

Court Needs More Facts to Resolve Hyson Trademark Food Fight

The pleading stage is too early to resolve the food fight between two companies named Hyson over the Hyson trademark, the Seventh Circuit found.

The issue is whether Hyson USA, Inc., the owner of a design mark for Hyson USA, acquiesced in allowing Hyson 2U, Ltd. to use the mark for the same goods and services. The trial court agreed upon a motion to dismiss that the claim was barred by acquiescence. Reversing the trial court, the appellate court said such an affirmative defense “requires a qualitative examination of the parties’ words and conduct,” which requires a factual record.

Hyson USA, owned by Leonid Tansky, employed Karolis Kaminsas as a manager. In early 2012 Hyson USA suspended its operations. Kaminsas then formed Hyson 2U, Ltd. and hired Tansky, his former boss, to work at the new company. Hyson USA transferred to Hyson 2U its branded inventory and equipment and leased Hyson USA’s warehouse space. In 2014 Hyson 2U fired Tansky, who then restarted the operation of his old company Hyson USA.

Tansky and Hyson USA filed a trademark infringement action against Kaminsas and Hyson 2U. The trial court granted Hyson 2U’s motion to dismiss, finding that the claim was barred under the doctrine of acquiescence.

The defense of acquiescence estops recovery “if the trademark owner, by his words or conduct, manifested his consent to the defendant’s use of the mark,” the appellate court explained. “The defense prevents the trademark owner from impliedly permitting another’s use of his mark and then attempting to enjoin that use after the junior user has invested substantial resources to develop the mark’s goodwill.”

The appellate court said there were no allegations in the complaint that Hyson USA or Tansky “made any active representations—by word or deed—that they would not assert a right or claim regarding the Hyson trademark.” Because the factual record needs to be developed, the case was sent back to the trial court.

The lawsuit between the two Hyson companies is not the only forum where the two are fighting. Tansky filed for additional Hyson trademarks at the United States Patent and Trademark Office. The applications are opposed by Hyson 2U as well as the owner of the Tyson Foods mark.

Hyson USA, Inc. et al. v. Hyson 2U, Ltd., et al., Seventh Cir. No. 14-3261, issued May 16, 2016.

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