointed to its activities from 1994 to 2002 in which it had marketed its services in the United States. Hana Financial countered that the mark(s) used by Hana Bank during that time were too different from the mark it was using now and therefore the doctrine of "tacking" did not apply.

Hana Financial v. Hana Bank: Supreme Court Holds That Trademark "Tacking" Is A Question For Juries

by David R. Todd

The question of tacking was submitted to a jury. The jury was instructed as follows:

> "A party may claim priority in a mark based on the first use date of a similar but technically distinct mark where the previously used mark is the legal equivalent of the mark in question or indistinguishable therefrom such that consumers consider both as the same mark. This is called 'tacking.' The marks must create the same, continuing commercial impression, and the later mark should not materially differ from or alter the character of the mark attempted to be tacked."

The jury returned a verdict in favor of Hana Bank. On appeal, the Ninth Circuit affirmed. The court explained that, although tacking applies only in "exceptionally narrow circumstances," it "'requires a highly fact-sensitive inquiry'" that is "reserved for the jury."[1] As such, it could only overturn the jury's verdict if it found the verdict to be unreasonable.

The Ninth Circuit concluded that the jury's verdict was within the bounds of reason because when Hana Bank had used the name "Hana Overseas Korean Club," it had used "Hana Bank" in Korean next to that name and "[t]he ordinary purchasers of the Bank's services were likely aware of the Bank and its services from their experiences in Korea."[2] "The ordinary purchasers of these services were Korean-speaking consumers…that likely had a preexisting awareness of the Bank due to its ongoing business presence in Korea."[3] As such, "[t]he jury could have reasonably concluded that these purchasers associated 'Hana Bank' with the 'Hana Overseas Korean Club' when 'Hana Overseas Korean Club' appears, in English, next to 'Hana Bank,' in Korean…" and that "the ordinary purchasers of the financial services at issue likely had a consistent, continuous commercial impression of the services the Bank offered and their origin."[4] However, the Ninth Circuit did acknowledge that there was a "circuit split" as to whether "tacking" was a question of law for the court (and should be reviewed *de novo* on appeal) or whether "tacking" was a question of fact for the jury (and should be reviewed under a more deferential standard).[5]

Hana Financial petitioned for certiorari, arguing that "tacking" is a question of law for the court. Hana Financial based much of its argument on the fact that tacking is said to be

permissible only when two marks are "legal equivalents." According to Hana Financial, the use of the term "legal" implies that tacking is a question of law, not a question of fact.

The Supreme Court concluded that "tacking" is a question of fact for the jury. Justice Sotomayor's opinion relied on the substantive standard for tacking, which requires two marks to "'create the same, continuing commercial impression' so that consumers 'consider both as the same mark.'" The Court observed that "[a]pplication 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. 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."

The Court then provided rebuttal to each of the four arguments made by Hana Financial. First, Hana Financial argued that tacking involves the application of a legal standard and therefore should be a question of law for courts. But, as the Court observed, juries apply legal standards to facts all of the time, and there was no objection to the jury instruction laying out the legal standard in this case. Second, Hana Financial asserted that tacking questions can only be resolved by comparing two marks in a given case against those addressed in other tacking cases, and therefore it is a task ill-suited for juries. The Court rejected that premise, stating that "in making rulings in bench trials, judges may look to past cases holding that trademark owners either were or were not entitled to tacking," but there is no support for the assertion that tacking can *only* be resolved in that manner. Third, Hana Financial argued that "the predictability required for a functioning trademark system will be absent if tacking questions are assigned to juries." But the Court observed that "the same could be said" about other questions assigned to juries and that, in any event, there will be uncertainty regardless of whether the decisionmaker is a judge or a jury. Finally, citing a number of cases, Hana Financial argued that, as a historical matter, tacking has been resolved by judges. However, the Court distinguished those cases on grounds that they involved bench trials or the grant of summary judgment. The Court responded: "[I]t is

undisputed that judges may resolve tacking disputes in those contexts. But recognizing as much does not gainsay our conclusion that, when a jury is to be empaneled and when the facts warrant neither summary judgment nor judgment as a matter of law, tacking is a question for the jury."