

Lawyers Weigh In On High Court Trademark Tacking Ruling

Law360, New York (January 21, 2015, 7:34 PM ET) -- The U.S. Supreme Court on Wednesday ruled unanimously that so-called trademark tacking is a factual question that should be dealt with by juries. Here, attorneys tell Law360 why the decision in *Hana Financial Inc. v. Hana Bank* is significant.

Michelle Ciotola, Cantor Colburn LLP



“At first glance, the significance of the Supreme Court’s unanimous decision that tacking should be decided by juries seems minimal. After all, tacking applies only in ‘exceptionally narrow circumstances.’ However, this decision could have a much broader impact if the court’s reasoning that an inquiry which operates from the perspective of an ordinary consumer should be decided by a jury is applied to a likelihood of confusion analysis. In this regard, it is possible that the court’s decision here may be used to resolve the split in the circuits over whether a likelihood of confusion analysis is a question of law or fact.”

Sally M. Abel, Fenwick & West LLP

“Tacking has never been a particularly controversial or prominent aspect of trademark law and practice. So, the ruling is not a surprise; it would have been surprising had it gone the other way. It is also not surprising that Justice Sotomayor wrote the decision, given her trademark expertise and experience. Likely she has been the catalyst for the court’s recent interest in trademark cases — such as this one and *B&B Hardware* now pending before the court — and will author more trademark decisions in the future. Unfortunately, the court chose not to grant cert in *Herb Reed*, which undoes decades of trademark jurisprudence recognizing a presumption of irreparable harm once likelihood of confusion is shown.”

Rose Auslander, Carter Ledyard & Milburn LLP

“Explaining that tacking, which gives a trademark owner’s newer mark the priority of its older mark, is allowed only when the two marks ‘are “legal equivalents” in that they create the same, continuing impression,’ the *Hana* Court reasoned that as the ‘test relies upon an ordinary consumer’s understanding of the impression’ of a mark, a jury ‘ought to provide’ the answer. This decision might seem minor, except that it may in turn affect the central issue of likelihood of confusion in the Second, Sixth and Federal circuits, where it is still considered at least partly a question of law for the judge to decide.”

Steve Borgman, Vinson & Elkins LLP

“The Hana Financial decision likely will increase costs in trademark litigation and reduce the chances for an early resolution in cases where tacking is an issue. Parties likely will now want to present expert testimony on this issue to the jury, possibly including survey evidence as to consumer impressions of the mark as it evolved over time. In addition, it seems more likely that disputes over priority will not be resolved on summary judgment, but will go to trial.”

Karen H. Bromberg, Cohen & Gresser LLP

“The Hana decision is a victory for brand owners. While a decision that allowed the court to decide the issue of legal equivalency and commercial impression would have markedly reduced the costs of litigating such matters, it would have placed in the hands of a single arbiter the decision whether an original mark and its modified version create the same continuing commercial impression to consumers. Trademarks are based heavily on consumer perception. Because the jury, as a group of people, are more representative of the average consumer, they are in a better position to determine commercial impression. Brand owners are entitled to have such important evidence evaluated by the fact finder, i.e., the average consumer, and not have it reduced to a simple side by side comparison by a judge as a matter of law. The Hana decision preserved this right.”

Ross A. Dannenberg, Banner & Witcoff Ltd.

“The court recognizes that determinations regarding the similarity of two marks is a fact-based decision. Even though tacking is a legal doctrine, tacking is based on a determination of whether two marks ‘create the same, continuing commercial impression,’ which is a decision best left to consumers, not judges. The court effectively substitutes the jury for those consumers. What is really significant about this decision, in my opinion, is that tacking likely will be easier to prove going forward. Historically, judges were quite strict regarding when tacking can be used, allowing tacking in only very limited circumstances, e.g., when marks were nearly identical with minor insignificant changes. Going forward, however, the decision of whether one mark can be tacked onto another will be a made by the panel of consumers known as the jury, and juries tend to rely on their own impressions. As such, future juries will ultimately ask themselves if they think the marks create the ‘same, continuing commercial impression.’ As evidenced by this case as an indicator of what is to come, the jury found tacking when the judge likely would not.”

Dan DeCarlo, Lewis Brisbois Bisgaard & Smith LLP

“It is interesting that the Supreme Court issued this ruling just a day after its ruling on another intellectual property issue dealing with whether patent claim construction is a question of fact or law. In Hana Financial, the Supreme Court continued with its trend to protect the province of juries as ultimate arbiters of fact questions. The Supreme Court rarely takes up trademark questions and that it chose to do so on an issue regarding what role the jury plays — as opposed to a more technical substantive trademark issue — suggests the importance that the court places in keeping watch on invasions into the jury’s province. That the decision was unanimous only emphasizes that concept.”

James Donoian, McCarter & English LLP

“Of particular significance is Justice Kennedy’s inquiry into the possible impact on the likelihood of confusion. His inquiry, seemingly based largely on amicus briefs, may signal that the court is ready to hear a case on the more complex issue of whether likelihood of confusion is a jury question, which would represent seismic change at trial. The tacking issue is a rarer and more finite analysis limited to the commercial impression of the marks, whereas likelihood of confusion is the essence of all trademark cases. Each factor has its own nuances and related case law. Juries don’t usually understand all the factors or the overlap among them.”

Anthony J. Dreyer, Skadden Arps Slate Meagher & Flom LLP

"The court properly recognized that the question of tacking — which turns on ordinary consumers' impression of the original and altered mark — is inherently factual and thus within the purview of the factfinder. As a result of today's decision, trademark owners who have made changes to their mark will have a full opportunity to present to the jury evidence they believe demonstrates that consumers view the marks as the same. It remains to be seen whether the court's apparent conclusion that the issue of tacking is a 'mixed question of law and fact' has larger implications for the trademark likelihood of confusion analysis — which has been treated differently among the circuits, with some treating it as a question of law subject to de novo review."

Anderson Duff, Wolf Greenfield & Sacks PC

"This case resolves a circuit split regarding whether judges or juries should determine when use of a prior trademark may be used to establish priority in a junior mark. The court held that in a jury trial where the facts do not warrant summary judgment or judgment as a matter of law, this question must be decided by a jury. As a practical matter, this may make it easier for plaintiffs relying on tacking to defeat a defendant's motion for summary judgment. It may also make it easier for defendants to defeat a motion for a preliminary injunction."

Paul R. Garcia, Partridge & Garcia PC

"Today the Supreme Court unanimously held that the question of 'tacking' — whether modifications to a trademark make it in effect a new mark, or whether it is essentially the same mark as before — is a question for the jury, not the judge. Though not terribly common in trademark litigation, the issue is important because the question of priority — who is first using a trademark — can turn on whether the plaintiff is using the 'same mark,' albeit slightly modified, or a 'new mark.' Priority can often be case dispositive. Resolving a circuit split, the Supreme Court came down resoundingly on the side of trusting the jury to decide this issue, concluding 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 confirmed, however, that this issue can nonetheless be decided on summary judgment, as is the case with other questions traditionally left to the jury."

Patchen Haggerty, Perkins Coie LLP

"The Supreme Court's finding that a jury should decide whether a trademark owner may claim rights in a modified trademark dating back to the first use of the original trademark is a significant win for brand owners. Businesses often update their trademarks in response to marketplace trends, and 'tacking' allows brand owners to claim rights in the original trademark where ordinary consumers would consider the two marks 'legal equivalents.' This ruling affirms that this determination is best made by a trier of fact capturing marketplace reactions, and preserves a brand owner's right to prove tacking through evidence of consumer understanding."

Jonathan Hudis, Oblon McClelland Maier & Neustadt LLP

"The lesson learned from Hana Financial is that tacking is a factual question normally decided by a jury, and resolved by a judge as a matter of law only under certain limited circumstances. This should inform the trademark litigator's case strategy if a tacking question is involved. Whether a party's so-called 'old' and 'new' marks are legal equivalents, being deemed a factual question, will not often result in the question being decided on summary judgment. That tacking is a factual question will also govern the standard of review on appeal — i.e., factual matters being decided under the 'substantial evidence' standard, and legal questions being decided under the de novo standard. This raises the importance of vigilant factual development and presentation of the facts underlying the tacking issue to the jury at trial, and the offer and reading of carefully written instructions before the jury deliberates."

Jonathan Hyman, Knobbe Martens Olson & Bear LLP

“The Supreme Court appears to be taking an interesting approach regarding issues of fact and law in IP cases and this decision, coupled with the recent Teva decision, may be an indication that the Supreme Court is clearing the air on how such issues should be decided and reviewed. The Hana decision puts the tacking issue in the hands of the jury and the Teva decision puts in place a rule that determinations on claim construction of patents should not be reviewed de novo. The Hana decision could also be an indication that the Supreme Court may be ready to hear a case on a circuit split regarding whether likelihood of confusion is an issue of fact or law for reviewing courts. Most circuits hold that likelihood of confusion is an issue of fact reviewed on appeal under a deferential ‘clearly erroneous’ standard, while the minority view — Second, Sixth and Federal circuits — favor the view that likelihood of confusion is an issue of law reviewed de novo by the appellate court.”

Timothy Kelly, Fitzpatrick Cella Harper & Scinto LLP

“The Supreme Court’s decision is grounded in the fundamental precept that underlies trademark law generally, namely that consumers should be protected from confusion. As such, consumers ought to be the focus and the ones to decide whether two marks create a similar enough commercial impression to be ‘tacked.’ From the perspective of litigation strategy and recognizing the often unpredictable nature of juries, the decision creates yet another factor that will need to be taken into account in deciding whether a trademark infringement case should be tried before a judge or a jury. Also, the court’s confirmation that the tacking decision is one for a jury seems likely to make surveys a more frequently used tool in litigating the tacking issue.”

Richard LaBarge, Marshall Gerstein & Borun LLP

“The decision that tacking can be decided by a jury shouldn’t affect the day-to-day decisions of trademark owners. It will interest prognosticators. Whether likelihood of confusion is a question of fact or a question of law is a similar, and more pervasive, trademark issue. The court’s reasoning here may shape future arguments about that. In another case, B&B v. Hargis, the court is considering whether some USPTO decisions should be binding in later infringement suits when the form of the defendant’s mark is not materially different than the form that the USPTO considered. Maybe that will be another issue for the jury.”

Joanne Ludovici, McDermott Will & Emery LLP

“The decision will have limited application. However, when tacking does arise, it’s a high-stakes issue. Trademark rights in the U.S. arise from use in commerce. Trademark owners make decisions to modify their trademarks on a daily basis. The ability of trademark owners to reach back and claim an earlier use date is crucial, and litigants now know that tacking determinations will be made by juries, from the perspective of an ordinary purchaser. No need for forum shopping on whether tacking is a question for judge or jury. [The Supreme Court] unanimously held that jurors are not only smart enough to handle trademark tacking, but are the only ones who should decide it, because it turns on consumer perception in the marketplace and involves fact-intensive analysis.”

Kevin Markow, Becker & Poliakoff PA

“The Supreme Court reaffirmed the significance of juries in determining trademark disputes. It held that whether trademarks may be ‘tacked’ for the purposes of determining priority of right is a question for juries. Tacking arises when a trademark is modified over time, but conveys the same commercial impression as an original mark. Whether the same commercial impression is made is viewed through the eyes of a reasonable consumer, and is inherently fact-intensive. Based on established trademark precedent and the traditional role of a jury, the court got this one right.”

Michelle Mancino Marsh, Kenyon & Kenyon LLP

“Though trademark tacking cases are few and far between, the implications of Hana Financial to trademark practice go beyond the tacking issue presented. The Hana Financial decision reinforces the importance of the jury in trademark cases — a jury is, after all, comprised of the ordinary consumers that our trademark laws are designed to protect. But with this case the court has pushed an issue that has routinely been handled by judges in favor of letting a jury decide. It is possible more trademark cases will proceed to trial as a result.”

Kristen McCallion, Fish & Richardson PC

“What is important to note is that the Supreme Court’s decision does not eradicate a judge’s ability to determine tacking in all situations and for this reason, it is not likely to have too much of an impact going forward. While the court recognized that a jury ‘should’ make the determination of whether modified, but ‘legally equivalent’ marks should be tacked in order to determine trademark priority, the court also explained that a judge is not prohibited from making this same determination. For example, a judge can properly decide a tacking question on a motion for summary judgment or in a bench trial.”

Kathleen McCarthy, King & Spalding LLP

“The Supreme Court’s holding in Hana Financial — that the jury ought to answer whether two marks make the same continuing commercial impression for purposes of assessing tacking — is not likely to affect most trademark litigation, since tacking is relatively rare. The decision could become significant in the circuits that now treat likelihood of confusion as a question of law if the court’s rationale — that a jury is better equipped than a judge to assess how an ordinary person or community would make an assessment regarding commercial impression — is extended to that issue.”

Paige W. Mills, Bass Berry & Sims PLC

“This decision could potentially make it more difficult to obtain summary judgment on questions of tacking, because the party opposing the motion will certainly point to this opinion as support for the assertion that this key decision belongs to the jury. When the parties know that a critical issue, such as who used the mark first, will most likely be considered a fact question for the jury, there is less certainty for both sides in predicting who will win — and how much the suit will cost — which can dramatically change the settlement dynamic for both parties.”

Bill Munck, Munck Wilson Mandala LLP

“The fundamental and historic purpose of trademark law is to protect average consumers from confusion about the source of goods. The consumers’ perception of trademarks is always of critical importance. Procedurally, the purpose of juries in many civil contexts is to act as a substitute for the average person. Hana stands for the proposition that the average juror is the best person to assess how a consumer would understand the impression of a trademark. It fuses the substantive purpose of trademark law with the general principles of the American jury system.”

Mark Mutterperl, Bracewell & Giuliani LLP

“In Hana, the court brought the relatively unknown ‘tacking’ doctrine to the forefront of protecting marks — like the Morton Salt girl — that subtly evolve over years. Brand owners now know that juries generally will decide whether changes to trademarks and trade dress are so significant that they alter a mark’s commercial impression and risk losing value. Thus, brand owners modernizing a mark must be more diligent than ever to avoid changing the commercial impression. When in litigation, brand owners must substantiate previous and current consumer commercial impressions and whether there has been a change. We may see consumer surveys, statistically proper studies and other methodologies used to measure consumers’ commercial impressions.”

Joseph T. Nabor, Fitch Even Tabin & Flannery LLP

“The decision in *Hana Financial Inc. v. Hana Bank* is an important affirmation of the jury system in intellectual property cases. In the *Markman* decision from 1996, the Supreme Court limited the usefulness of juries in patent cases, and here they have expressly recognized that even in matters of intellectual property law there are issues for which a jury may be better suited as the factual determiner. Moreover, this decision now provides a greater degree of clarity for trademark litigants who need to analyze the application of the principle of tacking to priority claims.”

Paul J. Reilly, Baker Botts LLP

“The Supreme Court decided a very finite issue — whether a judge or jury should determine if tacking is available in a trademark case. The court indicated when the relevant question is how an ordinary person would make a determination, here, the commercial impression of two marks viewed through the eyes of a consumer, a jury should make the determination. That said, leaving open the possibility of a judge deciding the tacking question, the court crafted a very narrow holding [in limiting it to only when a jury trial has been requested.] Given the infrequency with which the issue of tacking arises in trademark litigations, the decision in *Hana Financial*, while resolving a conflict amongst circuits, will not dramatically impact trademark practitioners or the standard for tacking. The decision perhaps unveils how the court might approach the likelihood of confusion analysis in trademark cases where there is also a circuit split as to whether that ultimate determination is a question of law reviewable de novo or fact reviewable for clear error. But, what will be worth watching is how trademark litigants rely on *Hana Financial* going forward in jurisdictions treating likelihood of confusion as a matter of law.”

Professor Alexandra J. Roberts, University of New Hampshire School of Law

“Today's holding won't have a major impact on trademark owners' decisions whether to update or revise a mark, decisions that are typically governed by marketing strategy. That's because tacking is a backward-looking doctrine: in evaluating whether a mark owner can tack its use of one version of a mark onto that of a similar, earlier version of the same mark for purposes of priority, a trier of fact considers whether the transition that took place in the past was relatively seamless — whether the two marks create the same commercial impression — rather than looking to the present or future as he might in considering, for example, a likelihood of consumer confusion between two marks.”

Ira S. Sacks, Akerman LLP

“The court's *Hana* decision is significant for several reasons. First, tacking is an important issue that will now bring into play competing experts and summary judgment factual disputes, rather than merely legal argument, with a concomitant increase in trials on tacking issues. In addition, the decision will likely be argued to apply to other mixed questions of fact and law in Lanham Act cases, such as likelihood of confusion. Finally, read together with yesterday's *Teva* decision, the court seems to be emphasizing jury fact finding on ultimate and subsidiary fact questions in IP cases.”

Davin L. Seamon, Steptoe & Johnson PLLC

“While, at first blush, the court seems to make broad, sweeping precedent that juries should always decide tacking issues in trademark infringement cases, upon closer inspection, the opinion removes bench trials and motions for summary judgment and judgment as a matter of law from its edict. Most prudent intellectual property litigants insist upon bench trials given the complex nature of their disputes. This approach would necessarily remove these disputes from the purview of *Hana*; however, the wisdom in placing the tacking analysis, which should be conducted ‘through the eyes of a consumer,’ in these limited situational circumstances cannot be overlooked.”

Mitchell C. Stein, Sullivan & Worcester LLP

"The Hana Financial decision increases the cost of asserting a trademark tacking claim or defense. Arguments presented to juries are far more expensive and difficult to prepare than those presented to judges, so litigants who seek to slow the pace or increase the cost of litigation will welcome this decision. Although judges can still rule on trademark tacking claims in the context of, for example, a summary judgment motion, the court's holding signals to judges in doubt that they should deny the motion and let the jury decide at trial."

Jonathan Steinsapir, Kinsella Weitzman Iser Kump & Aldisert LLP

"The decision will have very little practical impact on trademark cases. The Supreme Court merely held that when there are sufficient evidentiary facts to support a finding of tacking, that finding is a factual question for a jury — or a judge in a bench trial. The court did not spell out what is sufficient evidence to support such a finding however, and just about every lower court — including the Ninth Circuit, whose judgment here was affirmed — hold that tacking is an exceptional doctrine that is rarely available as a matter of law. So while this case may have some minor impacts on the margins, the important issue is what type of facts need to be proven to show that tacking is available. That question was not addressed by the Supreme Court, and the lower courts have almost uniformly held that tacking is available only in rare, exceptional circumstances, which will preclude the issue from reaching juries in most cases."

Paolo Strino, Gibbons PC

"It is unlikely that today's decision will have large legal implications. A judge may still decide a tacking question on a motion for summary judgment or for judgment as a matter of law. Nonetheless, if the parties requested jury trial and entry of summary judgment is not warranted, the question will have to be decided by a jury. This could increase the cost of litigation in a small number of cases. The parties might try to introduce evidence in support of tacking, including consumer surveys, which can be costly. Additionally, today's decision negates the parties' inclination to avert the involvement of juries, preferring the expertise of a judge."

David Sunshine, Cozen O'Connor PC

"While the Supreme Court's decision in Hana Financial is important in the context of trademark tacking cases, its overall significance is relatively limited since tacking cases are uncommon. The decision may ultimately result in more drawn out and expensive trademark litigation because additional fact-specific evidence, such as consumer surveys, are necessary when presenting tacking issues to a jury. What remains to be seen is what impact, if any, the case will have on whether likelihood of confusion is a question of fact or law on which issue several circuits are currently split."

Mark Suri, Hinshaw & Culbertson LLP

"The Hana decision is unlikely to spark significant changes in most trademark litigation strategies. 'Tacking' is a very narrow area of trademark law that is rarely an issue. If tacking is an issue, and parties are conducting surveys, they may consider asking relevant questions about the similarities between the tacked marks in the surveys. Expert testimony on the issue may be more important as it may sway a jury more than the judge. Whether determined by a judge or a jury, the basic issue remains the same, whether the asserted mark is similar enough to the prior rendition to warrant tacking for priority purposes."

John Tang, Strasburger & Price LLP

"This was not a surprising opinion. Trademark infringement issues have always been fact questions. If anything, the case signifies another advantage to trademark owners with a long history of use. Because the issue of priority will not be decided by summary judgment, juries will consider another factor beyond the standard Polaroid likelihood of confusion factors. Rather than merely determining whether

the marks are confusingly similar and which party used its mark first, the jury will now determine whether the asserted trademark or alleged infringing mark is similar to an earlier trademark the party used in the past. A new race to determine priority of first use has begun.”

Anthony J. Viola, Locke Lord LLP

"Trademark rights derive from priority use on goods or services in commerce, not first registration or even first creation. When a trademark owner changes its mark over time, the question arises whether the owner can claim priority of use back to the date of first use of the original version. The Courts of Appeal had been split on whether such ‘tacking’ is a question of law to be determined by the court or a question of fact to be determined by a jury. The Supreme Court today unanimously ruled that tacking is a question of fact for the jury. As the court noted, tacking generally applies where the two marks are ‘legally equivalent,’ meaning that they ‘create the same, continuing commercial impression,’ which is determined through the eyes of the consumer. In other words, as with so much else in the realm of trademark infringement, the ultimate test is one of consumer impression and confusion, which is generally viewed as a question of fact for a jury. Trademark tacking is not routinely asserted, but it does come up from time to time especially in mature or crowded markets. Today’s decision will make tacking disputes significantly less susceptible of determination on summary judgment, meaning that all parties will be subject to the cost, expense and uncertainty of jury trials going forward."

Lynda Zadra-Symes, Knobbe Martens Olson & Bear LLP

“The Supreme Court’s Hana decision on the tacking issue clarifies a circuit split on whether trademark tacking is a factual issue to be determined by juries. The Supreme Court determined that tacking is a jury issue. It is also a seemingly rare affirmation of a 9th Circuit decision. The decision confirms that a jury should be involved in a trademark tacking decision which requires a determination of whether two marks create the same continuing commercial impression so that consumers consider both marks as essentially the same mark. In a case where a jury trial has been requested and the facts do not warrant entry of summary judgment or judgment as a matter of law, tacking should be decided by a jury rather than by the judge.”