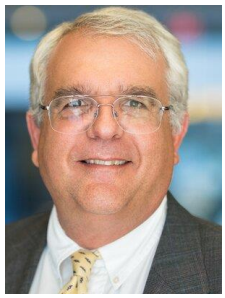
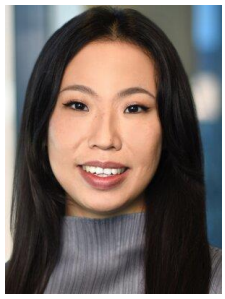
Fed. Circ. In April: The Trademark Tacking Doctrine's Reach

By **Paul Stewart, Daniel Kiang and Jessie Yang** (April 27, 2023)



Paul Stewart

Daniel Kiang



Jessie Yang

A recent decision from the U.S. Court of Appeals for the Federal Circuit in Bertini v. Apple Inc. addressed two issues of first impression regarding the tacking doctrine in trademark law.

The first of those issues is whether a trademark applicant can establish priority for every good or service listed in its application merely by establishing priority through tacking for a single listed good or service.

The second addreses the question of appropriate standard for tacking uses on different goods and services, as opposed to tacking based on different marks.

Interestingly, the Federal Circuit's April 4 decision both contracts and expands the scope of the tacking doctrine by holding that:

- A trademark applicant cannot establish priority for every good or service listed in an application based on tacking for a single good or service; and
- Tacking can apply between different goods or services, so long as the new goods or services are "within the normal evolution of the previous line of goods or services," according to the decision.

This case arose out of Apple's application to register the trademark "Apple Music" for 15 categories of services, including production and distribution of sound recordings, live musical performances, and providing websites featuring entertainment and sports information.

Charles Bertini, a professional jazz musician, opposed Apple's application based on an alleged likelihood of confusion with his common law mark "Apple Jazz."

Bertini had used Apple Jazz in connection with festivals and concerts since 1985 and with distributing sound recordings since the 1990s.

In contrast, Apple only began using Apple Music in 2015 when it launched its music streaming service.

Trademark disputes, like the one between Apple and Bertini, often focus on which party was the first to use a trademark. Generally, the party who uses a trademark first, known as the senior user, has priority over other users.

In this case, Bertini was ostensibly the senior user based on his use of Apple Jazz about three decades earlier than Apple's use of Apple Music. However, Apple argued that it could tack back to 1968 based on its purchase of the mark "Apple" from the Beatles' record label, Apple Corps.

In 2007, Apple announced that as part of a settlement agreement, Apple purchased all of the trademarks relating to "Apple" from the Beatles' Apple Corps, with a license back to Apple Corps for their continued use.

That purchase included Apple Corps' trademark registration for Apple in connection with "[g]ramophone records featuring music" and "audio compact discs featuring music" with a first use date of August 1968.

Under the classic tacking doctrine, a trademark owner may make certain modifications to their mark without losing its earlier priority date, so long as the old and new marks create the "same, continuing commercial impression."

Apple argued, and the Trademark Trial and Appeal Board agreed, that Apple Corps had continuously used Apple on gramophone records and other recording formats since August 1968 and therefore Apple was entitled to tack its 2015 use of Apple Music onto Apple Corps' use of Apple since 1968. Because it found that Apple satisfied the tacking requirements for priority, the TTAB dismissed Bertini's opposition.

On appeal, the Federal Circuit remarked that this case presented an issue of first impression, specifically, "whether a trademark applicant can establish priority for every good or service in its application merely because it has priority through tacking in a single good or service listed in its application."

Bertini argued that the TTAB legally erred by only considering whether Apple could tack its use of Apple Music for production and distribution of sound recordings without considering whether Apple had priority for the remaining services listed in its application — e.g., live musical performances.

The Federal Circuit agreed with Bertini and held that "[t]acking a mark for one good or service does not grant priority for every other good or service in the trademark application."

The Federal Circuit further explained that by permitting Apple to claim absolute priority for all of the services listed in its application based on a showing of priority for one service listed in the application, the TTAB conflated the standard for tacking with the standard for oppositions due to likelihood of confusion.

The court explained that in the context of an opposition, an opposer can block a trademark application in full by showing priority of use and likelihood of confusion for any of the services listed in the trademark application. But for tacking, a trademark applicant must show priority for use of each listed good or service.

The court's conclusion appears to have been based on a rationale that to allow absolute priority through tacking — that is, priority for each listed good or service — may be at odds with the principle that trademark rights arise through actual use.

Thus, in order to successfully oppose Apple's registration, Bertini only needed to show that he had priority of use for Apple Jazz for any of the services listed in Apple's application.

In fact, the TTAB found, and Apple did not dispute, that Bertini's use beginning in 1985 established priority for "[a]rranging, organizing, conducting, and presenting concerts [and] live musical performances." To prevail, Apple needed to tack its use of Apple Music for live musical performances onto Apple Corps' 1968 use of Apple for gramophone records.

This led to a second issue on appeal, also of first impression for the Federal Circuit, regarding the appropriate standard for tacking uses on different goods or services.

The court explained that its prior precedent focused on tacking different marks that have been used for the same goods or services, but not tacking when the goods and services are different.

The Federal Circuit agreed with the TTAB's holding that the new and old goods or services must be substantially identical in order to permit tacking and further clarified that goods and services are considered substantially identical where the new goods or services are "within the normal evolution of" the previous line of goods or services.

The Federal Circuit explained that the rule accounts for technological innovations: e.g., gramophone records, to cassettes, to compact discs. The inquiry also considers whether consumers would generally expect the new goods or services to "emanate from the same source as" the previous goods or services.

Unfortunately for Apple, the Federal Circuit found that no reasonable person could conclude that live musical performances are within the normal product evolution for gramophone records.

Because Apple was not allowed to tack back, Bertini had priority over Apple with respect to live musical performances and the Federal Circuit accordingly reversed the TTAB's dismissal of Bertini's opposition.

The Federal Circuit's decision is notable for both contracting and expanding the scope of the tacking doctrine.

On one hand, the court's holding that a trademark applicant cannot establish absolute priority for every listed good or service based on tacking for one good or service significantly limits the usefulness of the tacking doctrine for trademark applicants seeking to establish priority — e.g., in an opposition or cancellation proceeding.

This holding may encourage applicants to divide their applications, for example, to separate goods or services that can be tacked onto a prior use from goods or services that cannot. On the other hand, the court's clarification on what qualifies as substantially identical expands the scope of the tacking doctrine to cover new goods and services.

How far the doctrine has expanded, however, remains unclear. The decision provided an example where physical media recording formats changed over the years from gramophone records, to cassettes, and to compact discs.

But the court did not address whether the transition from physical formats to entirely digital, intangible formats would also qualify as substantially identical for tacking purposes. As an example, would a video streaming service be able to tack back onto a prior use for distributing DVDs by mail?

The Federal Circuit's decision also left an open question as to whether a party can tack onto a prior use by a different company — which Apple tried to do here through purchasing rights from Apple Corps.

The court did not reach that question, since its other conclusions resolved the case.

However, the court noted that tacking considers the "origin-indicating significance" of marks, suggesting that tacking could be limited when trademarks transfer between companies. That will be a question for a future case, but it will be interesting to see whether certain fact scenarios could affect the outcome.

For example, could the result change if Apple Inc. did not license back to Apple Corps or if Apple Corps ceased to exist after the sale? And for tacking, does it matter how the public perceives the two companies, such as if Apple Inc. were perceived as a computer and technology company whereas Apple Corps were perceived as a record label?

These questions may be resolved in the future as additional cases probe the frontiers of the tacking doctrine.

Paul Stewart and Daniel Kiang are partners, and Jessie Yang is an associate, at Knobbe Martens.