What the U.S. Supreme Court Decided This Term About Trademarks

(and Some Other Recent IP Developments)

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Hana Financial, Inc. v. Hana Bank

135 S. Ct. 907; 190 L.Ed.2d 800

January 21, 2015

Held: Trademark tacking is a jury question.

Unanimous opinion by Justice Sotomayor

Trademark Tacking

The right of a trademark owner to change its mark over time without losing the priority of the first use date of its original mark – but only if the marks are "legal equivalents."

“Legal equivalents”

Must be a continuing commercial impression between the marks so consumers think of marks as the same.

When tacking, first use of original mark is “tacked” onto new modified mark, and the new mark is deemed to have been first used on the first use date of the original mark.

Without tacking, the modified mark would be a new mark, and might infringe a mark that was adopted *after* the original mark but *before* the modified mark.

Hana Financial Sued Hana Bank

- *Hana Bank* began using the name in Korea in 1994.
- It established Hana Overseas Korean Club for financial services for Korean ex-pats – included "HANA BANK" name.
- In 2000 it changed its name to Hana World Center.
- In 2002 it began operating in U.S. as Hana Bank.

- *Hana Financial* was established in 1994 and began using the name in 1995.
- It obtained a federal registration in 1996 for HANA FINANCIAL and a pyramid design.
- It sued Hana Bank in 2007
- Hana Bank defended on the basis it had priority.

District court found summary judgment for Hana Bank.

9th Circuit reversed – were issues of fact.

On remand, jury returned verdict for Hana Bank.

9th Circuit affirmed. Acknowledged circuit split as to whether tacking a jury question or a question of law.

Supreme Court Held: Tacking is a question of *fact* for the **jury to decide**.

The question is whether consumers see the new mark and the original mark as the same.

- Applies only if a jury is requested.
- Can be decided by a judge on summary judgment if the facts regarding tacking are not in dispute.

Some marks that have changed over the years

	Old Logo		Current Logo
1930		Shell	
1916		MGM	

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Some marks that have changed (cont.)

Old Logo		Current Logo
1976		
	Apple	
	Nike	

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Marks *denied* tacking for being too dissimilar

AMERICANA	AMERICANA MANHASSET
MB	Mb
IKON CORPORATION	IKON OFFICE SOLUTIONS
DCI	Dci
PRO-CUTS	PRO-KUT
CLOTHES THAT WORK	CLOTHES THAT WORK. FOR THE WORK YOU DO.
EGO	ALTER EGO
POLO	MARCO POLO
SHAPE	SHAPE UP
HOME PROTECTION CENTER	HOME PROTECTION HARDWARE
AMERICAN MOBILPHONE	AMERICAN MOBILPHONE PAGING
ONION FUNIONS	FUNYUNS
UNYUNS	ONYUMS

Courts and the TTAB generally permitted tacking only where the marks were virtually identical.

VI-KING	VIKING
HESS	HESS'S
PROX BONNIE BLUE	BONNIE BLUE
AMERICAN SECURITY	AMERICAN SECURITY BANK
PURITAN SPORTSWEAR THE CHOICE OF ALL AMERICANS	PURITAN

Tacking can also be used to “tack” onto the prior rights of another trademark owner by acquiring that owner’s rights.

A good trick to achieve priority

B&B Hardware, Inc. v. Hargis Industries, Inc.

135 S.Ct. 1273; 191 L.Ed.2d 223

March 24, 2015

Held: TTAB decisions can create issue preclusion for later litigation in court.

Decided 7-2. Justice Alito wrote for the majority, with Justice Ginsburg concurring. Dissent by Justice Thomas, with Justice Scalia

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TTAB decisions as to likelihood of confusion can have preclusive effect in subsequent district court infringement actions,

but –

Only if the other ordinary elements of issue preclusion are met – When an issue of fact or law is actually litigated and determined by a valid judgment, and the determination is essential to the judgment, the determination is *conclusive* in a subsequent action between the parties, whether on the same or a different claim. Restatement (Second) of Judgments §27.

Supreme Court recognized –

1 – TTAB is an administrative agency and not an Article III court.

2 – Right to jury trial would exist in an infringement action absent preclusion.

3 – Procedures used by TTAB in determining likelihood of confusion were somewhat different (but not fundamentally different) than those used by 8th Circuit.

4 – The TTAB decision in this case was not appealed.

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Facts

- B&B was first to use and register **SEALTIGHT** for metal fasteners for aerospace industry.
- B&B *opposed* Hargis' 1996 application for **SEALTITE** for metal fastners for construction industry and won – TTAB refused to register Hargis' mark.
- Hargis did not appeal.
- In a lawsuit in district court, B&B argued that Hargis should be *precluded* from arguing that there was no likelihood of confusion because the TTAB had already decided that issue in B&B's favor.

- District court refused to apply issue preclusion as to likelihood of confusion.
- Jury found Hargis did *not* infringe.
- Eighth Circuit affirmed – TTAB is not an Article III court and the likelihood of confusion issues differ in the two forums (registration vs. infringement as to use).
- Supreme Court reversed. So long as other elements of issue preclusion are met, when trademark usage issues adjudicated by the TTAB are same as those before district court, issue preclusion should apply.
- Preclusion will not apply in many cases, e.g., where market conditions are not addressed in the TTAB but are an issue in court.

Justice Thomas' dissent – Court should not presume that Congress intended a TTAB decision to have preclusive effect.

Question: How will this affect court's treatment of other administrative agency determinations, e.g., the Patent Trial and Appeal Board?

Some cases from last year –

What are the courts doing?

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The fallout from *Octane Fitness*

The Supreme Court decided last term under what circumstances a prevailing party in a patent infringement case was entitled to attorneys' fees under the "exceptional case" standard.

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Held: An "exceptional" case is simply one that stands out from the others with respect to the substantive strength of a party's litigating position or the unreasonable manner in which the case was litigated.

Since that decision, the *Octane Fitness* standard has been applied to trademark and copyright cases, where fees also may be awarded in "exceptional" cases.

Trademark

Fairwind Sailing, Inc. v. Dempster, 764 F.3d 303 (3d Cir. 2014)

Remanded to trial court to determine if "exceptional."

Apple Inc. v. Samsung Elec. Co., Ltd., 2014 WL 4145499 (N.D. Cal. Aug. 20, 2014)

Found case was *not* exceptional and declined to award fees to Apple.

Copyright

Perry v. Estates of Byrd, 2014 WL 2998542 (SDNY July 3, 2014)

What about the *Raging Bull* case?

Last term the Supreme Court found that laches cannot bar a copyright claim if the infringement is ongoing – look to the statute of limitations period before the suit was filed to determine damages.

Does it apply in patent or trademark cases?

The issue is currently before the Federal Circuit in a patent case –

SCA Hygiene Products v. First Quality Baby Products, LLC.

Is there any "principled distinction" between the copyright and patent statutes on this point?

Federal Circuit's opinion of September 17, 2014 was vacated and appeal reinstated – Petition for *en banc* hearing was granted to directly address *Petrella*.

If it applies, laches could not bar a claim for damages based on patent infringement occurring within the six-year damages limitations period in 35 U.S.C. §286. And should laches be available to bar an entire infringement suit for either damages or injunctive relief?

The *En banc* argument is scheduled for June 19, 2015

Where are we with the Redskins?

All “Redskins” registrations were cancelled by the TTAB last year on the basis that they disparaged Native Americans.

The team appealed to the district court in the Eastern District of Virginia.

They (and the ACLU) argued that the decision violates the First Amendment.

More Discussion of Interplay of First Amendment and "Disparaging" Trademarks

The Slants Case

- PTO refused registration Under §2(a) – Mark disparages Asian Americans
- TTAB affirmed
- Federal Circuit affirmed on April 20, 2015 – mark cannot be registered.

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Then – The Federal Circuit vacated its opinion and granted re-hearing *en banc* on April 27, 2015.

Should the PTO have the ability to refuse registration of marks it finds to be "immoral, deceptive, scandalous or disparaging"?

On what basis? Who decides?