

No. 13-1211

In the Supreme Court of the United States

HANA FINANCIAL, INC.,

Petitioner,

v.

HANA BANK & HANA FINANCIAL GROUP,

Respondents.

**On Petition for a Writ of Certiorari to
the United States Court of Appeals
for the Ninth Circuit**

REPLY BRIEF FOR PETITIONER

CHARLES A. ROTHFELD

Counsel of Record

PAUL W. HUGHES

Mayer Brown LLP

1999 K Street, NW

Washington, DC 20006

(202) 263-3000

crothfeld@mayerbrown.com

Counsel for Petitioner

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REPLY BRIEF FOR PETITIONER

Respondents do not dispute that the circuits are divided on the question presented. They cannot deny that this precise question arises with considerable frequency throughout the country. And they do not contest that this case would be decided differently by the Sixth and Federal Circuits. These points are reason enough to grant certiorari; the long-standing, broadly acknowledged, and frequently litigated circuit split with respect to the question presented warrants resolution.

In this context, respondents' contentions miss the mark. Respondents' *first* argument—that the question presented in the petition follows in “lockstep” from the different circuit split regarding the standard for *likelihood of confusion* at issue in trademark infringement—is plainly incorrect. Whether or not consumer confusion for purposes of trademark infringement is a question of law or fact says nothing about the issue relevant here, the proper characterization of the “legal equivalence” test for trademark tacking: While demonstrating consumer confusion is *sufficient* to show trademark infringement, trademark tacking requires the consumer confusion to be so severe that the marks qualify as “legal equivalents.” Thus, a case presenting the infringement issue *cannot* resolve the question presented.

Respondents' *second* argument—that the court below properly concluded that trademark tacking presents a question of fact, not law—fails for similar reasons. Respondents point to factors relating to consumer confusion, positing that these are issues of fact. Even were that true, that says nothing about the ultimate question posed in the context of tack-

ing—whether the similarities are so extensive that the two marks qualify as “legal equivalents.” Here, the lower court thought that this ultimate question was one of fact, and thus it considered itself bound to the jury’s determination. But that decision was wrong: the question of legal equivalency is necessarily a question of law for the court.

Finally, respondents are wrong to contend that tacking is irrelevant to this case. It was the *sole* basis for the decision below. Respondents’ alternative contentions—which the lower court expressly did not reach—are merely issues that would remain on remand. Accordingly, these contentions say nothing about whether review is warranted now.

A. The Circuit Split Regarding Likelihood Of Confusion Is Not A Reason To Deny Certiorari.

Respondents do not deny that the circuits are sharply divided on the question presented in this case—whether trademark tacking presents a question of fact or law. They instead assert that this issue arises in “lockstep” with a different question—whether the likelihood of confusion at issue in trademark infringement is a question of fact or law. Respondents demonstrate that the circuits are divided ten-to-three on this other issue. Opp. 16-17. And respondents contend that, although “tacking and likelihood of confusion are different inquiries,” they “both are the same type of test, evaluating the perceptions of average consumers.” *Id.* at 13. Resolution of the issue in the trademark infringement context, according to respondents, therefore “will automatically resolve the resulting tacking split.” *Id.* at 11. This argument is wrong for two reasons.

First, resolution of the infringement issue cannot resolve the question presented here because the trademark tacking doctrine has an additional facet not present in the infringement context. Although a finding that two marks are “confusingly similar” is sufficient for trademark *infringement*, it is not enough for trademark *tacking*. Instead, for the tacking doctrine to apply, the marks must be so similar that they qualify as “legal equivalents.” *Van Dyne-Crotty, Inc. v. Wear-Guard Corp.*, 926 F.2d 1156, 1159 (Fed. Cir. 1991). See also *George & Co. v. Imagination Entm’t Ltd.*, 575 F.3d 383, 402 (4th Cir. 2009); *Quiksilver, Inc. v. Kymsta Corp.*, 466 F.3d 749, 758 (9th Cir. 2006); *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620, 623 (6th Cir. 1998). The tacking standard is thus “considerably higher” than that for infringement. *Brookfield Commc’ns, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1048 (9th Cir. 1999).

As we demonstrate (Pet. 20-22; *infra*, 5-8), it is *this* aspect of “legal equivalence” that mandates treatment of tacking as an issue of law. Because this element is not present in trademark infringement, resolution of an infringement case simply cannot resolve the question presented here.

In fact, respondents’ contention (Opp. 14-16) that the approach a circuit takes to the likelihood of confusion question controls the issue presented here is demonstrably wrong. For example, although the Seventh Circuit treats the likelihood of confusion as a question of fact (Opp. 17 (citing *Munters Corp. v. Matsui Am., Inc.*, 909 F.2d 250, 252 (7th Cir. 1990))), a district court in that circuit nonetheless concluded that tacking is a question of law. See *Gaffrig Performance Indus., Inc. v. Livorsi Marine, Inc.*, 2001 WL

709483, at *8 (N.D. Ill. 2001). Likewise, while the Fourth Circuit treats likelihood of confusion as a question of fact (Opp. 17 (citing *Marcon, Ltd. v. Helena Rubenstein, Inc.*, 694 F.2d 953 (4th Cir. 1982))), a district court in that circuit very recently followed *Van Dyne-Crotty* in concluding that tacking is a question of law. *Reynolds Consumer Prods., Inc. v. Handi-Foil Corp.*, 2014 WL 794277, at *3 (E.D. Va. 2014). Contrary to respondents’ assertion that *Reynolds* was merely the product of the parties’ stipulation (Opp. 14), the court concluded that the result was “compel[led]” in part by “the Fourth Circuit’s reliance on *Van Dyne-Crotty*.” *Reynolds Consumer Prods.*, 2014 WL 794277, at *3.

Second, to the extent that the tacking and “likelihood of confusion question” involve related considerations, respondents offer no reason at all to believe that the latter offers the more “appropriate vehicle for review.” Opp. 18. To the contrary, the paucity of vehicles presenting what respondents characterize as a ten-to-three circuit conflict on the likelihood-of-confusion issue highlights why the Court should address the tacking question first. The most recent case respondents identify as raising the infringement issue was filed in 1993. *Ibid.* In contrast, the tacking conflict is a current and growing one that, as we showed in the petition (at 13-16) has arisen dozens of times in recent years—and since the most recent of the decisions relied upon by respondents. Resolution of that pressing conflict is appropriate now.

B. The Ninth Circuit Erred.

Respondents devote the largest part of their argument to the contention that the Ninth Circuit correctly decided this case—both in treating this issue as a question of fact and in affirming the jury ver-

dict. This contention, whatever its merit, is not a reason to deny certiorari in light of a broadly recognized and frequently litigated disagreement among the circuits. But respondents are, in any event, incorrect. See Pet. 16-19.

1. Respondents' argument actually highlights the flaw with their contention that trademark tacking is a question of fact: by making tacking turn on a jury's "case-by-case" assessment of the facts (Opp. 22), it would open the floodgates to claims of tacking, denying litigants the predictability that is essential to intellectual property rights.

In suggesting that the "legal" approach analyzes two marks for "*prima facie* similarity" by considering "visual or aural" distinctions, whereas the "factual approach focuses on "marketplace realities" relating to "consumer perception" (Opp. 20), respondents offer a false dichotomy. In taking the legal approach that we believe correct, the Sixth and Federal Circuits require *both* perception and legal similarity to be present for trademark tacking to apply. As the Federal Circuit has explained, tacking applies only if "the consumer * * * consider[s] both as the same mark" *and* the two marks are so similar that "the later mark" does not "materially differ from or alter the character of the mark attempted to be 'tacked.'" *Van Dyne-Crotty*, 926 F.2d at 1159. The Sixth Circuit agrees. See *Data Concepts*, 150 F.3d at 623.

Respondents do not even attempt to dispute that determining whether or not two marks have this sort of "*prima facie* similarity"—i.e., equivalent "visual or aural appearance"—is a legal question. Opp. 20. See also *Data Concepts*, 150 F.3d at 623. A necessary aspect of the tacking inquiry is thus plainly an issue of law.

Likewise, respondents have little response to our demonstration that the ultimate inquiry—whether or not two marks are “legal equivalents”—is necessarily a legal test. See Pet. 20-23. They say that we “shortchange[] the actual test” (Opp. 21), but they do not, because they cannot, dispute that this is the relevant question.

Instead, respondents focus solely on one facet of tacking—consumer confusion—and contend that “consumers,” by way of a jury, should decide tacking on a “case-by-case” basis. Opp. 22. But consumer confusion is considered in service of the ultimate and admittedly legal question of “legal equivalence.” Respondents’ contention is thus, at best, an argument that this is a mixed question of fact and law, but by their own concession (*id.* at 15) that result would require reversal. Indeed, virtually every legal question has some factual aspect, and thus “falls somewhere between a pristine legal standard and a simple historical fact.” *Miller v. Fenton*, 474 U.S. 104, 114 (1985). Here, however, any factual issue is “subsumed” by the legal test. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 389 (1996).

In any event, respondents are wrong to contend that the “consumer” aspect of the test makes it a factual question for the jury. Patent construction provides a close analogy: ordinarily, “[c]laim terms are given their ordinary meaning to one of skill in the art.” *Lighting Ballast Control LLC v. Philips Elecs. N. Am. Corp.*, 744 F.3d 1272, 1289 (Fed. Cir. 2014). Although a court must view the issue through the lens of one skilled in the art—which poses factual questions as to what one skilled in the art would think—the ultimate inquiry is nonetheless a question of law. *Markman*, 517 U.S. 384-388. Likewise, in

the context of tacking, that a court may view marks through the lens of an ordinary consumer does not alter the fundamentally legal nature of the inquiry.

2. Although the Ninth Circuit's legal error is a sufficient reason for the Court to reverse and remand, the particulars of this case highlight the practical effects of the wayward approach taken below.

Respondents do not deny that tacking is supposed to be "exceedingly strict" and available in only "exceptionally narrow instance[s]." *Brookfield Commc'ns*, 174 F.3d at 1047-1048. The legal holding of the Ninth Circuit, however, significantly undermines this limit, leaving this critical legal inquiry open to manipulation before a jury.

Respondents defend the merits of the tacking decision on the same terms that they defend the lower court's legal ruling: they focus solely on the question of consumer perception. Opp. 25-28. But that disregards the essential "*prima facie*" requirement of "visual or aural" similarity. See *id.* at 20. As respondents appear to recognize (*ibid.*), both the Federal Circuit and the Sixth Circuit, by considering this a legal question, require a threshold showing that there is a "visual or aural" equivalence between the two marks. *Data Concepts*, 150 F.3d at 623; *Van Dyne-Crotty*, 926 F.2d at 1159.

Here, if that legal test were applied, it would wholly foreclose respondents' *double* tacking theory. Pet. 23-24. Respondents do not contend otherwise: they cannot show that these marks are visually or aurally equivalent. They instead wish to focus solely on consumer perception of brand names, but once a dissimilarity between "the visual or aural appearance of the marks themselves" is shown, "no more

[is] necessary,” as tacking is unavailable as a matter of law. *Van Dyne-Crotty*, 926 F.2d at 1159.

This point is not hypothetical: the court below expressly recognized that, “[i]n isolation, the words ‘Hana Overseas Korean Club,’ ‘Hana World Center,’ and ‘Hana Bank’ seem aurally and visually distinguishable.” Pet. App. 15a. In the Sixth and Federal Circuits, this conclusion—that the marks “do not look alike”—would have ended the inquiry. *Data Concepts*, 150 F.3d at 623. Not so in the Ninth Circuit, solely because it views the issue as one of fact for the jury. Tellingly, respondents do not deny that the Sixth and Federal Circuits would have returned a different result in this case.

C. The Tacking Question Is Presented For Review.

Respondents finally contend that the decision below may be supported on alternative grounds. Opp. 28-30. But the Ninth Circuit’s decision turned *solely* on the question of trademark tacking at issue in this petition; the court of appeals expressly did “not reach” respondents’ alternative arguments. Pet. App. 20a. In these circumstances, the Court should grant certiorari to bring uniformity to the law; alternative arguments left open by the court of appeals could be presented on remand. See, *e.g.*, *Fitzgerald v. Barnstable Sch. Comm.*, 555 U.S. 246, 260 (2009). Contrary to respondents’ assertion (Opp. 30), a grant of certiorari would not encompass these alternative issues.

1. Although this general rule disposes of respondents’ contentions, there are particular reasons why the court of appeals specifically reached the trademark tacking question: it has “continuing rele-

vance to the parties.” Pet. App. 20a n.11. For petitioner to have a legally protectable interest in its mark “Hana Financial,” it must have priority of use. See Pet. 4. Thus, the tacking question here—which goes to the heart of whether petitioner has priority to the mark “Hana Financial”—has relevance far beyond this infringement suit. It was for that reason that petitioner requested, and the court of appeals agreed, to resolve the trademark tacking question, rather than respondents’ alternative arguments. The tacking question is thus undoubtedly in dispute here.

2. Moreover, on remand, there is a significant likelihood that respondents’ laches and unclean hands arguments will fail.

Respondents’ laches theory—which turns on the contention that petitioner long knew of respondents’ infringement (see Pet. App. 29a-30a)—is wrong on several counts. First, *Petrella v. Metro-Goldwyn-Mayer, Inc.*, No. 12-1315 (2014), which narrowly construed the doctrine of laches in the analogous copyright context, reversed a decision of the Ninth Circuit. Application of *Petrella* to this case is a task for remand.

Second, respondents’ laches argument is premised on the incorrect contention that their use of “HANA Overseas Korean Club” and “Hana World Center” between 1994 and 2002 put petitioner on notice of respondents’ infringement. See Pet. App. 29a-30a. But that argument fails for reasons similar to respondents’ tacking theory. Because those marks differ substantially from “Hana Financial,” it is petitioner’s contention that infringement began in 2002, when respondents first used “Hana Bank.”

Third, the essence of the laches theory—that HFI was put on notice of respondents’ use of the HANA Overseas Korean Club mark during a 1995 meeting with an executive of Hana Bank—has already been rejected below. Earlier in this proceeding, respondents brought a fraudulent procurement claim against petitioner, contending that HFI’s procurement of the “Hana Financial” mark was fraudulent given this meeting. ER121-122. But the district court rejected that claim, finding that the meeting was not “evidence” of HFI’s “knowledge of such rights.” *Ibid.* The Ninth Circuit affirmed that judgment (*Hana Fin., Inc. v. Hana Bank*, 398 F. App’x 257, 259 (9th Cir. 2010)), meaning that it is now law of the case.

Fourth, application of the equitable laches doctrine is particularly misplaced here, as petitioner brought suit only after respondents announced an intent to operate in California—the same geographic market in which petitioner operates. ER86. Bringing suit only after a defendant damages the plaintiff can hardly be thought so unreasonable so as to trigger laches. See *Petrella*, No. 12-1315 (the owner of a copyright should be allowed to “defer suit until she can estimate whether litigation is worth the candle”).

The unclean hands argument fails for similar reasons. The jury below, in an advisory capacity, found for petitioner on this issue. Pet. App. 31a. That was correct: for example, the finding that petitioner did not procure the “Hana Financial” mark via fraud—now law of the case—precludes a finding that petitioner engaged in inequitable practices with respect to that same conduct.

3. Finally, respondents contend that their priority argument is correct because they have used the mark “HANA BANK continuously since 1994.” Opp.

30. Respondents do not unpack this assertion, but it appears that they are arguing—as they did below (CA9 Appellee Br. 33-38)—that their foreign language use of the term may qualify for purposes of establishing priority. See Opp. 5 (foreign language translation of advertisement). Again, the court below specifically found that it “need not” address respondents’ attempt to “invoke[] the doctrine of foreign equivalents.” Pet. App. 17a n.10. Respondents are wrong to suggest that this contributed to the Ninth Circuit’s decision (Opp. 30); the court looked instead to consumer perception evidence, which, for reasons we have shown, was error in this case.

In any event, this argument is wrong. The doctrine of foreign equivalents on which respondents hope to rely (see CA9 Appellee Br. 34) provides that a foreign language translation may *infringe* a mark. This doctrine makes good sense: use of a foreign language translation of a trademark may infringe that mark. Respondents, however, attempt to interpose this infringement theory into the very different context of trademark *priority*. Respondents point to no authority suggesting that a foreign language use of a term may establish either trademark tacking or, more generally, priority over a competing mark. Whether the foreign language use of this mark has bearing on priority is a significant, novel question that remains for remand. It is an issue, however, that respondents are likely to lose: given that infringement is a very broad doctrine, whereas trademark tacking and priority of use are quite narrow (see Pet. 4-6), it would be anomalous to apply the foreign equivalents doctrine here.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

CHARLES A. ROTHFELD
Counsel of Record
PAUL W. HUGHES
Mayer Brown LLP
1999 K Street, NW
Washington, DC 20006
(202) 263-3000
crothfeld@mayerbrown.com

Counsel for Petitioner

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