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Joseph Abboud Is Back: Personal Name Trademark Controversy Continues

On June 10, 2009, the Second Circuit vacated a summary judgment decision that permanently enjoined menswear designer Joseph Abboud from making commercial use of his own name. J.A. Apparel Corp. v. Abboud, No. 08-3181-cv, 2009 U.S.App. LEXIS 12537, at *3 (2d Cir. June 10, 2009). Judge Amalya Kearse authored the decision for the Second Circuit and reversed the district court's decision and remanded the case for proceedings consistent with the Second Circuit's opinion. This case sets forth important guidelines for fashion designers when entering into agreements regarding personal name trademarks and rights of publicity and privacy.

The Contract Construction Issue:

In 2000, Joseph Abboud, a famous American designer, entered into a sale agreement with J.A. Corporation ("Sale Agreement") that conveyed all of Abboud's right, title and interest in and to his "*names*, trademarks, trade names, service marks, logos, insignias, and designations" in exchange for \$65.5 million. J.A. Apparel Corp. v. Abboud, No. 08-3181-cv at *4 (emphasis added).

J.A. contended that the word "names" unambiguously refers to Abboud's personal name. Abboud argued that the term "names" as it is used in the Sale Agreement is ambiguous and means "brand names," but does not include the commercial use of his name. The Second Circuit examined whether or not the Sale Agreement was ambiguous and the word "names" refers to Joseph Abboud's personal name. The Second Circuit held that under New York law, if a contract is ambiguous, extrinsic evidence as to the parties' intent when drafting the contract may be considered. See Seiden Associates, Inc. v. ANC Holdings, Inc., 959 F.2d 425, 429 (2d Cir. 1992). In his defense, Abboud sought to introduce extrinsic evidence to support his narrower construction of the Sale Agreement. However, the district court agreed with J.A. that the language of the Sale Agreement "unambiguously" conveyed all rights to use Joseph Abboud's personal name commercially, thereby precluding Abboud from introducing extrinsic evidence.

Judge Kearse held that both parties presented plausible interpretations of the Sale Agreement and that the word "names" as used in the Sale Agreement is ambiguous. Given this ambiguity, the judgment of the district court was vacated and the case was remanded so that Abboud and J.A. could marshal evidence, including extrinsic evidence, to prove their respective cases at trial.

The Trademark Fair Use Defense Issue:

The district court's rejection of Abboud's fair use defense against J.A.'s trademark infringement claim against Abboud also was reviewed on appeal by the Second Circuit. J.A. contended that Joseph Abboud's use of his own name on advertisements for his new clothing line constituted trademark infringement because Abboud had transferred all rights and J.A. now is the exclusive owner of the "Joseph Abboud" trademark and all of the commercial rights in and to his personal name. Although Abboud conceded that J.A. owned the "Joseph Abboud" trademarks, he argued that, nevertheless, he is entitled to use his personal name for commercial purposes under the fair use defense. The Second Circuit held that, when assessing a fair use defense, courts must consider whether the use at issue was: (1) other than as a trademark; (2) in a descriptive sense; and (3) in good faith. J.A. Apparel Corp. v. Abboud, No. 08-3181-cv at *25. The district court had ruled against Abboud on the fair use defense, claiming that his use of the Abboud name in advertising was not "other than as a mark" and was not in good faith. The Second Circuit vacated and remanded this judgment, holding that the district court's finding that Abboud had not acted in good faith was without merit and that the district court's finding that the use was not other than as a mark was erroneous because the district court had not considered the proposed uses themselves. If on remand the district court rules in favor of Abboud on the scope of the assignment of the intellectual property analysis, it would not be necessary to return to the fair use defense issues.

The Second Circuit opinion demonstrates that designers should be careful and proceed with absolute caution when licensing or selling their personal name trademarks and names, especially if the designer intends to retain rights in and to his or her personal name rights of publicity and privacy, including for commercial purposes. Additionally, designers need to take care to make sure that all intentions are explicitly captured in any Sales Agreement or licensing contract to avoid litigation and uncertainty.

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