

No. 13-1211

IN THE
Supreme Court of the United States

HANA FINANCIAL, INC.,

Petitioner,

v.

HANA BANK AND HANA FINANCIAL GROUP,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF OF RESPONDENTS

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QUESTION PRESENTED

Whether the jury or the court determines when use of an older trademark may be tacked to a newer one for trademark priority purposes.

CORPORATE DISCLOSURE STATEMENT

Hana Bank is a wholly owned subsidiary of Hana Financial Group. Hana Financial Group has no parent company and no publicly held company owns 10% or more of Hana Financial Group's stock.

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STATEMENT OF THE CASE

Superior trademark rights belong to the party that was first to use its mark in commerce, not the party that was first to register it. So, the “first use” or priority date of a mark is central to any infringement analysis. In the vast majority of cases, this is a simple inquiry because both parties have used their marks unchanged over time. On rare occasion, however, one of the parties may have altered its mark over time in response to market trends or simply to freshen up its brand image. Or, it may have translated its mark into another language to better communicate with target consumers.

When a mark is altered, the question arises whether the alteration resets the priority clock, or whether the trademark owner may “tack” its use of the altered mark onto its original mark to retain the benefit of its earlier priority date. Tacking is permissible when both marks convey to consumers a “continuing commercial impression.” This involves a subjective assessment of how consumers perceive the marks as they appear in the marketplace.

Here, petitioner Hana Financial, Inc. (“HFI”) claims that respondent Hana Bank has infringed upon the mark HANA FINANCIAL by using the mark HANA BANK in connection with competitive financial services. Hana Bank has responded that it, rather than HFI, was first to use its mark in domestic commerce, and this priority constitutes an absolute defense to HFI’s infringement claim.

Hana Bank’s priority derives from a domestic advertising campaign it launched in July 1994, the year

before HFI came into existence. Hana Bank published an advertisement in a Korean language publication circulated to Korean-Americans and Korean expatriates living in the United States. The bulk of the ad was in the Korean language. The name “Hana Bank” appeared seven times in Korean, while “HANA Overseas Korean Club” appeared in English. Based upon this advertisement, a jury decided that Hana Bank has trademark priority.

More than three years earlier, the district court had reached the same conclusion in favor of Hana Bank on summary judgment. HFI appealed that decision and demanded a jury trial on this issue of priority. A divided Ninth Circuit panel remanded the case for trial. Dissatisfied with the results of that trial, HFI again appealed, and this time argued that the jury’s priority verdict was erroneously premised on tacking of the phrase “HANA Overseas Korean Club” onto the English version of the mark HANA BANK. The Ninth Circuit affirmed the trial result because it deems tacking an issue of fact, the jury was properly instructed on the issue, and it considered the jury’s conclusion reasonable under the facts of the case.

The question of trademark infringement, including tacking, is indeed a fact question for the jury, and applying the right law, the jury correctly found that Hana Bank did not infringe HFI’s trademark. Although the verdict was based on Hana Bank’s 1994 advertisement, the jury did not specify whether it based its decision on the Korean version of the HANA BANK trademark, on the phrase “HANA Overseas Korean Club” appearing in English, or on some other unspecified evidence presented at trial. HFI speculates that priority must have been based solely on the

phrase “HANA Overseas Korean Club” as it appeared in the 1994 advertisement, although there is no verdict form question or other evidence supporting this speculation. In effect, HFI seeks an advisory opinion that, as a matter of law, the hypothetical tacking of this phrase and the mark HANA BANK would be inappropriate.

If tacking did in fact occur, it was appropriately put before the jury as a factual issue because the question of whether two marks convey a continuing commercial impression involves a subjective assessment of how relevant consumers view them in their marketplace context. A group of jurors is a better proxy for deciding matters of consumer perception than is a court sitting in relative isolation. Historical treatment of trademark analysis supports this conclusion.

Moreover, if tacking did occur, more likely it involved a comparison of the English and Korean versions of the mark HANA BANK, because the latter appeared multiple times in the original 1994 advertisement. If so, the jury reasonably concluded that the mark HANA BANK together with its Korean translation convey a continuing commercial impression before the relevant consumers, namely Korean expatriates.

I. Factual Background

Hana Bank was founded in 1971 and first adopted the name Hana Bank in Korea in 1991. Pet. App. 4a. Today, Hana Bank is among Korea’s largest banks. *Id.* Hana Financial Group (“HFG”) is a holding company that owns

Hana Bank but does not itself conduct business in the United States.¹ *Id.*

Several critical dates are not in dispute. HFI first used its mark HANA FINANCIAL in commerce in April 1995 in the United States. Pet. App. 6a. Hana Bank, on the other hand, began advertising its services to domestic customers the prior year, having launched an advertising campaign in the *Korea Times* on July 13, 1994. JA205-207; Pet. App. 5a.²

The *Korea Times* is written almost exclusively in Korean, targeted to Korean-readers, and circulated in cities with large Korean populations, such as Washington, D.C., Los Angeles, San Francisco, Chicago, New York and San Francisco. Pet. App. 5a. Hana Bank's advertisement is reproduced below. References to "HANA BANK" appear in yellow (JA206):

1. HFG was dismissed on this basis on a Rule 50 motion, and the appellate court acknowledged that the dismissal was not part of HFI's appeal. Pet. App. 4a n.1. Hence, HFG is not a party to this petition.

2. The parties' principals knew each other well before this time. HFI's adoption of its mark with prior knowledge of Hana Bank gave rise in part to the district court's finding of laches and unclean hands, as detailed in its findings of fact and conclusions of law. Pet. App. 27a-31a.

Hana Bank’s advertisement featured the following elements:

- **하나은행** (which appears seven times and translates to “HANA BANK”)
- **ㄱ 하나은행** (which translates to “HANA BANK” alongside the “Dancing Man” logo)
- HANA Overseas Korean Club (which appears once in English)

Below is a side-by-side comparison of the Korean version of the Hana Bank mark that appeared in the 1994 ads, and its English equivalent as subsequently used by Hana Bank:



First used mark (JA206). Current mark (JA204).

Hana Bank’s advertising campaign proved an immediate success. Within days, customers in the United States wrote Hana Bank inquiring about it. JA202-203; Pet. App. 24a. Hana Bank processed its first United States customer application on August 5, 1994. Pet. App. 24a. The applications themselves also featured the HANA BANK mark in Korean and the Dancing Man logo. JA208; JA211; Pet. App. 5a.

Between 1994 and trial, Hana Bank serviced over 11,500 United States residents under its Hana Bank name, remitted over \$37 million on their behalf, and wired funds to American customers almost daily. Pet. App. 6a-7a.

II. Procedural Background

Hana Bank's trademark priority has been adjudicated multiple times throughout this case, first by the trial judge on summary judgment and later by jury trial. Both judge and jury found in favor of Hana Bank on the basis that its 1994 advertisement conferred priority.

A. Summary Judgment Proceedings

In 2007, Hana Bank moved for summary judgment on trademark priority. JA52-68. HFI opposed, arguing that "improper tacking" precluded priority. JA83-85. The court granted the motion, finding that Hana Bank had priority notwithstanding HFI's tacking argument. JA118-131. The court did not state that Hana Bank's priority derived from the mark HANA Overseas Korean Club. Rather, it analyzed the entire 1994 advertisement, which included the Korean version of HANA BANK (하나은행 and **하나은행**), and the phrase "HANA Overseas Korean Club." JA120; JA125; JA206.

HFI appealed and demanded a jury trial. In 2010, a divided Ninth Circuit panel found that factual issues (unrelated to tacking) precluded summary judgment, and remanded for trial. JA134-139.

B. Jury Trial

In May 2011, the parties tried the case before a jury. Pet. App. 8a. Before trial, the court denied HFI's motion in limine that sought to preclude Hana Bank's 1994 advertisement on the theory that it might yield improper tacking between "HANA BANK" and "HANA Overseas Korean Club." JA141-156; JA159. The court later noted that HFI's arguments were more suited to a summary judgment motion than a procedural motion.⁴ JA166.

At trial, HFI requested a jury instruction on tacking, and it received one that was substantially the same as the one it requested. JA140; JA173. HFI never challenged the given jury instruction, either at trial or on appeal. It then raised tacking with the jury. JA171-172. The properly-instructed jury unanimously found that Hana Bank had priority, but the verdict form did not disclose whether it based its finding on the Korean version of "HANA BANK" or on "HANA Overseas Korean Club," or whether it applied tacking and, if so, as to which two marks. JA174-175.

The district court also took an advisory verdict on Hana Bank's equitable defenses and issued a defense judgment on laches and unclean hands in favor of Hana Bank. Pet. App. 21a-32a. HFI appealed these independent defense theories, but the appellate court did not address them, leaving them for consideration after a possible remand. Pet. App. 17a, 20a.

4. HFI speculates that it might have prevailed on such a motion. Pet. Br. 10. However, the court had already rejected its tacking argument, granting summary judgment in Hana Bank's favor. JA83-85; JA118-131.

C. The Ninth Circuit's Decision

In 2013, the appellate court concluded that tacking was properly put before the jury as an issue of fact, and upheld the priority verdict in favor of Hana Bank, noting that:

The jury could have reasonably concluded that [Korean-speaking] purchasers associated “Hana Bank” with the “Hana Overseas Korean Club” when “Hana Overseas Korean Club” appeared, in English, *next to “Hana Bank,” in Korean*, and the dancing man logo in the advertisements. In that context, “Hana” was arguably the most significant portion of the trade name, as the ordinary purchasers would have then made the association between the English word “Hana” and the Bank’s Korean name.

Pet. App. 17a (internal citations omitted) (emphasis added).

Thus, the appellate court premised the reasonableness of the jury’s priority verdict upon the entirety of Hana Bank’s 1994 advertisement, including the Korean version of the mark HANA BANK, and not just upon inclusion of “HANA Overseas Korean Club” in the English language.

SUMMARY OF THE ARGUMENT

While it is uncertain whether the jury actually engaged in tacking when construing Hana Bank’s trademark priority, the district and appellate courts properly placed the issue within the purview of the

jury. Tacking is an issue of fact that considers whether two marks convey a continuing commercial impression. This requires a subjective assessment of trademarks' respective impressions on relevant consumers, an inquiry that is best suited for a jury. Preeminent trademark scholar J. Thomas McCarthy agrees:

In the author's view, whether two marks present the same commercial impression to allow tacking should be an issue of fact, not an issue of law. Statements in some cases that the "legal equivalents" question is one of law cannot be correct. "Commercial impression," like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services.

J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 17:26 (4th ed. 2014) (internal citations omitted). Professor McCarthy is correct. Assessing public perception—a conclusion about what the public is likely to think or perceive—is best suited to jurors, who "reflect community standards" better than any single judge. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 389-90 (1996) (citation omitted). Determining tacking by assessing public perception is much different than interpreting complex claim language contained in a patent. Ascertaining consumer perception is not something that "judges often do," something they are "likely to do better than jurors," or something that requires special "training." *Id.* at 388.

HFI's contrary argument rests primarily on the term "legal" in "legal equivalents." Relying on semantics,

HFI insists that the tacking test is merely whether two marks are “legal equivalents” and the term “legal” in that phrase means the test must be applied as a matter of law. Yet, stating that marks are “legal equivalents” is merely a conclusion drawn after applying the well-established, and factual, tacking test: whether two marks convey the “same, continuing commercial impression.” *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991). The “legal equivalents” label is not an element of that test. It is simply the result or conclusion that derives from the factual inquiry.

To confirm that trademark tacking is a factual question, we are guided by: (1) treatment of the issue prior to the Seventh Amendment; (2) historical treatment of this and analogous issues over the years; and (3) functional considerations. *City of Monterey v. Del Monte Dunes at Monterey, Ltd.*, 526 U.S. 687, 718 (1999) (quoting *Markman*, 517 U.S. at 377). Each inquiry leads to the same conclusion, namely that tacking is a factual issue best resolved by a jury as proxy for the consuming public.

First, common law predating the Seventh Amendment supports factual treatment. Before 1791, trademark infringement actions for damages were heard at common law. See *Singleton v. Bolton*, 99 E.R. 661 (K.B. 1783); *Sandforth’s Case*, BL MS. Hargrave 123, fo. 168 (1584) (excerpt of the complaint), *reprinted in* John H. Baker & S.F.C. Milsom, *Sources of English Legal History. Private Law to 1750* 615-17 (1986); HLS MS. 2071, fo. 86 (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617; HLS MS. 5048 fo. 118v. (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617-18. Trademark priority and ownership have been elements of infringement

claims since the earliest reported trademark case in 1584 (complaint in *Sandforth's Case*, BL MS. Hargrave 123, fo. 168, *reprinted in* Baker & Milsom, *supra*, 615-17), and hence would have been decided by a jury if they were at issue in a case. Although there is no reported tacking analysis that predates the Seventh Amendment, tacking falls within the ambit of priority and ownership, so it is also due jury consideration as an issue going to “the ultimate dispute” of a claim entitled to jury trial. *City of Monterey*, 526 U.S. at 718.

Second, historical treatment of trademark and analogous issues supports the factual treatment of tacking. Trademark changes are historically assessed in a subjective ad hoc manner that considers extrinsic market factors, an analysis that is characteristically factual. *Cf. Beech-Nut Packing Co. v. P. Lorillard Co.*, 273 U.S. 629, 632-33 (1927) (considering the marks themselves along with relevant market factors). This Court has also consistently found that comparisons and impression assessments are factual issues appropriate for jury resolution. *See, e.g., Miller v. California*, 413 U.S. 15, 24 (1973) (assessing the impression of a work against community standards in the context of pornography); *Davidson S.S. Co. v. United States*, 205 U.S. 187, 191 (1907) (assessing reasonableness in the context of negligence); *Union Paper-Bag Mach. Co. v. Murphy*, 97 U.S. 120, 125 (1877) (patent infringement comparison for substantial similarity); *Moore v. United States*, 91 U.S. 270, 274 (1875) (comparison of two handwriting samples); *Gorham Mfg. Co. v. White*, 81 U.S. 511, 528 (1871) (design patent infringement comparison for substantial similarity). Tacking is no different.

Third, functional considerations overwhelmingly support factual treatment. Tacking involves a comparison of trademarks' respective impressions on ordinary consumers, much as the likelihood of confusion test involves a determination of those consumers' potential misimpressions (*i.e.*, confusion) based on a mark. HFI concedes that the confusion analysis is factual in nature. Pet. Br. 14. By extension, so too is the tacking analysis.

Indeed, consumer perception is central to most trademark analysis, including determinations of the strength and distinctiveness of a mark, its secondary meaning and likelihood of confusion, all of which are overwhelmingly treated as issues of fact. McCarthy, *supra*, §§ 11:3, 15:29, 23:67.⁵ Similarly, tacking evaluates commercial impression from the perspective of an ordinary consumer of the goods in question. *See, e.g., Brookfield Commc'ns, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999). A jury panel provides a broader perspective and better represents average consumers than a single judge, so is better suited to evaluate consumer impression. *See* Anne Gilson LaLonde & Jerome Gilson, *Gilson on Trademarks* § 3.03 n.22.6 (2014) ("Courts have expressed reluctance toward placing themselves in the role of the relevant consumer.").

Without question, the jury in this case used its collective insight to reach the right conclusion. While it remains unclear whether the jury applied tacking at all, it

5. *See also* Brief of Amicus Curiae The American Intellectual Property Law Association In Support of Neither Party, *Hana Financial, Inc. v. Hana Bank*, No. 13-1211, 2014 WL 4380109, at *6-10 (2014).

most likely found priority on the basis of the Korean and English versions of the HANA BANK mark—concluding either that they are interchangeable because they are the same in the eyes of Korean speakers, or that their commercial impression is sufficiently similar so that they may be tacked. After all, the Korean mark was the most prominent mark featured in Hana Bank’s 1994 advertisement, appearing seven times. And, the   and  Hana Bank marks, as well as the  and HANA BANK marks, are identical to relevant consumers in their appearance and meaning, nearly identical in sound to native Korean speakers (“Hana” is pronounced the same in either language), and easily withstand even the highest tacking standard because they create the “same, continuing commercial impression.” *Van Dyne-Crotty*, 926 F.2d at 1159.

ARGUMENT

I. Legal Background

A. Trademark Law’s Dual Policy

“The protection of trade-marks is the law’s recognition of the psychological function of symbols.” *Mishawaka Rubber & Wollen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942). The oldest-reported written trademark law dates to around 1355, found in a treatise written by Bartolus de Saxoferre. *Trademark Timeline*, 82 TMR 1022, 1024 (1992). It states: “there are signs that a craftsman puts upon the objects he makes, such as on swords, other metal objects or paper. No one else is allowed to use this mark for his own products.” *Id.* The law’s source-identifying function was intended “to protect not only the craftsman but also the public.” *Id.*

This dual policy continues today: “Trademark law serves to protect both consumers from deception and confusion over trade symbols and to protect the plaintiff’s infringed trademark as property.” McCarthy, *supra*, § 2:2; *accord.* S. Rep. No. 1333, at 3-5 (1946); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 782 n.15 (1992) (Stevens, J., concurring).

A trademark’s function is distinct:

A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears.

Mishawaka, 316 U.S. at 205. This “psychological function,” *i.e.*, the impression made on consumers’ minds, defines a trademark. *Id.* at 205, 208. Trademarks’ psychological function and consumer protection policy distinguish them within the intellectual property realm. *See Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 34 (2003) (stating policy); McCarthy, *supra*, § 6:3 (trademarks protect consumers, copyrights foster creativity, and patents encourage innovation).

B. Evolution Of Tacking Doctrine

Trademark tacking is the linking of “an earlier mark onto a later mark for priority and abandonment purposes.” Gilson, *supra*, § 3.03[g]; *accord.* McCarthy, *supra*, § 17:25. Tacking reflects the idea that “[t]rademark rights inure in the basic commercial impression created by a mark, not in any particular format or style.” McCarthy, *supra*, § 17:26. Without tacking, an owner could never retain its original priority date when modifying or modernizing a mark in response to market demands. *Id.* § 17:25. Two marks may be tacked when relevant consumers view them as conveying the same, continuing commercial impression.

1. Early Cases Applying Principles Similar To Tacking

This Court has evaluated changes in trademarks as part of ownership and priority issues since at least 1900. In *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 32-33 (1900), it concluded that the plaintiff had not waived its right to the mark HUNYADI by instead registering the composite mark HUNYADI JANOS, because there was no evidence of intent to abandon the standalone HUNYADI and “no reason for holding the former registration as an estoppel.” *Id.* at 33. *Saxlehner* has been cited as early precedent allowing marks to be modified over time without abandonment. *See, e.g., Baglin v. Cusenier Co.*, 221 U.S. 580, 588-89, 597-99 (1911) (allowing change from CHARTREUSE to LIQUEUR DES PÈRES CHARTREUX and LIQUEUR FABRIQUÉE À TARRAGONE PAR LES PÈRES CHARTREUX without abandonment); *Drexel Enters., Inc. v. Richardson*, 312 F.2d 525, 527 (10th Cir. 1962) (change from HERITAGE

in script to HERITAGE-HENREDON to HERITAGE in block lettering allowed); *Laura Scudder's v. Pac. Gample Robinson Co.*, 136 U.S.P.Q. 418, 419 (T.T.A.B. 1962) (change from BLUE BIRD & Designs to BLUE ROBIN & Design allowed).

In 1927, this Court again considered trademark alterations to determine whether an earlier mark was abandoned. It affirmed that the modification depicted below did not constitute abandonment of the prior mark even though the newer version employed a hyphen and different decorative features:



Original



Modified

Beech-Nut, 273 U.S. at 629 (images displayed in district court opinion, 299 F. 834, 836, 839 (D.N.J. 1924)).

2. The Commercial Impression Test

Early tacking analysis evolved both in the district courts and at the United States Patent and Trademark Office. In *United Barber's Serv. Co. v. Cannaliato*, 12 TMR 265, 265 (1922), *aff'd*, *Worden v. Cannaliato*, 285 F. 988, 989 (D.C. Cir. 1923), the Commissioner of Trademarks

considered the mark X-RAY in handwritten script, which registrant later modified to appear in print alongside a “picture of a woman.” *Id.* The change was allowed because X-RAY remained “the essential feature of the mark” so trademark use was “continuous.” *Id.*

The Trademark Trial and Appeal Board (“TTAB”) first articulated the commercial impression test in 1962 in *Laura Scudder’s*, though it did not yet refer to the linking of two marks as “tacking.” 136 U.S.P.Q. at 419. It held that the mark BLUE BIRD alongside an evolving bird design could confer priority on the later-used mark BLUE ROBIN alongside a different bird design, because they created “substantially the same general impression.” *Id.* Since this first articulation, commercial impression has remained the crux of the tacking standard.

The test evolved somewhat when, in 1970, the TTAB held that a modified mark retains its original priority date where it maintains “a single and continuing commercial impression.” *Humble Oil & Refining Co. v. Sekisui Chem. Co. Ltd. of Japan*, 165 U.S.P.Q. 597, 603 (T.T.A.B. 1970). Applying that standard, the TTAB found that S-LON conferred priority for the modified mark ESLON. *Id.* at 604.

It appears that the TTAB first used the term “tack” in 1970 in *Compania Insular Tabacalera, S.A. v. Camacho Cigars, Inc.*, 167 U.S.P.Q. 299 (T.T.A.B. 1970), addressing an applicant “seeking to tack on thereto the prior use or registration of another mark.” *Id.* at 303-04. Applying the commercial impression test, it found that DON MARCOS and SAN MARCO could not be tacked because they created “distinctly different commercial impressions.” *Id.*

at 304. Applying the same test, the TTAB subsequently allowed a petitioner to assert priority in the mark HESS'S by virtue of its previous marks HESS BROTHERS and HESS'S OF ALLENTOWN because they created "a single and continuing commercial impression." *Hess's of Allentown, Inc. v. Nat'l Bellas Hess, Inc.*, 169 U.S.P.Q. 673, 674, 677 (T.T.A.B. 1971).

The Court of Customs and Patent Appeals, Federal Circuit, Seventh Circuit and numerous district courts were early adopters of the "same, continuing commercial impression" test. *See, e.g., Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 955 (7th Cir. 1992); *First Michigan Corp. v. First Nat'l Bank*, 887 F.2d 1095, 1095 (Fed. Cir. 1989); *Ilco Corp. v. Ideal Sec. Hardware Corp.*, 527 F.2d 1221, 1224 (C.C.P.A. 1976); *Dolfin Corp. v. Jem Sportswear, Inc.*, 1982 U.S. Dist. LEXIS 10137, at *20 (C.D. Cal. 1982); *Polo Fashions, Inc. v. Extra Special Prods., Inc.*, 451 F. Supp. 555, 562-63 (S.D.N.Y. 1978).

3. *Van Dyne-Crotty*

In 1991, the Federal Circuit first articulated a two-part tacking test in *Van Dyne-Crotty*. 926 F.2d at 1159. A registrant sought to avoid cancellation of its mark CLOTHES THAT WORK by acquiring the mark CLOTHES THAT WORK. FOR THE WORK YOU DO. from a third party. *Id.* at 1157-58. In rejecting this effort, the Federal Circuit articulated a clear test. Tacking is allowed only where marks (1) create "the same, continuing commercial impression" and (2) do not "materially differ." *Id.* at 1159 (internal citations omitted); *see also Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.*, 971 F.2d 732, 735 (Fed. Cir. 1992) (confirming *Van Dyne-Crotty* test).

While today some courts have dropped the “materially different” prong of this two-part test, most do apply the “continuing commercial impression” prong. *See, e.g., One Indus., LLC v. Jim O’Neal Distrib., Inc.*, 578 F.3d 1154, 1160 (9th Cir. 2009) (both prongs); *George & Co., LLC v. Imagination Entm’t Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009) (commercial impression prong only); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998) (commercial impression prong only). The TTAB often disregards the “materially different” prong as well. *See, e.g., Eyal Balle v. Children’s Apparel Network, Ltd.*, 2012 WL 6654113, at *3 (T.T.A.B. 2012) (commercial impression prong only); *ZAO Gruppa Predpriyatij Ost v. Vosk Int’l Co.*, 2011 WL 3828709, at *17 (T.T.A.B. 2011) (commercial impression prong only); *Wet Seal, Inc. v. FD Mgmt., Inc.*, 82 U.S.P.Q.2d 1629, 1635 (T.T.A.B. 2007) (commercial impression prong only).

D. The Present Split Involving Trademark Tacking

Few courts have substantively analyzed whether tacking should be factual or legal. Those that have done so concluded that it is an issue of fact, because as a consumer perception inquiry, tacking is more suitable for a jury representing a pool of consumers. *Paleteria La Michocana, Inc. v. Productos Lacteos Tocumbo S.A. de C.V.*, No. 1:11-cv-01623-RC, Docket No. 137 at 16-17 (D.D.C. Sept. 25, 2014); *Adventis, Inc. v. Consol. Prop. Holdings, Inc.*, 2006 WL 1134129, at *5 (W.D. Va. 2006).

Nevertheless, the Federal Circuit in *Van Dyne-Crotty* declared tacking a matter of law. 926 F.2d at 1159. It concluded, without substantive analysis, that tacking

should be treated the same as the likelihood of confusion standard for trademark infringement. *Id.* The Federal and Sixth Circuits are two of only three circuits that treat likelihood of confusion as a matter of law, and the Sixth Circuit in 1998 followed the same lockstep rationale to also treat tacking as a matter of law. *See Data Concepts*, 150 F.3d at 623.

Following *Van Dyne-Crotty*, other courts began treating tacking application and likelihood of confusion application in lockstep. *See, e.g., Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 759 (9th Cir. 2006) (both factual); *Louangel, Inc. v. Darden Rests., Inc.*, 2013 WL 1223653, at *2 (S.D. Tex. 2013) (both factual); *Specht v. Google Inc.*, 758 F. Supp. 2d 570, 583 (N.D. Ill. 2010) (both factual); *Adventis, Inc.*, 2006 WL 1134129, at *4 (both factual); *KeyCorp v. Key Bank & Trust*, 99 F. Supp. 2d 814, 819 (N.D. Ohio 2000) (both legal); *Navistar Int'l Transp. Corp. v. Freightliner Corp.*, 1998 WL 786388, at *5 (N.D. Ill. 1998) (both factual); *Advance Stores Co. v. Refinishing Specialties, Inc.*, 948 F. Supp. 643, 653 (W.D. Ken. 1996) (both legal).

There is a circuit split as to whether likelihood of confusion is factual or legal. A minority, specifically the Second, Sixth and Federal Circuits considers it either partially or entirely legal. *Murphy v. Provident Mut. Life Ins. Co. of Phila.*, 923 F.2d 923, 928 (2d Cir. 1990) (legal question); *Wynn Oil Co. v. Am. Way Serv. Corp.*, 943 F.2d 595, 599 (6th Cir. 1991) (mixed question); *Giant Food, Inc. v. Nation's Foodservice, Inc.*, 710 F.2d 1565, 1569 (Fed. Cir. 1983) (legal question).

The majority, including the First, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh and D.C. Circuits, treats it as factual. *DeCosta v. Columbia Broad. Sys., Inc.*, 520 F.2d 499, 514 (1st Cir. 1975); *Opticians Ass'n of Am. v. Indep. Opticians of Am.*, 920 F.2d 187, 194-95 (3d Cir. 1990); *Marcon, Ltd. v. Helena Rubenstein, Inc.*, 694 F.2d 953, 955 (4th Cir. 1982); *Union Nat'l Bank of Tex. v. Union Nat'l Bank of Tex.*, 909 F.2d 839, 847 n.21 (5th Cir. 1990); *Munters Corp. v. Matsui Am., Inc.*, 909 F.2d 250, 252 (7th Cir. 1990); *ConAgra, Inc. v. George A. Hormel, & Co.*, 990 F.2d 368, 370-71 (8th Cir. 1993); *Nutri/System, Inc. v. Con-Stan Indus., Inc.*, 809 F.2d 601, 604 (9th Cir. 1987); *Amoco Oil Co. v. Rainbow Snow, Inc.*, 809 F.2d 656, 661 (10th Cir. 1987); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165, 1170 (11th Cir. 1991); *Readers Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 804 (D.C. Cir. 1987).

The result is a lockstep split on the issue of tacking with the majority of courts including the Ninth Circuit considering it as factual. *See, e.g., Quiksilver*, 466 F.3d at 759 (Ninth Circuit treating both as factual); *Data Concepts*, 150 F.3d at 623 (Sixth Circuit treating both as legal); *Van Dyne-Crotty*, 926 F.2d at 1159 (Federal Circuit treating both as legal); *Louangel, Inc.*, 2013 WL 1223653, at *2 (Southern District of Texas treating both as factual); *Specht*, 758 F. Supp. 2d at 583 (Northern District of Illinois treating both as factual); *Adventis, Inc.*, 2006 WL 1134129, at *4 (Western District of Virginia treating both as factual); *Patterson v. World Wrestling Entm't, Inc.*, 2006 WL 273527, at *17 (E.D. Wis. 2006) (treating both as factual); *KeyCorp*, 99 F. Supp. 2d at 819 (Northern District of Ohio treating both as factual); *Navistar*, 1998 WL 786388, at *5 (Northern District of Illinois treating

both as factual); *Advance Stores*, 948 F. Supp. at 653 (Western District of Kentucky treating both as legal).

Hana Bank agrees that tacking and likelihood of confusion are best aligned. The standards for tacking and likelihood of confusion themselves differ—continuing commercial impression versus a multi-factor likelihood of confusion test—but they are the same in the way that matters for analysis here: each compares trademarks by assessing their impression upon consumers. This Court’s decision is likely to impact all such inquiries going forward, because other courts are likely to look to this case not just for tacking guidance, but also to direct other consumer perception inquiries including likelihood of confusion, distinctiveness and secondary meaning.

II. Tacking Is Properly An Issue Of Fact

Tacking requires a subjective assessment of trademarks’ respective commercial impressions in the eyes of relevant consumers. The judicial actors best positioned for that assessment are jurors representing a pool of average consumers.

To confirm that tacking is best treated as an issue of fact for the jury, we are guided by three factors: (1) how the issue was treated in suits at common law at the time the Seventh Amendment was enacted; (2) how this and analogous issues have historically been treated; and (3) whether the issue is functionally better suited to factual or legal treatment. *City of Monterey*, 526 U.S. at 718 (quoting *Markman*, 517 U.S. at 377). Each of these considerations supports factual treatment.

A. Common Law Treatment Of Trademark Priority And Ownership Issues Supports Factual Treatment

“[T]he [Seventh] Amendment requires that the right of trial by jury shall be preserved in suits at common law.” *Parsons v. Bedford, Breedlove & Robeson*, 28 U.S. 433, 446-47 (1830). Jury trial is mandatory where both: (1) the particular “cause of action . . . was tried at law at the time of the founding or is at least analogous to one that was;” and (2) the trial decision at issue “must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791.” *Markman*, 517 U.S. at 376.

Although reported trademark jurisprudence from the period is scarce, it is clear that trademark infringement actions for damages were heard by juries at common law before the Seventh Amendment.⁶ *Singleton*, 99 E.R. at 661. The oldest known reported trademark infringement suit, dating to 1584, was brought at law, to be heard by a jury. *See Sandforth’s Case*, BL MS. Hargrave 123, fo. 168 (large portion of the complaint), *reprinted in* Baker & Milsom, *supra*, 615-17; HLS MS. 2071, fo. 86 (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617; HLS MS. 5048 fo. 118v. (brief abstract), *reprinted in* Baker & Milsom, *supra*, 617-18. There is no question that trademark infringement suits for damages are entitled to jury trial under the Seventh Amendment. *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 477 (1962).

6. Trademark infringement suits for injunctive relief were brought at equity before 1791 (*Blanchard v. Hill*, 26 E.R. 692, 692 (Ch. 1742)), though the first known injunction was not issued until 1838 (*Millington v. Fox*, 40 E.R. 956 (Ch. 1838)).

In suits at law for damages, where a particular issue goes to “the ultimate dispute” (*i.e.*, a fundamental element of a claim entitled to jury trial), that issue or fundamental element is one of fact warranting jury determination. *See City of Monterey*, 526 U.S. at 718 (issues “proper for the jury must be submitted to it ‘to preserve the right to a jury’s resolution of the ultimate dispute’ as guaranteed by the Seventh Amendment.”) (quoting *Markman*, 517 U.S. at 377). Trademark priority and ownership were fundamental elements of early infringement suits brought at common law, just as they are today. As early as 1584, pleadings at common law included allegations of priority and ownership. From the complaint in *Sandforth’s Case*:

. . . for the whole of the aforesaid time he was accustomed to mark such cloths with the two letters ‘J.G.’ and with a sign called a tucker’s handle; and the same plaintiff sold the same cloths, thus made and marked, through the whole of the aforesaid time, at T . . . and the buyers thereof were accustomed for eight years last past to buy those cloths well and substantially made and from wool marked as above said . . . without any inspection or contradiction of the same cloths

BL MS. Hargrave 123, fo. 168, *reprinted in* Baker & Milsom, *supra*, 615-17. This pleading, at law, includes elements of: (1) trademark adoption through use; (2) priority (dating back eight years); and (3) ownership through continued use (geographic) and goodwill (customers would purchase goods without inspection based on the mark only). An additional account of *Sandforth’s Case* likewise describes plaintiff’s priority. *See Southern*

v. How, 2 Rolle's Reports 26 (1676), 81 E.R. 635 (K.B. 1908) ("he put a special mark on them which no other clothier had before that").

Reports of *Sykes v. Sykes*, which was decided at law not long after Seventh Amendment enactment, similarly include priority and continued use allegations. 107 E.R. 834 (K.B. 1824) ("plaintiff, before and at the time of committing the grievances complained of, carried on the business of . . . ; plaintiff continued to mark their articles with . . .").

We do not know with certainty whether the jury had an opportunity to consider the issues of priority and ownership in these early trademark cases, but we do know that both *Sandforth's Case* and *Sykes* went to a jury. *Sykes*, 107 E.R. 834; *Sandforth's Case*, BL MS. Hargrave 123, fo. 168, reprinted in Baker & Milsom, *supra*, 615-17. We also know that these elements were specifically pleaded. Thus, if they were "at issue" in the case, they would have been submitted to the jury. See Patrick Devlin, *Jury Trial of Complex Cases: English Practice at the Time of the Seventh Amendment*, 80 Colum. L. Rev. 43, 58 (1980).

Separately, specific pleading of priority and ownership in these early cases shows that they were fundamental elements of infringement claims in England. And, they remain fundamental in American trademark jurisprudence today. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916) (trademark ownership "grows out of use, not mere adoption") (*superseded by statute*, The Lanham Act, 15 U.S.C. §§ 1051 *et seq.*); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918) ("between conflicting claimants to the right to use the same mark,

priority of appropriation determines the question”). As a modern subset of priority and ownership, tacking is a subpart of these fundamental elements and warrants jury consideration as part of “the ultimate dispute” in a trademark infringement matter. *See City of Monterey*, 526 U.S. at 718.

B. Historical Treatment Of Trademark And Analogous Issues Favors Factual Treatment

If Seventh Amendment treatment is not dispositive, we must also look to “existing precedent” to guide the fact/law distinction. *Markman*, 517 U.S. at 384. Historical jurisprudence shows a decided trend toward treating most trademark analysis including tacking as an issue of fact. And, analogous issues in non-trademark cases, to the extent they also involve comparisons and impression standards, are overwhelmingly treated as factual.

1. Historical Treatment Of Tacking

The treatment of tacking as either an issue of fact or one of law was not expressly decided until 1991, when the Federal Circuit in *Van Dyne-Crotty* decided to treat it as a matter of law in keeping with its treatment of the likelihood of confusion test. Since that time, a majority of courts have broken with Federal Circuit precedent and treated the issue as one of fact, giving rise to the present split.

Prior to 1991, it appears the issue was largely driven by procedural considerations, such as clean-up jurisdiction, which are no longer applicable. And, even during historical times when judges were tasked with

deciding all trademark issues, their method of analysis sounded more in fact than it did in law.

a. Only Post-1991 Precedent Specifically Considered The Treatment Of Tacking And Favors Factual Treatment

Since *Van Dyne-Crotty*, which first examined whether tacking is factual or legal in nature, courts have overwhelmingly favored factual treatment. Six of seven additional courts to consider the issue since 1991 deem it factual—the Ninth Circuit, District of D.C., Southern District of Texas, Northern District of Illinois, Western District of Virginia and Eastern District of Wisconsin deem it factual. See *One Indus.*, 578 F.3d at 1160; *Paleteria La Michocana, Inc.*, No. 1:11-cv-01623-RC, Docket No. 137 at 17 (D.D.C. 2014); *Louangel, Inc.*, 2013 WL 1223653, at *2; *Specht*, 758 F. Supp. 2d at 583; *Adventis, Inc.*, 2006 WL 1134129, at *5; *Patterson*, 2006 WL 273527, at *17; *Navistar*, 1998 WL 786388, at *5. Only the Sixth Circuit has followed the Federal Circuit and deems it a matter of law. See *Data Concepts*, 150 F.3d at 623.⁷

b. Pre-1991 Cases Offer Little Guidance

Cases decided before 1991 are distinguishable and offer little substantive guidance. Before 1938, trademark cases that sought injunctive relief were routinely brought

7. *Reynolds Consumer Prods., Inc. v. Handi-Foil Corp.*, 2014 WL 794277, at *3 (E.D. Va. 2014) is an anomaly. The court applied tacking as a legal question upon stipulation without expressly deciding whether tacking should be legal or factual. The court did note precedent within the Fourth Circuit applying tacking as factual and *Van Dyne-Crotty*'s contrary holding.

at equity under the dual court system. *See, e.g., Taylor v. Carpenter*, 23 F. Cas. 742 (C.C.D. Mass. 1844). Congress ended that practice when it merged the systems of law and equity in 1938. *See* Fed. R. Civ. P. 2.⁸

After 1938, judges still routinely deemed legal claims to be “incidental” to equitable ones and applied the remnants of “clean-up jurisdiction” to decide them without a jury. *See, e.g., Porter v. Warner Holding Co.*, 328 U.S. 395, 398-99 (1946). Alternately, judges surrendered only narrow issues concerning monetary damages to juries. *See Dairy Queen*, 369 U.S. at 472 (describing this practice). HFI relies on several cases with suspect applicability because they fall within this historical procedural framework. *See Beech-Nut*, 273 U.S. at 630; *Miami Credit Bureau, Inc. v. Credit Bureau, Inc.*, 276 F.2d 565 (5th Cir. 1960); *Perfectform Corp. v. Perfect Brassiere Co.*, 256 F.2d 736 (3d Cir. 1958).

Furthermore, cases decided before 1962 do not indicate a deliberate choice favoring legal treatment. They merely reflect a procedural posture that is now obsolete, because this Court in 1962 abolished the practice of deciding legal issues as merely “incidental” to equitable issues. *See Dairy Queen*, 369 U.S. at 470. Furthermore, to the extent judges decided trademark issues prior to 1962, this procedural practice does not speak specifically to how we should treat those issues today. Otherwise, pre-1962 practice would dictate that all trademark issues still be

8. “A number of important consequences follow from Rule 2: the forms of action are abolished, the separate equity practice of the federal courts is eliminated, [and] the old equity rules are superseded.” Charles Alan Wright & Arthur R. Miller, *Federal Practice And Procedure* § 1042 (4th ed. 2014).

matters of law, including not only priority but likelihood of confusion, infringement and even damages, which this Court specifically deemed factual in *Dairy Queen. Id.* at 470.

In the almost thirty years between *Dairy Queen* and *Van Dyne-Crotty* (1962-1991), tacking was very rarely decided outside of the TTAB. When it did arise in the courts, it was primarily in the context of a preliminary injunction motion or following a bench trial, with judges deciding all issues. Tacking was not separately parsed for separate consideration by the judge. See *Drexel Enters.*, 312 F.2d at 526 (bench trial); *Pan Am. World Airways, Inc. v. Panamerican School of Travel, Inc.*, 648 F. Supp. 1026 (S.D.N.Y. 1986) (bench trial); *Frances Denney, Inc. v. New Process Co.*, 670 F. Supp. 661 (W.D. Va. 1985) (bench trial); *Dolfin Corp.*, 1982 U.S. Dist. LEXIS 10137 (bench trial); *Estate of Presley v. Russen*, 513 F. Supp. 1339 (D.N.J. 1981) (preliminary injunction); *Loctite Corp. v. Nat'l Starch & Chem. Corp.*, 516 F. Supp. 190 (S.D.N.Y. 1981) (bench trial); *Dreyfus Fund Inc. v. Royal Bank of Can.*, 525 F. Supp. 1108 (S.D.N.Y. 1981) (preliminary injunction); *Citibank, N.A. v. City Bank of San Francisco*, 1980 U.S. Dist. LEXIS 14410, at *24-25 (N.D. Cal. 1980) (preliminary injunction); *Polo Fashions*, 451 F. Supp. 555 (preliminary injunction); *Fotomat Corp. v. Cochran*, 437 F. Supp. 1231 (D. Kan. 1977) (bench trial); *Li'l Red Barn, Inc. v. Red Barn Sys., Inc.*, 322 F. Supp. 98 (N.D. Ind. 1970) (bench trial); *Puritan Sportswear Corp. v. Shure*, 307 F. Supp. 377 (W.D. Pa. 1969) (preliminary injunction); *Proxite Prods., Inc. v. Bonnie Brite Prods. Corp.*, 206 F. Supp. 511 (S.D.N.Y. 1962) (bench trial). In view of their procedural context, these cases also do not demonstrate a calculated historical preference favoring legal treatment.

If it did, it would again support legal treatment of all trademark issues. To the contrary, trademark issues are overwhelmingly treated as factual because of their consumer focus. *See infra*, p. 37-39.

Finally, TTAB decisions cannot be said to establish a calculated historical preference favoring judge arbiters. The TTAB has no juries. *See Trademark Trial & Appeal Board Manual of Procedure (“TBMP”) § 102.02 (2014)*. It is an administrative tribunal, and every substantive TTAB decision is rendered by a panel of specialty judges, who decide both factual and legal issues. *See id.*

c. Historically, Judges Performed Tacking As An Ad Hoc Inquiry, Mimicking A Jury

When judges have undertaken tacking analysis, they have generally compared the marks on an ad hoc basis and in the context of marketplace factors, not by adherence to strict legal precedent regarding similarly situated third party marks. *See, e.g., Beech-Nut*, 299 F. at 850 (evaluating the original and modified marks themselves along with market conditions); *Beech-Nut*, 273 U.S. at 632 (Court affirming on its own opinion of the marks, not on a comparison against legal precedent involving similarly situated third party marks). Such ad hoc treatment characterizes a factual issue. It demonstrates that tacking was merely one of several factual trademark issues historically decided by judges alongside all other issues of liability.⁹

9. Cases cited by HFI for the contrary proposition that judges historically tacked by applying precedent largely demonstrate either: (1) no reliance on precedent at all; or (2) citation of

2. Historical Treatment Of Analogous Issues

We must also look to other kinds of cases to gauge whether analogous issues were historically treated as legal or factual. *Markman*, 517 U.S. at 381. As a comparison of imparted impression upon average consumers, trademark tacking has analogues in other doctrines involving comparative analysis or the lens of public perception.

a. Comparisons Are Factual

At its essence, tacking compares two things: an altered mark and its original. Juries perform much comparative analysis:

precedent to recite legal rules, but a subjective assessment of the subject marks against one another (not against third party marks) as the method for actually evaluating tacking. *See, e.g., Miami Credit Bureau*, 276 F.2d at 568 (finding that the marks “if not the grammatical equivalent of each other, are so obviously synonymous” without comparison to third parties or reliance on precedent); *Salem Commodities, Inc. v. Miami Margarine Co.*, 114 U.S.P.Q. 124, 125 (C.C.P.A. 1957) (comparing marks against one another, not against similarly situated third party marks); *In re Reisch Brewing Co.*, 39 App. D.C. 445, 446-47 (D.C. Cir. 1912) (no comparison to third party marks or citation to precedent); *H.E. Butt Grocery Co. v. Innovative Foods, LLC*, 2003 WL 22988721, at *3 (T.T.A.B. 2003) (comparing marks to one another first, then citing precedent for the conclusion that marks with different connotations create different commercial impressions); *Compania Insular Tabacalera*, 167 U.S.P.Q. at 303-04 (citing precedent to recite tacking rule, but comparing marks against each other to reach tacking conclusion); *United Barber’s*, 12 TMR at 265 (comparing marks against each other, not similarly situated third party marks).

Every day . . . comparisons are made by the jury. They see that the shoe fits an impression . . . ; that a hat fits a certain head; that a child, in features and appearance, resembles or does not resemble the putative father All this is simply recognizing the existence of a natural law of similitude in matters inquired of, and allowing the jury to determine whether or not such similarity is found in the cause upon trial.

Moore, 91 U.S. at 273 (comparison of handwriting samples a jury question).

Comparisons are equally suited to jury consideration within the intellectual property field. For instance, design and utility patent infringement analysis compare a plaintiff's patent and an accused device or design to determine whether they are "substantially the same" or "perform[] substantially the same function in substantially the same way to obtain the same result." *Union Paper-Bag*, 97 U.S. at 125 (patent infringement); *Gorham Mfg.*, 81 U.S. at 528 (design patent infringement).

This one-to-one comparative framework dictates factual treatment as a jury issue. *See, e.g., Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 38-39 (1997) ("The Federal Circuit held that it was for the jury to decide whether the accused process was equivalent to the claimed process. There was ample support in our prior cases for that holding."); *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 609 (1950) ("A finding of equivalence is a determination of fact."); *Coupe v. Royer*, 155 U.S. 565, 579-80 (1895) ("the question of infringement, arising upon a comparison of the Royer

patent and the machine used by the defendants, should be submitted to the jury”); *Tucker v. Spalding*, 80 U.S. 453, 455 (1871) (same); *Gorham Mfg.*, 81 U.S. at 524 (design patent infringement is a question of fact). *Markman* recognizes that “whether [patent] infringement occurred, is a question of fact for a jury.” *Markman*, 517 U.S. at 371. Just as juries are best suited to compare handwritings and patented devices, they are best suited to compare two trademarks.

b. Public Perception Issues Are Factual

Trademark law considers public perception through the state of a consumer’s mind. And, “[t]he state of a man’s mind is as much a fact as the state of his digestion.” *U.S. Postal Serv. Bd. of Governors v. Aikens*, 460 U.S. 711, 716 (1983) (citation and internal quotation marks omitted). Indeed, public perception issues are regularly treated as issues of fact.

For instance, whether two designs are “substantially the same” in design patent infringement is assessed from the perspective of an “ordinary observer.” *Gorham Mfg.*, 81 U.S. at 528.

[I]f, in the eye of an ordinary observer, giving such attention as a purchaser usually gives, two designs are substantially the same, if the resemblance is such as to deceive such an observer, inducing him to purchase one supposing it to be the other, the first one patented is infringed by the other.

Id. The inquiry is gauged through the eyes of “men generally,” not experts, because “men of ordinary intelligence . . . are the principal purchasers of the articles to which designs have given novel appearances.” *Id.* Due to this public lens, jurors, as “ordinary observers,” are best suited to make the substantial similarity determination. See *Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 821 (Fed. Cir. 1992). Similarly, jurors are a cross-section of average “principal purchasers” of trademarked goods, so are best suited to assess consumer perception in the context of tacking.

Negligence determinations are also jury questions assessed from the perspective of the “reasonably prudent man.” See *Davidson S.S.*, 205 U.S. at 191. Negligence “is peculiarly the province of a jury” because:

Twelve men of the average of the community . . . sit together, consult, apply their separate experience of the affairs of life to the facts proven, and draw a unanimous conclusion. This average judgment thus given it is the great effort of the law to obtain. It is assumed that twelve men know more of the common affairs of life than does one man, that they can draw wiser and safer conclusions from admitted facts thus occurring than can a single judge.

Id. at 191-92 (quoting *Sioux City & P.R. Co. v. Stout*, 84 U.S. 657, 664 (1873)); see also *TSC Indus., Inc. v. Northway, Inc.*, 426 U.S. 438, 450 n.12 (1976) (“the jury[] [has a] unique competence in applying the ‘reasonable man’ standard”). Like negligence’s reasonably prudent man, tacking is assessed from the perspective of the average

consumer. Taking into account their diverse experiences, juries draw “wiser and safer conclusions” about how the “average” consumer perceives a given trademark than “a single judge” so possess a “unique competence” to assess and compare trademarks’ relative impressions.

Finally, obscenity jurisprudence looks to “community standards” to gauge whether a work is obscene. *Miller*, 413 U.S. at 24. Material is obscene where, among other factors, “the average person, applying contemporary community standards would find that the work, taken as a whole, appeals to the prurient interest.” *Smith v. United States*, 431 U.S. 291, 299 (1977) (citation and internal quotation marks omitted). Whether a work appeals to the prurient interest is a “fact question for the jury, to be judged in light of the jurors’ understanding of contemporary community standards.” *Id.* at 309. Because “a juror is entitled to draw on his own knowledge of the views of the average person in the community or vicinage from which he comes” (*id.* at 302 (quoting *Hamling v. United States*, 418 U.S. 87, 104-05 (1974))), there is an appropriate “emphasis on the ability of the juror to ascertain the sense of the average person, applying contemporary community standards.” *Hamling*, 418 U.S. at 105. Just as juries best determine the proclivities of the average person in the community, they best determine perceptions of the average consumer.

3. Trademark Issues Are Overwhelmingly Factual

Consumer perception is the principal constant of trademark law. For this reason, trademark assessments are historically determined through the lens of the average consumer. Accordingly, issues of trademark

distinctiveness, secondary meaning and likelihood of confusion are all overwhelmingly factual.

Courts overwhelmingly treat the distinctiveness of a mark as an issue of fact. A trademark must be “distinctive” to be valid, *i.e.*, it must “identify and distinguish one source.” McCarthy, *supra*, § 11:2. Fanciful, arbitrary and suggestive marks are “inherently distinctive;” descriptive marks are not, but may acquire distinctiveness; and generic marks are never distinctive so are invalid. *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 344 (2d Cir. 1999). “[H]ow the purchasing public views the mark” determines a mark’s placement on the spectrum of distinctiveness. *Id.*; *see also In re Slokevage*, 441 F.3d 957, 960 (Fed. Cir. 2006) (“Inherent distinctiveness or descriptiveness involves consumer perception and whether consumers are predisposed towards equating a symbol with a source.”); *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 582 (2d Cir. 1990) (validity of a trademark “depends ultimately on its distinctiveness . . . in the eyes of the purchasing public”) (citation and internal quotation marks omitted). Because it is assessed through a consumer lens, “[t]he vast majority of courts,” including all of the circuit courts, treat distinctiveness as factual. McCarthy, *supra*, § 11:3.

Descriptive marks are protectable only after acquiring “secondary meaning” in the purchasing public’s mind, a standard that is also overwhelmingly treated as factual. McCarthy, *supra*, § 15:2. Secondary meaning requires “a mental association in buyers’ minds between the alleged mark and a single source of the product” bearing that mark. *Id.* § 15:5. Because this determination turns on “the state of the buyer’s mind,” almost all of the circuits,

including the First, Second, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh and Federal Circuits, treat it as factual. *Id.* § 15:29.

A majority also treats likelihood of confusion, “the touchstone of trademark infringement,” as a factual matter. McCarthy, *supra*, §§ 23:1, 23:67. Infringement occurs where use of an allegedly infringing trademark is likely to cause “consumer confusion.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 124 (2004). Because an assessment of the likelihood of confusion factors necessarily depends on consumer perception, a clear majority, including the First, Third, Fourth, Fifth, Seventh, Eighth, Ninth, Tenth, Eleventh and D.C. Circuits, treats it as a factual question. McCarthy, *supra*, § 23:67. Like these inquiries, trademark tacking is assessed through the lens of an average consumer and is particularly suited for jury determination.

4. Tacking Did Not Develop As An Equitable Doctrine

HFI suggests that trademark tacking developed as an equitable doctrine. Pet. Br. 36. However, that conclusion does not follow simply from the fact that historically trademark suits for injunctive relief were brought in courts of equity. After all, trademark suits for damages were routinely brought at law during the same period. *See supra*, p. 25-27.

HFI also seeks support from adverse possession and mortgage cases. However, these bear no substantive relation to trademark tacking. And, HFI ignores that juries have historically decided adverse possession

tacking questions. *See, e.g., Terwilliger v. White*, 72 S.E.2d 169, 170, 173 (S.C. 1952) (finding it the jury's duty to determine adverse possession issues, including tacking); *Ringstad v. Grannis*, 171 F.2d 170, 174 (9th Cir. 1948) (ordering directed verdict, but maintaining status quo as to jury consideration under proper instruction); *Hughes v. Pickering*, 14 Pa. 297, 301 (1850) (juries decide adverse possession tacking). There is also authority suggesting that adverse possession tacking was recognized by the common law courts of England before Seventh Amendment enactment. *See J.B. Streeter, Jr., Co. v. Fredrickson*, 91 N.W. 692, 694 (N.D. 1902). Thus, to the extent adverse possession tacking history is relevant at all, it demonstrates that juries historically considered tacking issues in other contexts.

As for mortgage tacking, although that doctrine was established at equity in England (*Marsh v. Lee*, 2 Vent. 337 (Ch. 1670)), it was never widely adopted or permitted in the United States either before or after the revolution. *See* Joseph Story, *Commentaries on Equity Jurisprudence* § 419 n.2 (6th ed. 1853) ("In America, the doctrine of tacking is never allowed as against mesne [intermediate or intervening] incumbrances, which are duly registered . . ."); *see also Osborn v. Carr*, 12 Conn. 195, 208 (1837) ("We have not adopted . . . the doctrine of tacking mortgages."); *Thompson v. Chandler*, 7 Me. 377, 381 (1831) (the English "doctrine of tacking has not been adopted in this country, but has been in fact expressly repudiated"). To the extent the doctrine was applied for a brief moment in history, it was short-lived and long-ago abolished. Further, the doctrine faced significant criticism in both England and the United States. *See, e.g., Siter v. McClanachan*, 43 Va. 280, 300 (1845) ("This whole doctrine of tacking . . . is

extremely harsh and unreasonable.”); *Osborn*, 12 Conn. at 208, 210 (the doctrine “is unjust and inequitable, and is supported there, only by the weight of authority;” in England it was a precedent “followed with evident reluctance”). Trademark tacking should not be influenced by a flawed doctrine never adopted in most of the United States and long-ago abolished.

C. Tacking Is Functionally Suited To Factual Treatment

Functional considerations guide the fact/law distinction and turn “on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question.” *Markman*, 517 U.S. at 388 (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)). Trademark law’s consumer focus renders trademark determinations particularly suited to jury disposition. Tacking itself is a consumer perception inquiry, assessing the relative impression two trademarks convey upon average consumers. This inquiry favors a jury, which better approximates average consumers than does a single judge.

1. The Method For Analyzing Tacking Is Factual

Issues characterized as “predominantly factual” favor jury disposition “to preserve the right to a jury’s resolution of the ultimate dispute.” *City of Monterey*, 526 U.S. at 720 (quoting *Markman*, 517 U.S. at 377). One indicant of a factual question is the need for a case-by-case, or ad hoc, determination. *See id.* “[T]acking requires a highly fact-sensitive inquiry.” *One Indus.*, 578 F.3d

at 1160. The analysis is “inherently factual because [it] depend[s] on the unique facts and circumstances of each case.” *Adventis, Inc.*, 2006 WL 1134129, at *5. The tacking analysis is: (1) a comparison; (2) of trademarks’ respective impressions; (3) conveyed upon average consumers of the goods in question. Each component involves a classic ad hoc evaluation appropriate for jury resolution.

At its most basic level, tacking compares two trademarks. *See Van Dyne-Crotty*, 926 F.2d at 1160 (“our inquiry must focus on both marks in their entirety to determine whether each conveys the same commercial impression”). Comparisons are ad hoc determinations best performed by juries. *See supra* p. 33-35. Even HFI concedes that juries are best situated to compare marks in the context of likelihood of confusion. Pet. Br. 24. Tacking involves the same type of comparative inquiry appropriate for a jury.

Next, tacking determines if two marks impart the “same, continuing commercial impression.” *Van Dyne-Crotty*, 926 F.2d at 1159. This has been tacking’s most dominant and consistent inquiry over time. *See supra* p. 18-21. Commercial impression is the meaning, idea, or mental impression that a trademark conveys or evokes. *See Mark Gideon & Jacob Jacoby, Continuing Commercial Impression: Applications and Measurement*, 10 Marq. Intell. Prop. L. Rev. 433, 434 (2006). Assessing such an impression is a quintessential jury function. *See supra* p. 35-37.

Finally, tacking evaluates the impression that trademarks impart on average consumers. “[A trademark is] a shorthand way that merchants communicate data to

the public about the attributes and qualities of their goods and services.” Roger E. Schechter & John R. Thomas, *Intellectual Property: The Law of Copyrights, Patents and Trademarks* 759 (2003). Tacking assesses whether an altered trademark continues to communicate that data to the public. See Mark & Jacoby, *supra*, 434. That assessment places the public—consumers—at tacking’s core. See *Brookfield*, 174 F.3d at 1048; *Data Concepts*, 150 F.3d at 623; *Van Dyne-Crotty*, 926 F.2d at 1159. And, as with other trademark inquiries, it must be determined from the perspective of the relevant consumer group. McCarthy, *supra*, § 17:26 (“Commercial impression, like most issues in trademark law, should be determined from the perspective of the ordinary purchaser of these kinds of goods or services.”). “Consumer opinion is dispositive because a fundamental purpose of trademark law is to create a marketplace in which consumers are not deceived or confused by competing merchants using similar marks.” *Paleteria La Michocana, Inc.*, No. 1:11-cv-01623-RC, Docket No. 137 at 17 (D.D.C. 2014) (citations omitted).

Commercial impression is the type of “ordinary daily transaction[]” well-suited to juries. *Dunlop v. United States*, 165 U.S. 486, 499-500 (1897). It fundamentally differs from patent construction, as considered in *Markman*. “A patent is a legal instrument, to be construed, like other legal instruments, according to its tenor.” *Markman*, 517 U.S. at 388. Construing legal instruments requires special knowledge, so it is “one of those things that judges often do and are likely to do better than jurors.” *Id.* In contrast, ascertaining consumer perception does not require analogous specialized knowledge. It is not something that “judges often do,” something that they are “likely to do better than jurors,” or something

requiring “training.” *Id.* Jurors better “reflect community standards” than any single judge. *Id.* at 389-90. Indeed, tacking more resembles the issue of whether two products are sufficiently similar to be infringing, an issue reserved for the jury in patent cases. *Id.* at 386.

In light of this, “[c]ourts have expressed reluctance toward placing themselves in the role of the relevant consumer.” Gilson, *supra*, § 3.03 n.22.6 (citing *Triangle Publ’ns., Inc. v. Rohrllich*, 167 F.2d 969, 976 (2d Cir. 1948) (Frank, J., dissenting) (“As neither the trial judge nor . . . this court is . . . a teenage girl or the mother or sister of such a girl, our judicial notice apparatus will not work well unless we feed it with information directly obtained from ‘teen-agers’ or from their female relatives accustomed to shop for them.”) (*overruled on other grounds by Monsanto Chem. Co. v. Perfect Fit Prods. Mfg. Co.*, 349 F.2d 389, 391 (2d Cir. 1965))).

[I]t is less than ideal for a court, sitting in relative isolation, to speculate about what consumers may think regarding the similarity of two marks as a question of law. In fact, such a conclusion would be inconsistent with the rule in this Circuit that the “likelihood of confusion” inquiry, which requires a similar fact-intensive comparison between marks, is a question of fact for a jury to decide.

Paleteria La Michocana, Inc., No. 1:11-cv-01623-RC, Docket No. 137 at 17 (D.D.C. 2014). “The opinion of a court sitting in its ivory tower sheds no light on an issue in which the everyday consumer is the more adept expert.” *Adventis, Inc.*, 2006 WL 1134129, at *5.

2. The Tacking Inquiry Involves Extrinsic Marketplace Evidence

The tacking inquiry has to account for marketplace realities. “The creation of a market through an established symbol implies that people float on a psychological current engendered by the various advertising devices which give a trade-mark its potency. It is that which the [trademark law] protects.” *Mishawaka*, 316 U.S. at 208. Hence, a brand is defined by its particular market, and a trademark’s impression is inexorably defined by its marketplace. Factors such as length of trademark use, scope of use, niche markets, rationale for altering marks, and consistent use by a single owner necessarily impact the results in any tacking case. Proper evaluation of a trademark over time takes into account these extrinsic market issues because impression within that market is what creates the mark’s unique “psychological function.” *Id.* at 205.

Trademark scholars agree that marketplace context is critical to the analysis. McCarthy, *supra*, § 17:26; Mark & Jacoby, *supra*, 443-44, 447. HFI even implicitly concedes the value of marketplace considerations by describing tacking as a “highly discretionary calculation that take[s] into account multiple factors.” Pet. Br. at 21. Clearly, it would be wrong to consider tacking in a vacuum, based merely upon the visual and aural similarities of the marks:

Insofar as the consumers’ perspective is determinative, it seems counter-intuitive to conclude, as have the Federal and Sixth Circuits, that the only relevant evidence is that of the visual or aural appearance of the marks themselves.

Mark & Jacoby, *supra*, 441-42.

In fact, we consider a variety of market factors to assess tacking. In *Beech-Nut*, for instance, the court considered issues particular to the tobacco market. 299 F. at 850-51. In *Baglin*, the Court allowed tacking, in part, because trademark modifications were compelled by plaintiffs' expulsion from France. 221 U.S. at 587-89, 598-99. In *Van Dyne-Crotty*, the analysis was influenced by the fact that the party seeking to tack had acquired a trademark from a third party operating in a "substantially different market" only for the purpose of trying to establish priority. 926 F.2d at 1158-60. In each case, courts considered marketplace realities.

Indeed, although courts treating tacking as a legal question purport not to consider marketplace factors, many actually do. *See, e.g., In re Dial-A-Mattress*, 240 F.3d 1341, 1347 (Fed. Cir. 2001) (considering the impact of an outside marketing campaign for the modified mark); *KeyCorp*, 99 F. Supp. 2d at 819-20 (considering evidence that the modified mark omitted "Savings And Loan" to expressly disassociate from recent market scandals); *Corporate Fitness Programs, Inc. v. Weider Health & Fitness, Inc.*, 2 U.S.P.Q.2d 1682, 1687-88 (T.T.A.B. 1986) (considering evidence of a ten-year break in actual trademark use); *General Mills, Inc. v. Frito-Lay, Inc.*, 176 U.S.P.Q. 148, 152-53 (T.T.A.B. 1972) (considering: (1) testimony demonstrating that FUNYUNS was adopted specifically to deemphasize any association with onions; (2) evidence that UNYUMS was abandoned through non-use prior to adoption of ONYUMS; and (3) evidence that covered products themselves differed).

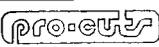
Tacking cases cited by HFI to explain the doctrine (*see* Pet. Br. 5) also considered arguably dispositive marketplace factors. *See George & Co.*, 575 F.3d at 395 n.12,

401 (the mark was an acronym for a descriptive or generic phrase, a factor rendering the court disinclined to grant trademark rights); *Pro-Cuts v. Schilz-Price Enter., Inc.*, 27 U.S.P.Q.2d 1224, 1227 (T.T.A.B. 1993) (the seemingly similar word marks were used alongside very different logos¹⁰); *Am. Paging, Inc. v. Am. Mobilphone, Inc.*, 13 U.S.P.Q.2d 2036, 2039 (T.T.A.B. 1989) (services offered under the altered mark were viewed as significantly different from the services offered under the original mark).

3. The “Legal Equivalents” Label Is A Conclusion, Not A Test

As tacking’s history and evolution demonstrate, its *test* is whether two marks create the “same continuing commercial impression.” *Van Dyne-Crotty*, 926 F.2d at 1159. Where they do, they are deemed “legal equivalents,” a *conclusion*. HFI relies on the term “legal” in “legal equivalents” to advocate in favor of legal treatment (*see, e.g.*, Pet. Br. 18), but it ignores the actual test in favor of semantics. The actual test for tacking before, under, and following *Van Dyne-Crotty* is whether two marks create the “same continuing commercial impression.” *See supra*, p. 18-21.

Although courts may refer to “legal equivalents” in connection with tacking conclusions, virtually all apply the “commercial impression” test to reach that conclusion. *See supra*, p. 18-21; *accord. Brookfield*, 174 F.3d at 1048; *Lincoln Logs*, 971 F.2d at 734 (finding that the TTAB correctly “applied this test” and came to the “conclusion” that the marks were not legal equivalents); *Eyal Balle*,

10.  versus 

2012 WL 6654113, at *3 (“As the marks fail to ‘create the same continuing commercial impression,’ we find that [they] are not legally equivalent.”) (internal citation omitted).

Scholars agree that commercial impression is the test and deeming marks legal equivalents its conclusion. *See* Gilson, *supra*, § 3.03 (defining the tacking test simply as whether two marks create the “same, continuing commercial impression”); Mark & Jacoby, *supra*, 441 (“Marks are deemed to be legal equivalents if they create the same continuing commercial impression.”); *accord*. Restatement (Third) of Unfair Competition § 30, comment b (1995) (“A change by the trademark owner in the form or appearance of a trademark will not result in abandonment if the new format continues the same commercial impression as the prior format.”).

The tacking test is “continuing commercial impression,” not that two marks must be “the same.” Pet. Br. 2, 17. HFI misconstrues the following from *Humble Oil*:

The only requirement in these instances is that the mark be modified in such a fashion as to retain its trademark impact and symbolize a single and continuing commercial impression. That is, a change which does not alter its distinctive characteristics represents a continuity of trademark rights. Thus, where the distinctive character of the mark is not changed, the mark is, in effect, the same and the rights obtained by virtue of the earlier use of the prior form inure to the later form.

165 U.S.P.Q. at 603-04. “[I]n effect, the same” means the marks must be the same in imparted “effect” (*i.e.*, commercial effect). In context, this merely reinforces the commercial impression test. Tacking only applies where a mark has been altered, so the marks cannot literally be “the same.”

HFI’s argument that marks must be “virtually identical” is similarly overstated. Pet. Br. 19. HFI suggests that when two marks differ at all in appearance or sound, “no more is necessary” to deny tacking because it is “categorically unavailable.” *Id.* However, in all tacking cases the marks will necessarily differ visually or aurally to some degree. The quoted language from *Van Dyne-Crotty* simply explains that where marks differ too much, tacking cannot be allowed—a logical conclusion. *Van Dyne-Crotty*, 926 F.2d at 1159. In that circumstance, the two marks would not convey the same, continuing commercial impression, which is the test.

4. Legal Treatment Would Not Increase Predictability

HFI argues that judges should create predictable legal tacking precedent. Pet. Br. 21. However, consumer impression analysis is inherently a *de facto* inquiry that produces seemingly varying results due to extrinsic factors, irrespective of the arbiter. Hence, one cannot plausibly create a body of predictable judicial precedent.

When viewing marks in isolation and without the benefit of marketplace context, judicial tacking determinations have always seemed to lack consistency. For instance, judges may differ as to whether a new term

may be tacked onto an existing trademark. *See, e.g., Colonial Elec. & Plumbing Supply of Hammonton, LLC v. Colonial Elec. Supply, Ltd.*, 2007 WL 4571105, at *9-10 (D.N.J. 2007) (COLONIAL ELECTRIC → COLONIAL ELECTRIC SUPPLY allowed); *Wet Seal*, 82 U.S.P.Q.2d at 1635 (ARDEN → ARDENBEAUTY prohibited); *D&J Master Clean, Inc. v. Servicemaster Co.*, 181 F. Supp. 2d 821, 825-26 (S.D. Ohio 2002) (SERVICEMASTER → SERVICEMASTER CLEAN allowed).

Judges may also disagree over tacking a stylized version of a mark to the word version of that same mark. Many allow tacking under such circumstances. *See, e.g., Drexel Enters.*, 312 F.2d at 527 (HERITAGE in script → HERITAGE-HENREDON → HERITAGE in block lettering allowed). Other examples allowing tacking follow:

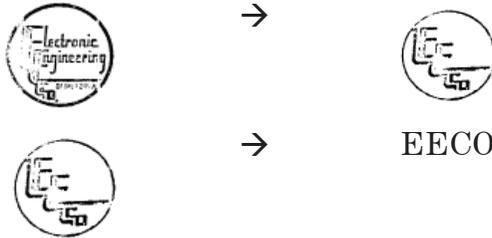
- *Dolphin Corp.*, 1982 U.S. Dist. LEXIS 10137, at *20-21 (image depicted in Trademark Registration Number 1,024,723):

DOLPHIN → 

- *Loctite Corp.*, 516 F. Supp. at 218-19 (image depicted in Trademark Registration Number 876,820):

 → PERMABOND
ADHESIVE
POWER

- *Vacuum-Elecs. Corp. v. Elec. Eng'g Co. of Cal.*, 150 U.S.P.Q. 215, 216 (T.T.A.B. 1966):



Others courts have prohibited tacking under similar circumstances:

- *Data Concepts*, 150 F.3d at 623 (image depicted in *McCarthy, supra*, § 17:27):



- *In re CTB, Inc.*, 52 U.S.P.Q.2d 1471, 1472-76 (T.T.A.B. 1999):



- *Owens-Illinois, Inc. v. Optimist Int'l*, 173 U.S.P.Q. 120, 127 (T.T.A.B. 1972):

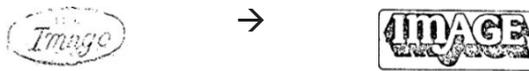


Judges may disagree over whether design changes in stylized marks support tacking. Many allow tacking between marks with different stylized elements. *See, e.g., Reynolds Consumer Prods.*, 2014 WL 794277, at *3-4 (changes to Reynolds Wrap box altering proportions of colored areas, writing in each, and adding “Trusted Since 1947” allowed). Other examples allowing tacking follow:

- *Paris Glove of Can., Ltd. v. SBC/Sporto Corp.*, 84 U.S.P.Q.2d 1856, 1862 (T.T.A.B. 2007):

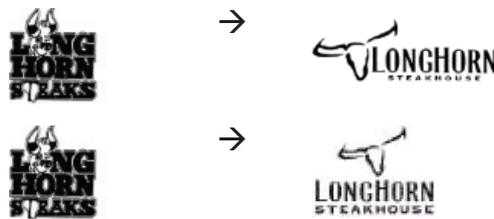


- *Jay-Zee, Inc. v. Hartfield-Zodys, Inc.*, 207 U.S.P.Q. 269, 271-72 (T.T.A.B. 1980):



Tacking has been prohibited under similar circumstances:

- *Louangel, Inc.*, 2013 WL 1223653, at *2-7:



- *Pro-Cuts*, 27 U.S.P.Q.2d at 1227:



- *Lincoln Logs*, 971 F.2d at 734-35:



And, judges may differ as to the extent altering a mark's wording is allowed. Altering word combinations has often been allowed. *See, e.g., Miami Credit Bureau*, 276 F.2d at 568 (CREDIT BUREAU OF GREATER MIAMI → MIAMI CREDIT BUREAU allowed); *John Winkler's Sons, Inc. v. Am. Express Co.*, 175 U.S.P.Q. 442, 444 (T.T.A.B. 1972) (THE CAREFREE PLAN → CAREFREE CRUISE allowed); *Hess's of Allentown*, 169 U.S.P.Q. at 677 (HESS BROTHERS, HESS'S OF ALLENTOWN → HESS'S allowed). Elsewhere, similar changes have been rejected. *See, e.g., Specht*, 758 F. Supp. 2d at 585 (ANDROID'S DUNGEON → ANDROID DATA prohibited); *Anthony's Pizza & Pasta Int'l Inc. v. Anthony's Pizza Holding Co.*, 95 U.S.P.Q.2d 1271, 1276 (T.T.A.B. 2009) (ANTHONY'S RUNWAY 84 → ANTHONY'S COAL-FIRED PIZZA prohibited), *aff'd*, 415 Fed. App'x 222 (Fed. Cir. 2010); *Ushodaya Enters., Ltd. v. V.R.S. Int'l, Inc.*, 63 F. Supp. 2d 329, 338 (S.D.N.Y. 1999) (PRIYA → PRIYA PICKLES, HOMEMADE BY VASUDEVAN FAMILY prohibited).

Surely, these varying results demonstrate tacking's ad hoc nature and market considerations' critical place

in tacking analysis. In a vacuum, tacking results do not reconcile and accordingly, creating a framework of judicial legal precedent would be impracticable.¹¹

5. Legal Treatment Would Promote Less Equitable Results

HFI argues that tacking law would be more equitable if judges decide it because judges allow tacking less often than juries. Pet. Br. 24. However, the pertinent question is not which arbiter is more likely to permit tacking. It is which arbiter is better suited for the job. A jury representing a group of consumers has a broader and better perspective to evaluate consumer perception, irrespective of the outcome in any one particular case. *See supra* p. 41-44. So long as the best arbiter (a jury) applies the proper test (continuing commercial impression), tacking application will be at its most equitable irrespective of the allowance or disallowance rate.

Still, HFI argues that because the jury allowed tacking in this case, tacking determinations by juries must be too lenient. Pet. Br. 24. It argues that tacking “should have been put to the court” instead of a jury. Pet. Br. 25. *It was*. HFI put tacking to the court on summary

11. HFI also argues that trademark owners seeking to modify marks require predictability to ascertain acceptable alterations. Pet. Br. 26. However, these owners should look to marketplace studies, focus groups, or surveys of their own customers to ascertain commercial impression. Predictability derives from consistent treatment of a specific brand within a specific marketplace context, not from evaluating different brands on different products, in different marketing channels, and among different consumers.

judgment—and lost. JA83-85. It appealed seeking a jury trial—and lost again before a jury. *Both judge and jury reached the same conclusion*—finding priority in favor of Hana Bank notwithstanding HFI’s “improper tacking” argument.

6. Legal Treatment Would Decrease Judicial Efficiency

Judicial efficiency would go down, not up, if courts were to treat tacking as a legal issue. If it were a legal question, tacking would encompass a less restrictive *de novo* appellate review standard. *See Salve Regina College v. Russell*, 499 U.S. 225, 238 (1991) (“When *de novo* review is compelled, no form of appellate deference is acceptable.”). Hence, litigants would more likely appeal tacking decisions in the hope of obtaining a more favorable result from an arbiter further removed from the case’s facts.

On a broader scale, treating tacking as a matter of law would signal that even fundamental elements of claims undisputedly guaranteed a jury trial may be separately parsed for determination by a judge. This would encourage appeals of substantive jury decisions on the theory that some element or subpart of a claim unfavorably decided to the losing party should have been reserved for the judge, an appellate theory that is available independent of weight of the evidence, reasonableness of a jury’s decision, or alternate bases for a jury verdict. Encouraging such appeals not only decreases judicial efficiency, but runs against Seventh Amendment policy favoring juror determination of “ultimate issues” within jury claims.

Furthermore, when HFI argues that legal treatment would increase judicial efficiency, it incorrectly assumes that the only time tacking can be adjudicated before trial is if it were a legal question. Pet. Br. 27. As with any factual issue, tacking can still be summarily adjudicated where “reasonable minds cannot differ.” *See, e.g., Specht*, 758 F. Supp. 2d at 583 (tacking an issue of fact but decided as a matter of law on summary judgment); *Colonial Elec.*, 2007 WL 4571105, at *10 (tacking allowed on summary judgment); *PBI Performance Prods., Inc. v. Norfab Corp.*, 514 F. Supp. 2d 725, 731 (E.D. Pa. 2007) (tacking prohibited on summary judgment).

And, HFI is wrong when it suggests that reasonable minds can never differ on tacking due to the strictness of the standard. Reasonable minds often differ over tacking, even when it is treated as a matter of law. *See supra* p. 49-54. Do those inconsistencies mean the deciding judges were unreasonable? Of course not. They merely reflect tacking’s ad hoc nature as a comparison evaluating consumer impression.

7. Tacking Is Not Suited To Mechanical Application Of Precedent

HFI advocates applying tacking by comparing marks against legal precedent, and allowing tacking only where third parties successfully tacked similar marks. Pet. Br. 21. HFI’s supporting citation to *Bose* implies that arbiters need tacking precedent to “give[] meaning” to tacking’s “legal equivalents” conclusion sufficient to apply tacking in any “specific factual situation[.]” *Id.* But whether two marks are legal equivalents is not an amorphous standard requiring clarification through precedent. It

is a conclusion drawn after applying a clear test—the continuing commercial impression test. Precedent regarding different marks under different circumstances is not necessary.

HFI’s proposal is impracticable as shown by the varying results of historical precedent, even as to identical tacking patterns. *See supra* p. 49-54. And, as HFI concedes, tacking is to remain a “flexible” doctrine that “avoids mechanical rules.” Pet. Br. 36. Disparate results make sense in this type of ad hoc inquiry.

HFI’s proposed method also contradicts trademark policy. HFI fears overextending trademark owners’ property rights, perceiving it anticompetitive should an owner retroactively expand rights through tacking. Pet. Br. 18. Trademark law’s consumer focus adequately addresses that concern. Consumer perception inherently limits the scope and ownership of trademarks. Trademarks are not true property, but run appurtenant to goodwill established with the public through actual use. *See Hanover Star*, 240 U.S. at 413-14; *United Drug Co.*, 248 U.S. at 97. HFI suggests that trademark owners should receive rights analogous to what previous third parties obtained (*i.e.*, you get what others before you got). But trademark rights do not align that way. They align with consumers’ actual experience with the mark in question (*i.e.*, you get what consumers perceive you to have).

The continuing commercial impression test strikes a proper balance between requiring continued trademark use to maintain rights and allowing alterations by tethering acceptable changes to the impression they make on the public. Requiring more would unacceptably sever

brand goodwill that the public perceives as continuing and ongoing.

III. Hana Bank's Trademark Priority Was Properly Decided Below

It is unclear whether the jury, in construing Hana Bank's trademark priority, applied tacking at all. But if it did, it most likely applied tacking as between the Korean and English versions of the mark HANA BANK. Hana Bank has consistently relied upon its Korean mark (한나은행 and 하나은행) to establish priority. *See, e.g.*, JA65; JA205-207; JA 208; JA211. That mark featured prominently in its 1994 advertisement and on customer applications. JA205-207; JA208; JA211. Following Hana Bank's initial 1994 advertisement, it conducted substantial ongoing business with United States customers under the HANA BANK mark, servicing over 11,500 people in the United States, remitting over \$37 million on their behalf, and wiring funds to American customers almost daily. Pet. App. 6a-7a.

The marks 한나은행 and 한나 Hana Bank render the “same, continuing commercial impression” and do not “materially differ.” *Van Dyne-Crotty*, 926 F.2d at 1159. The same is true for the marks 하나은행 and HANA BANK. *Id.* The word components are identical to relevant consumers, namely those who read both the Korean and English languages. *See Brookfield*, 174 F.3d at 1048 (tacking assesses the perspective of relevant consumers of the goods in question). They have identical meanings. The “Hana” portion of each sounds identical because “Hana” is the English-character phonetic spelling of 하나. Indeed, the marks differ only in that one is in Korean

and the other is in English: the same words spelled with different alphabets.

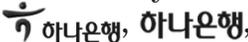
Tacking these marks is clearly appropriate because they are “in effect, the same.” *Humble Oil*, 165 U.S.P.Q. at 603-04. Even the TTAB, which rarely permits tacking, allows it under similar circumstances. The TTAB allowed tacking as between Cyrillic language marks that were later modified to add English translations because “the Roman lettering is simply a translation or transliteration of the mark, and as such does not significantly change the meaning of the mark.” *ZAO Gruppa*, 2011 WL 3828709, at *17 (internal citation omitted).

Indeed, translations of marks, which are referred to as foreign equivalents, are routinely treated as legal equivalents in other trademark contexts. *See, e.g., Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 443 (5th Cir. 2000) (CHUPA translated to LOLLIPOP); *Otokoyama Co. v. Wine of Japan Imp., Inc.*, 175 F.3d 266, 272 (2d Cir. 1999) (OTOKOYAMA translated from Japanese to English); *Volkswagenwerk Aktiengesellschaft v. Church*, 256 F. Supp. 626, 629 (S.D. Cal. 1966) (translating VOLKSWAGEN to PEOPLE’S CAR to determine distinctiveness), *aff’d*, 411 F.2d 350 (9th Cir. 1969).

Korean language marks fall within this line of cases where the target audience speaks Korean. *See In re Thomas*, 79 U.S.P.Q.2d 1021, 1024 (T.T.A.B. 2006) (“‘ordinary American purchaser’ refers to the ordinary American purchaser who is knowledgeable in the foreign language,” not consumers generally) (citing McCarthy, *supra*, §23:36 (“The test is whether, to those American

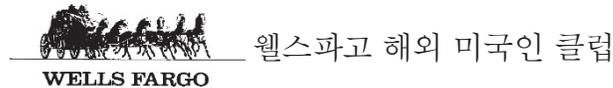
buyers familiar with the foreign language, the word would denote its English equivalent.”)); *In re Am. Safety Razor Co.*, 2 U.S.P.Q.2d 1459, 1460 (T.T.A.B. 1987) (evaluating Spanish language mark in the context of its product’s “Spanish-speaking purchasers”). Hana Bank’s 1994 ad targeted fluent Korean speakers. JA205-207. After all, it appeared in a Korean language publication. *Id.* HFI’s statement that the “ordinary American purchaser” does not speak Korean (Pet. Br. 42) is inapposite where, as here, the mark’s actual target audience does. The ordinary American purchaser of Hana Bank’s services clearly speaks Korean. In fact, the 1994 advertisement itself specifies that membership in Hana Bank’s “Overseas Korean Club” is contingent on the customer being bilingual in both English and Korean. JA207.

Clearly, a variety of marketplace factors bolster the conclusion that Hana Bank’s trademark priority was properly decided below. Hana Bank’s target customers were primarily Korean expatriates, spoke Korean fluently, conducted business with Hana Bank in both English and Korean, and were familiar with Hana Bank by the time its 1994 advertising campaign began. JA207; Pet. App. 5a, 16a-17a. Early customer response to Hana Bank’s advertisement further demonstrates that consumers recognized its Korean mark and knew that the advertised services originated from Hana Bank. JA202-203.

Although not required to find priority in this context, jurors could also reasonably consider the phrase “HANA Overseas Korean Club” as part of the priority analysis. “HANA” is the key element of that phrase, just as it is part of the  **하 하나은행, 하나은행**, and HANA BANK marks, and tacking can be premised upon “continuous use of [a] ‘key

element” even after dropping other “non-essential” words. *Sands, Taylor & Wood Co.*, 978 F.2d at 955 (THIRST-AID FIRST AID FOR YOUR THIRST → THIRST-AID allowed) (citation omitted). Discontinuing use of non-essential words, while retaining a mark’s key element, does not necessarily alter commercial impression. See *Jimlar Corp. v. Army & Air Force Exch. Serv.*, 24 U.S.P.Q.2d 1216, 1221 (T.T.A.B. 1992) (A CLUB BY AMERICAN EAGLE → A CLUB allowed); *Puritan Sportswear*, 307 F. Supp. at 389 (PURITAN SPORTSWEAR THE CHOICE OF ALL AMERICANS → PURITAN allowed); *Sec. Bank v. Am. Sec. & Trust Co.*, 571 F.2d 564, 567 (C.C.P.A. 1978) (AMERICAN SECURITY BANK → AMERICAN SECURITY allowed); *Proxite Prods.*, 206 F. Supp. at 513-14 (PROX BONNIE BLUE → BONNIE BLUE allowed).

To lend context, readers encountering Hana Bank’s 1994 ad viewed the Hana Bank marks akin to how Americans in Korea might view an English newspaper directed to English expatriates introducing the:



(where the Korean words translate to WELLS FARGO Overseas American Club). The reader would understand the ad as offering WELLS FARGO services to Americans living overseas in Korea. Hana Bank’s advertisement read no differently to Korean expatriates residing in America.

Finally, it is unlikely that the jury evaluated the marks HANA Overseas Korean Club, HANA World Center and HANA BANK in isolation given trial evidence overwhelmingly highlighting Hana Bank’s more dominant  하나은행 and  하나은행 marks. However, even that tacking

application can be supported by case law allowing tacking where the dominant feature of a mark (here HANA) creates a continuing impression within altered marks. *See Baglin*, 221 U.S. at 589, 598 (CHARTREUSE → LIQUEUR DES PÈRES CHARTREUX and LIQUEUR FABRIQUÉE À TARRAGONE PAR LES PÈRES CHARTREUX allowed); *Drexel Enters.*, 312 F.2d at 527 (HERITAGE → HERITAGE-HENREDON → HERITAGE allowed); *Miami Credit Bureau*, 276 F.2d at 568 (CREDIT BUREAU OF GREATER MIAMI → MIAMI CREDIT BUREAU allowed as “obviously synonymous”); *Bionetics Corp. v. Litton Bionetics, Inc.*, 218 U.S.P.Q. 327, 330 (T.T.A.B. 1983) (BIONETICS RESEARCH LABORATORIES and LITTON BIONETICS INC. → BIONETICS allowed under tacking analysis in the context of trade names because BIONETICS was the dominant, “salient feature” of each mark); *John Winkler’s Sons, Inc.*, 175 U.S.P.Q. at 444 (THE CAREFREE PLAN → CAREFREE CRUISE allowed); *Hess’s of Allentown*, 169 U.S.P.Q. at 677 (HESS BROTHERS and HESS’S OF ALLENTOWN → HESS’S allowed based on continued use of the “salient” term HESS).

CONCLUSION

Tacking is an issue of fact. Hana Bank respectfully requests that this Court affirm the decision of the Ninth Circuit Court of Appeals in its entirety, and bring other circuit courts, including the Sixth Circuit and Federal Circuit, in alignment. Should this Court instead determine that tacking is exclusively a matter of law, Hana Bank requests that the case be remanded for further proceedings on remaining issues of trademark priority, laches, and unclean hands to the extent such issues have not yet been addressed below.

Respectfully submitted,

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