

08-3181-cv
JA Apparel Corp.
v. Abboud

1 UNITED STATES COURT OF APPEALS
2 FOR THE SECOND CIRCUIT

3 - - - - -

4 August Term, 2008

5 (Argued: October 22, 2008 Decided: June 10, 2009)

6 Docket No. 08-3181-cv

7 _____
8 JA APPAREL CORP.,

9 Plaintiff-Counterclaim-
10 Defendant-Appellee,

11 - v. -

12 JOSEPH ABOUD, HOUNDSTOOTH CORP., HERRINGBONE
13 CREATIVE SERVICES, INC.,

14 Defendants-Counterclaimants-
15 Appellants,

16 - v. -

17 MARTIN STAFF,

18 Counterclaim-Defendant-
19 Appellee.

20 _____
21 Before: KEARSE, SACK, and KATZMANN, Circuit Judges.

22 Appeal from a judgment of the United States District Court
23 for the Southern District of New York, Theodore H. Katz,
24 Magistrate Judge, permanently enjoining defendants from using the
25 name "Joseph Abboud" commercially.

26 Vacated and remanded for further proceedings.

27 Judge Sack concurs, in a separate opinion.

1 THOMAS A. SMART, New York, New York
2 (Phillip A. Geraci, Richard A. De
3 Sevo, Michael Denvir (pending
4 admission), Kaye Scholer, New York,
5 New York, on the brief), for
6 Plaintiff-Counterclaim-Defendant-
7 Appellee and Counterclaim-Defendant-
8 Appellee.

9 RANDY LIPSITZ, Kramer Levin Naftalis &
10 Frankel, New York, New York (Louis
11 Ederer, Arnold & Porter, New York, New
12 York, on the brief) for Defendants-
13 Counterclaimants-Appellants.

14 KEARSE, Circuit Judge:

15 Defendants Joseph Abboud ("Abboud") et al. appeal from so
16 much of a final judgment entered in the United States District
17 Court for the Southern District of New York following a bench
18 trial before Theodore H. Katz, Magistrate Judge, as permanently
19 enjoined them from using, inter alia, the name "Joseph Abboud" to
20 sell, market, or promote, goods, products, or services to the
21 consuming public, and dismissed their counterclaims against
22 plaintiff JA Apparel Corp. ("JA Apparel" or "JA") and
23 counterclaim-defendant Martin Staff alleging improper use of
24 Joseph Abboud's name. The district court found that JA, Abboud,
25 and defendant Houndstooth Corp. ("Houndstooth") had entered into
26 an unambiguous contract pursuant to which Abboud and Houndstooth
27 sold to JA the exclusive rights to the commercial use of the name
28 "Joseph Abboud" and trademarks containing that name, and that
29 Abboud's proposed use of his name in connection with a new line of
30 clothing would breach the terms of that sale agreement and
31 infringe trademarks sold to JA. On appeal, defendants contend

1 principally that the district court misinterpreted the sale
2 agreement, erred in rejecting their defense of fair use, and
3 fashioned an overly broad injunction. For the reasons that
4 follow, we conclude that the district court erred in finding that
5 the sale agreement is unambiguous and in declining therefore to
6 consider extrinsic evidence as to the contracting parties' intent.
7 We also conclude that the judgment cannot be upheld on the basis
8 of the court's rulings on the trademark issues. We thus vacate
9 the judgment and remand for further proceedings on the contract
10 issue and, if necessary, on the trademark issues.

11 I. BACKGROUND

12 The following facts are taken from the district court's
13 findings after trial, see JA Apparel Corp. v. Abboud, No. 07 Civ.
14 7787, 2008 WL 2329533 (S.D.N.Y. June 5, 2008) ("JA Apparel"), and,
15 unless otherwise indicated, are not disputed.

16 A. The Parties

17 Abboud is a world-famous fashion designer and
18 philanthropist whose work in both capacities has garnered numerous
19 honors and awards. Defendants Houndstooth and Herringbone
20 Creative Services, Inc. ("Herringbone"), are companies wholly
21 owned by Abboud. Since 1987, Abboud's personal name "Joseph
22 Abboud" has been registered as a trademark with the United States
23 Patent and Trademark Office.

1 JA is a corporation engaged in the manufacture,
2 marketing, and sale of products using "Joseph Abboud" trademarks;
3 Martin Staff is JA's chief executive officer. JA was formed in
4 1988 as a joint venture between Houndstooth and GFT International
5 B.V. ("GFT") and operated under a license from Abboud. In 1996,
6 GFT purchased Houndstooth's interest in JA, thereby becoming JA's
7 sole owner. The 1988 license was canceled and Abboud issued new
8 licenses to JA.

9 B. The Sale Agreement

10 In 2000, Abboud, Houndstooth, and JA entered into an
11 Agreement of Purchase and Sale dated June 16, 2000, and executed
12 on July 13, 2000 ("Sale Agreement" or "Agreement"), for the sale
13 of certain assets to JA. The Sale Agreement provided in pertinent
14 part that Abboud and Houndstooth would, in exchange for the
15 payment to Abboud of \$65.5 million, transfer to JA all of their
16 right, title and interest in and to:

17 (A) The names, trademarks, trade names,
18 service marks, logos, insignias, and
19 designations identified on Schedule 1.1(a)(A),
20 and all trademark registrations and applications
21 therefor, and the goodwill related thereto
22 (collectively the "Trademarks"), together with
23 all causes of action (and the proceeds thereof)
24 in favor of [Abboud and Houndstooth] heretofore
25 accrued or hereafter accruing with respect to
26 any of the Trademarks, and all other
27 Intellectual Property (as hereinafter defined).

28 (B) All licenses to use the Trademarks
29 granted by Houndstooth or Abboud . . .
30 (collectively, the "License Agreements").

31 (C) All rights to use and apply for the
32 registration of new trade names, trademarks,

1 service marks, logos, insignias and designations
2 containing the words "Joseph Abboud," "designed
3 by Joseph Abboud," "by Joseph Abboud," "JOE" or
4 "JA," or anything similar thereto or derivative
5 thereof, either alone or in conjunction with
6 other words or symbols (collectively, the "New
7 Trademarks"), for any and all products or
8 services.

9 (D) All books, financial records,
10 invoices, and other documents, records and data
11 files relating primarily to the Trademarks or
12 the License Agreements.

13 (E) The goodwill of or pertaining to the
14 Trademarks. (The items referred to in clauses
15 (A) through (E) of this Section 1.1(a) are
16 collectively referred to as the "Assets").

17 (Sale Agreement ¶ 1.1(a) (emphasis in original).) The Agreement
18 defined "Intellectual Property," referred to in ¶ 1.1(a)(A), as
19 "all of the trademark registrations, service mark registrations
20 and applications and copyright registrations and applications
21 currently used by [Abboud and Houndstooth] in connection with the
22 Trademarks" listed in "Schedule 1.1(a)(A)." (Id. ¶ 3.6(a)
23 (emphasis in original).)

24 Schedule 1.1(a)(A), referred to in ¶¶ 1.1(a)(A) and
25 3.6(a), bore the title "Joseph Abboud/J.A. Apparel," with a
26 subheading "Trademark Report by Mark." It listed pending and
27 completed trademark and service mark registrations in various
28 countries, grouped largely by type of design, with headings such
29 as "Diamond and Rectangle Design," "Miscellaneous Diamond Design,"
30 "Joseph Abboud," "Joseph Abboud & Design," and "Joseph Abboud and
31 Miscellaneous Diamond Design."

32 In conjunction with their execution of the Sale Agreement
33 on July 13, 2000, Abboud and JA also executed a Personal Services

1 Agreement that was to span a total of seven years. In the
2 Personal Services Agreement, Abboud agreed that for the first five
3 years he would provide personal services to JA (the "personal
4 services period") by, inter alia, becoming "Chairman Emeritus" and
5 supplying ideas for the design and marketing of "Joseph Abboud"
6 products. For two additional years, Abboud agreed not to compete
7 with JA (the "non-compete period").

8 C. The Present Action

9 During the non-compete period of the Personal Services
10 Agreement, which ended on July 13, 2007, Abboud undertook, in part
11 through Herringbone, preparations for the design and launch of a
12 new collection of high-end men's clothing for sale under the label
13 "jaz" in the fall of 2008. Abboud's plans became public in two
14 articles published on August 6, 2007, one in the Wall Street
15 Journal--Ray A. Smith, What's in a Name? Not Much, He Hopes, Wall
16 Street Journal, Aug. 6, 2007, at B1--and the other in DNR, the
17 leading magazine of the men's fashion industry. The DNR article
18 initially stated that "Abboud, the person, is prohibited from
19 using the Joseph Abboud name on any product or marketing
20 materials." David Lipke, All That Jaz: Abboud Unveils His New
21 Label, DNR, Aug. 6, 2007, at 12. At Abboud's request, however,
22 DNR issued a "Clarification" that stated, "according to Abboud and
23 his attorney, . . . the designer . . . is, in fact, allowed to use
24 his name on marketing and advertising materials for Jaz." DNR,
25 Aug. 13, 2007, at 5.

1 JA commenced the present action on September 4, 2007. Its
2 complaint alleged principally that Abboud's proposed use of his
3 personal name to sell the "jaz" brand breached the Sale Agreement
4 and constituted trademark infringement in violation of § 32(1) of
5 the Lanham Act, 15 U.S.C. § 1114(1), and New York common law.
6 The complaint also contained claims of, inter alia, false
7 designation of origin and trademark dilution in violation of
8 §§ 43(a) and (c) of the Lanham Act, 15 U.S.C. §§ 1125(a) and (c),
9 and New York General Business Law ("N.Y. Gen. Bus. Law") § 360-1,
10 and false and deceptive trade practices in violation of N.Y. Gen.
11 Bus. Law §§ 349-50. JA requested damages and permanent injunctive
12 relief, and it moved for a preliminary injunction.

13 Abboud, Houndstooth, and Herringbone denied wrongdoing and
14 asserted defenses of, inter alia, trademark fair use and unclean
15 hands. They also asserted counterclaims alleging that JA and
16 Staff had improperly used Abboud's name in connection with
17 "Joseph Abboud" products following the expiration of the Personal
18 Services Agreement's personal services period. The counterclaims
19 alleged that JA and Staff had thereby engaged in, inter alia,
20 false endorsement, false advertising, and unfair competition, and
21 had violated New York civil rights laws. The counterclaims
22 requested injunctive relief and damages.

23 The parties consented to have the proceedings conducted
24 before a magistrate judge. They also agreed to have the
25 magistrate judge conduct a hearing on JA's preliminary injunction
26 motion consolidated with trial on the merits.

1 Prior to the trial, JA moved in limine to exclude parol
2 evidence as to the meaning of the Sale Agreement. However, as the
3 parties' submissions on that motion were not completed before the
4 eve of trial, the magistrate judge reserved judgment on the
5 motion, stating that he would allow the parties to present parol
6 evidence but that he would not consider that evidence if he found
7 the Sale Agreement to be unambiguous.

8 At trial, therefore, the parties presented "fairly
9 extensive extrinsic evidence" as to the meaning of the Sale
10 Agreement, JA Apparel, 2008 WL 2329533, at *8, including
11 correspondence, meeting minutes, testimony by the negotiating
12 attorneys, and other documentation of the drafting process. In
13 addition, on the trademark issue, the court received, inter alia,
14 testimony from Abboud about his proposed use of his name and
15 "mock-ups" of proposed "jaz" advertisements displaying his name in
16 various ways. (See Part II.B. below.)

17 In an opinion issued on June 5, 2008, the court found the
18 Sale Agreement to be unambiguous, and it thus declined to consider
19 the parties' parol evidence. As discussed in Part II.A. below,
20 the court found that the Sale Agreement unambiguously conveyed to
21 JA "all of Abboud's rights to use his name for commercial
22 purposes," JA Apparel, 2008 WL 2329533, at *9. The court found
23 that Abboud's planned use of his name to market "jaz" would thus
24 constitute a breach of contract. Id. at *16.

25 Although finding that its decision on the contract claim
26 made it largely unnecessary to rule on JA's trademark infringement

1 claims, see id., the court addressed the Lanham Act infringement
2 claim in the interest of completeness and concluded that "Abboud's
3 proposed use of his name in connection with the 'jaz' line would
4 also constitute trademark infringement" Id. The court
5 stated that JA had

6 already established that it purchased the exclusive
7 right to the Joseph Abboud name for commercial
8 purposes, and, therefore, any proposed use by Abboud
9 of his name commercially is improper. Moreover, in
10 this specific case, it is difficult to analyze the
11 trademark claims in isolation from the Agreement
12 because Abboud not only sold the rights to his name,
13 he also sold the rights to use and apply for the
14 registration of, among other things, new trademarks
15 or designations containing the words "Joseph Abboud,"
16 "by Joseph Abboud," "designed by Joseph Abboud," and
17 "JOE," or anything similar to or derivative of those
18 phrases. Thus, what may have constituted a
19 permissible use of Abboud's name under the Lanham Act
20 is largely foreclosed by the express terms of the
21 Agreement.

22 Id. The court further explained that Abboud had not met his
23 burden of establishing a trademark defense of fair use, stating,
24 inter alia, that

25 Abboud is attempting to use his name, and the
26 goodwill associated with it, to identify and
27 distinguish goods, and to advise consumers that he is
28 the source of his new "jaz" line. Therefore,
29 although there is a descriptive component to Abboud's
30 proposed uses, the Court concludes that he is also
31 attempting to use his name, at least in part, as a
32 trademark and that the confusion generated by his
33 proposed uses would be far more than incidental. It
34 is patently obvious that consumers seeing JA
35 Apparel's products, marked or advertised as "Joseph
36 Abboud" or "by Joseph Abboud," would be utterly
37 confused as to whether the "jaz" products advertised
38 as "by designer Joseph Abboud," were derived from the
39 same source.

40 Id. at *20.

1 that the Sale Agreement unambiguously conveyed all of Abboud's
2 rights to use his name commercially, and (b) that that error
3 affected several of its other rulings, and we therefore remand for
4 further proceedings.

5 A. The Contract Claim

6 Under New York law, which the parties agree governs their
7 contract dispute, the question of whether a written contract is
8 ambiguous is a question of law for the court. See, e.g., Seiden
9 Associates, Inc. v. ANC Holdings, Inc., 959 F.2d 425, 429 (2d Cir.
10 1992) ("Seiden"). "Ambiguity is determined by looking within the
11 four corners of the document, not to outside sources"
12 Kass v. Kass, 91 N.Y.2d 554, 566, 673 N.Y.S.2d 350, 356 (1998).
13 Contract language is not ambiguous if it has "a definite and
14 precise meaning, unattended by danger of misconception in the
15 purport of the [contract] itself, and concerning which there is no
16 reasonable basis for a difference of opinion." Breed v. Insurance
17 Company of North America, 46 N.Y.2d 351, 355, 413 N.Y.S.2d 352,
18 355 (1978); see, e.g., Seiden, 959 F.2d at 428. "Language whose
19 meaning is otherwise plain does not become ambiguous merely
20 because the parties urge different interpretations in the
21 litigation." Hunt Ltd. v. Lifschultz Fast Freight, Inc., 889 F.2d
22 1274, 1277 (2d Cir. 1989). Rather, "[a]mbiguous language is
23 language that is 'capable of more than one meaning when viewed
24 objectively by a reasonably intelligent person who has examined
25 the context of the entire integrated agreement and who is

1 cognizant of the customs, practices, usages and terminology as
2 generally understood in the particular trade or business."
3 Revson v. Cinque & Cinque, P.C., 221 F.3d 59, 66 (2d Cir. 2000)
4 ("Revson") (quoting Seiden, 959 F.2d at 428 (other internal
5 quotation marks omitted)); see, e.g., Readco, Inc. v. Marine
6 Midland Bank, 81 F.3d 295, 299 (2d Cir. 1996) ("contract is
7 ambiguous where reasonable minds could differ on what a term
8 means"). We review de novo the district court's decision as to
9 whether a contract is ambiguous. See, e.g., Revson, 221 F.3d at
10 66; Tourangeau v. Uniroyal, Inc., 101 F.3d 300, 306 (2d Cir.
11 1996); Seiden, 959 F.2d at 429.

12 If the contract is unambiguous, its meaning is likewise a
13 question of law for the court to decide. See, e.g., Revson, 221
14 F.3d at 66; K. Bell & Associates v. Lloyd's Underwriters, 97
15 F.3d 632, 637 (2d Cir. 1996). In interpreting an unambiguous
16 contract, the court is to consider its "[p]articular words" not in
17 isolation "but in the light of the obligation as a whole and the
18 intention of the parties as manifested thereby," Kass v. Kass, 91
19 N.Y.2d at 566, 673 N.Y.S.2d at 356-57, but the court is not to
20 consider any extrinsic evidence as to the parties' intentions,
21 see, e.g., Seiden, 959 F.2d at 428; Metropolitan Life Insurance
22 Co. v. RJR Nabisco, Inc., 906 F.2d 884, 889 (2d Cir. 1990).

23 However, where the contract language creates ambiguity,
24 extrinsic evidence as to the parties' intent may properly be
25 considered. See, e.g., Seiden, 959 F.2d at 426, 429; In re
26 Consolidated Mutual Insurance Co., 77 N.Y.2d 144, 150, 565

1 N.Y.S.2d 434, 436 (1990); 67 Wall Street Co. v. Franklin National
2 Bank, 37 N.Y.2d 245, 248, 371 N.Y.S.2d 915, 918 (1975). Where
3 there is such extrinsic evidence, the meaning of the ambiguous
4 contract is a question of fact for the factfinder. Revson, 221
5 F.3d at 66; Consarc Corp. v. Marine Midland Bank, N.A., 996 F.2d
6 568, 574 (2d Cir. 1993); Rothenberg v. Lincoln Farm Camp, Inc.,
7 755 F.2d 1017, 1019 (2d Cir. 1985).

8 In the present case, addressing the threshold question of
9 ambiguity, we conclude that the scope of the right to use Abboud's
10 name conveyed by the Sale Agreement is ambiguous. In ¶ 1.1(a)(A)
11 of the Agreement, set out in full in Part I.B. above, Abboud and
12 Houndstooth transferred to JA all their right, title, and interest
13 to

14 [t]he names, trademarks, trade names, service marks,
15 logos, insignias and designations identified on
16 Schedule 1.1(a)(A), and all trademark registrations
17 and applications therefor, and the goodwill related
18 thereto (collectively the "Trademarks").

19 (Sale Agreement ¶ 1.1(a)(A) (emphasis in original).) JA
20 contended, and the district court agreed, that this language
21 unambiguously conveyed to JA all right to use Joseph Abboud's
22 name commercially. The court reached this conclusion based on the
23 use of the phrase "[t]he names":

24 Abboud agreed to sell all rights to, among other
25 things, the "names" on Schedule 1.1(a)(A), and the
26 name Joseph Abboud appears repeatedly on that
27 schedule. Alternatively stated, if Abboud only
28 intended to convey trademarks, then the Agreement
29 could have and should have said: "Abboud agrees to
30 sell . . . all of [his] right, title and interest in
31 and to the trademarks identified on Schedule
32 1.1(a)(A)." But it said more than that, and in order
33 to give the word "names" due meaning and effect, the

1 Court must interpret the Agreement in a manner that
2 provides JA Apparel with that which it expressly
3 purchased--all of Abboud's rights to use his name for
4 commercial purposes.

5 JA Apparel, 2008 WL 2329533, at *9 (emphases added).

6 We cannot agree that the Sale Agreement unambiguously so
7 provided. Preliminarily, we note that although that court stated
8 that JA "expressly" purchased "all of Abboud's rights to use his
9 name for commercial purposes," id., there is in fact no such
10 language in the Agreement. The court may have been influenced by
11 its apparent acceptance of JA's contention that

12 it would defy common sense to accept the premise
13 that JA Apparel paid \$65.5 million to acquire the
14 . . . right to use "Joseph Abboud" or "by Joseph
15 Abboud" as a trademark, while agreeing to let Abboud
16 use the exact same words with respect to a competing
17 clothing line, but in a non-trademark sense,

18 JA Apparel, 2008 WL 2329533, at *22. However, the fact that JA
19 paid a large price for the Joseph Abboud brand (and existing
20 licensing agreements) does not necessarily mean that JA purchased
21 the right to prohibit Abboud from using his name to refer to
22 himself in a non-trademark sense. There is no provision in the
23 Sale Agreement conveying "all of Abboud's rights to use his name
24 for commercial purposes," JA Apparel, 2008 WL 2329533, at *9, and
25 the district court was not entitled to supply such a provision in
26 the name of common sense, much less to call it "express[]," id.

27 Nonetheless, the court's interpretation of the Agreement
28 as conveying to JA all commercial right to use Joseph Abboud's
29 name is a plausible reading of the word "names" in ¶ 1.1(a)(A),

1 given that that word is unadorned and that the name "Joseph
2 Abboud" is used many times in Schedule 1.1(a) (A).

3 Defendants contend, however, that the word "names" in
4 ¶ 1.1(a) (A) was intended to mean only brand names, and their
5 interpretation is reasonable in light of several aspects of the
6 Agreement. First, such an interpretation is reasonable given that
7 brand names are similar to the items immediately following the
8 word "names" in that paragraph, to wit "trade names, service
9 marks, logos[and] insignias." And, indeed, ¶ 1.1(a) (A) itself
10 defined all of these terms--along with the registrations,
11 applications, and associated goodwill--as "(collectively the
12 'Trademarks')," a term that would seem to connote existing or
13 pending uses. If JA intended to acquire "all of Abboud's rights
14 to use his name for commercial purposes," JA Apparel, 2008 WL
15 2329533, at *9 (emphasis added), the Agreement could have said,
16 instead of simply "names," "the names 'Abboud' and 'Joseph
17 Abboud,'" and done so without the accompanying reference to the
18 schedule of existing and pending uses of the names.

19 Second, given that ¶ 1.1(a) (A) conveyed "[t]he names . . .
20 identified on Schedule 1.1(a) (A)" (emphasis in original), it is
21 reasonable to read that paragraph as conveying those names in the
22 context in which they were shown in that Schedule. That Schedule
23 listed foreign and domestic trademark and service mark
24 registrations that had been completed or were pending. (See,
25 e.g., Sale Agreement ¶ 3.6(a) (describing Schedule 1.1(a) (A) as a
26 list of "registrations and applications currently used by [Abboud

1 and Houndstooth]").) Registrations and applications "currently
2 used" plainly did not exhaust Abboud's right to use his name in
3 the future.

4 Finally, ¶ 1.1(a)(A) is not the only paragraph in which
5 Abboud and Houndstooth conveyed rights. In subparagraph (C) of
6 ¶ 1.1 they also conveyed

7 [a]ll rights to use and apply for the registration of
8 new trade names, trademarks, service marks, logos,
9 insignias and designations containing the words
10 "Joseph Abboud," "designed by Joseph Abboud," "by
11 Joseph Abboud," "JOE" or "JA," or anything similar
12 thereto or derivative thereof, either alone or in
13 conjunction with other words or symbols
14 (collectively, the "New Trademarks"), for any and all
15 products or services.

16 (Sale Agreement ¶ 1.1(a)(C).) If, as the district court
17 concluded, the word "names" in ¶ 1.1(a)(A) conveyed "all of
18 Abboud's rights to use his name for commercial purposes," JA
19 Apparel, 2008 WL 2329533, at *9 (emphasis added), there would have
20 been no need for the parties to add subparagraph (C) to give JA
21 the right to use and apply for new registrations of marks
22 "containing the words 'Joseph Abboud.'" Under the district
23 court's interpretation of the Agreement, subparagraph (C) is
24 redundant. Such redundancy itself makes the unadorned word
25 "names" in ¶ 1.1(a)(A) ambiguous.

26 JA contends that "[s]ection [sic] 1.1(a)(C) clearly
27 conveyed the right to use 'Joseph Abboud' and 'designed by Joseph
28 Abboud' 'or anything similar thereto or derivative thereof,' as
29 designations regardless of whether used as a trademark." (JA
30 brief on appeal at 30.) This reading of ¶ 1.1(a)(C) would

1 enhance, rather than eliminate, the redundancy of subparagraph (C)
2 if "names" in ¶ 1.1(a)(A) is interpreted as all rights to use
3 Abboud's name. Further, although JA is correct that the language
4 of subparagraph (C) clearly gave JA the right to use Abboud's name
5 in more than trademarks--given that it conveyed "[a]ll rights to
6 use and apply for registration of new trade names, trademarks,
7 service marks, logos, insignias and designations containing the
8 words 'Joseph Abboud,' 'designed by Joseph Abboud,'" etc. (Sale
9 Agreement ¶ 1.1(a)(C))--it did not clearly grant the right to
10 "use" Abboud's name other than as it would be "contain[ed]" in
11 such new names, marks, and logos, etc.

12 If, as defendants contend, the word "names" in ¶ 1.1(a)(A)
13 means brand names or those uses of the names "identified on"
14 Schedule 1.1(a)(A) as existing or pending uses, subparagraph (C)
15 is not redundant. Interpreted in this way, ¶ 1.1(a)(A) simply
16 conveyed to JA the right to all existing brands and marks and all
17 marks for which application had been made (referred to in ¶ 3.6(a)
18 as "current[]" "Trademarks"), while ¶ 1.1(a)(C) conveyed to JA the
19 right to use Joseph Abboud's name in applying for new marks
20 (indeed, defined in ¶ 1.1(a)(C) as "(collectively, the 'New
21 Trademarks')"). Nothing in these conveyances of the rights to use
22 Abboud's name in the current marks or in new marks, however, used
23 any form of the word "exclusivity" or stated in words that Abboud
24 could not make non-trademark use of his name in connection with
25 his new creations following the end of the non-compete period.

1 Given the above conflicting interpretations of the Sale
2 Agreement, we conclude that the intended meaning of the word
3 "names" in ¶ 1.1(a)(A), on which the district court's rulings
4 turned, is ambiguous. Given the ambiguity, the parties were
5 entitled to submit extrinsic evidence as to the intent with which
6 they entered into the Agreement, and the court should have
7 considered that evidence in determining whether JA had met its
8 burden of proving that Abboud breached the Agreement.

9 B. The Lanham Act Trademark Claim

10 The district court also ruled against defendants on the
11 ground that Abboud's proposed use of his name in conjunction with
12 his new "jaz" line of clothing would constitute trademark
13 infringement in violation of the Lanham Act. We note that the
14 issues in the litigation had been limited, with the dispute
15 centering on Abboud's right to use his name in advertising. As
16 the district court described the parties' respective positions,
17 defendants "conceded that they [we]re not seeking to use the
18 Joseph Abboud name on clothes, labels, or hang-tags for the 'jaz'
19 line"; Abboud merely wanted "to be able to use his name in
20 advertising materials . . . to be able to identify himself in text
21 as the designer of the . . . jaz products that are at issue." JA
22 Apparel, 2008 WL 2329533, at *6 n.4 (internal quotation marks
23 omitted). JA, for its part, conceded that it was "not seeking to
24 prevent Abboud from being in business and competing, or personally
25 presenting his new 'jaz' line to prospective purchasers, such as

1 Bloomingdale's," but it sought to prohibit Abboud from using his
2 name in "advertising." Id. ("'[O]nce he starts advertising, then
3 he's trading on the same reputation that is, in fact, merged into
4 the goodwill of the brand that he sold to us.'" (quoting counsel
5 for JA)). Both sides introduced mock-ups of Abboud's proposed
6 advertisements.

7 In the district court, as here, defendants effectively
8 conceded that JA owned valid "Joseph Abboud" trademarks and that
9 it had made a prima facie showing under the Polaroid test,
10 Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492, 495 (2d
11 Cir.), cert. denied, 368 U.S. 820 (1961); see, e.g., Streetwise
12 Maps, Inc. v. VanDam, Inc., 159 F.3d 739, 742 (2d Cir. 1998), that
13 the use of his name as a trademark would likely cause confusion,
14 see, e.g., Mattel, Inc. v. Azrak-Hamway International, Inc., 724
15 F.2d 357, 360-61 (2d Cir. 1983) ("Mattel") ("confusion" means
16 whether "consumers [have been] misled into believing that the two
17 [products] came from the same source"). But defendants contended
18 that they were entitled, under the Lanham Act, to the defense of
19 fair use, which is not defeated by the existence of some
20 confusion, see KP Permanent Make-Up, Inc. v. Lasting Impression I,
21 Inc., 543 U.S. 111, 121-22 (2004). Such a defense is available to
22 a defendant who establishes, to the extent pertinent here,

23 [t]hat the use of the name, term, or device charged
24 to be an infringement is a use, otherwise than as a
25 mark, of the party's individual name in his own
26 business, or of the individual name of anyone in
27 privity with such party, or of a term or device which
28 is descriptive of and used fairly and in good faith
29 only to describe the goods or services of such party
30

1 15 U.S.C. § 1115(b)(4).

2 Assessment of this defense thus requires analysis of
3 whether a given use was "(1) other than as a mark, (2) in a
4 descriptive sense, and (3) in good faith." EMI Catalogue
5 Partnership v. Hill, Holliday, Connors, Cosmopolos Inc., 228 F.3d
6 56, 64 (2d Cir. 2000) ("EMI"). In making these assessments, the
7 court focuses on the actual or proposed uses themselves. See,
8 e.g., id. at 66-68 (evaluating both a mock-up and the final
9 version of an allegedly infringing commercial); see also TCPIP
10 Holding Co. v. Haar Communications, Inc., 244 F.3d 88, 104 (2d
11 Cir. 2001); Venetianaire Corp. of America v. A & P Import Co., 429
12 F.2d 1079, 1082 (2d Cir. 1970). In addressing defendants'
13 fair-use defense, the district cited the above three elements of
14 the defense, see JA Apparel, 2008 WL 2329533, at *18, but its
15 analysis of the first and third elements, discussed below, gives
16 us pause.

17 With respect to the first element, we have equated "use
18 . . . as a mark" with "the use of [a] term as a symbol to attract
19 public attention." Safeway Stores, Inc. v. Safeway Properties,
20 Inc., 307 F.2d 495, 499 (2d Cir. 1962). Compare id. (term was
21 used as a mark where it was obviously employed "as a symbol to
22 attract public attention"), with Mattel, 724 F.2d at 361 (phrase
23 was used otherwise than as a mark where it "was located on the
24 package in a place and manner that only the close reader would
25 notice"). See also Restatement (Third) of Unfair Competition § 28
26 comment c (noting the relevance of the "physical nature of the use

1 in terms of size, location, and other characteristics in
2 comparison with the appearance of other descriptive matter or
3 other trademarks," as well as the "presence or absence of
4 precautionary measures such as labeling or other devices designed
5 to minimize the risk that the term will be understood in its
6 trademark sense").

7 With respect to the third element of the fair-use defense,
8 the inquiry into the defendant's good faith "concerns the question
9 whether the user of a mark intended to create consumer confusion
10 as to source or sponsorship." EMI, 228 F.3d at 66-67; see also
11 id. at 66 (noting that in "analyzing the proper scope of fair use
12 good faith, precedents discussing good faith as the sixth Polaroid
13 factor . . . are relevant because the focus of the inquiry is the
14 same"); Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v.
15 Steinway & Sons, 523 F.2d 1331, 1339 (2d Cir. 1975) (analysis of
16 the sixth Polaroid factor requires inquiry as to whether the
17 alleged infringer had a "deliberate intent to infringe").

18 The district court in the present case indicated that
19 defendants may have established the second element of their fair-
20 use defense, as it noted that "such phrases as 'by the award-
21 winning designer Joseph Abboud'" have "a descriptive component."
22 JA Apparel, 2008 WL 2329533, at *19. But it found that defendants
23 had not established the otherwise-than-as-a-mark and good-faith
24 elements. As to the latter, the court stated, inter alia, that
25 "in the context of the good faith analysis under the 'fair use'
26 doctrine, it must be noted that Abboud is attempting to use that

1 which he expressly sold to [JA]." Id. As to the former, the
2 court stated that

3 Abboud is attempting to use his name, and the
4 goodwill associated with it, to identify and
5 distinguish goods, and to advise consumers that he is
6 the source of his new "jaz" line. Therefore,
7 although there is a descriptive component to Abboud's
8 proposed uses, the Court concludes that he is also
9 attempting to use his name, at least in part, as a
10 trademark and that the confusion generated by his
11 proposed uses would be far more than incidental. It
12 is patently obvious that consumers seeing JA
13 Apparel's products, marked or advertised as "Joseph
14 Abboud" or "by Joseph Abboud," would be utterly
15 confused as to whether the "jaz" products advertised
16 as "by designer Joseph Abboud," were derived from the
17 same source.

18 Id. at *20.

19 With respect to the good faith issue, we conclude that the
20 district court applied a standard that was erroneous for at least
21 two reasons. First, giving effect, respectively, to the end and
22 the beginning of the above passage from *20, we note that the
23 district court found that consumers would be confused by Abboud's
24 proposed use of his name, but that Abboud was not attempting to
25 confuse. Rather than finding an attempt to confuse, the court
26 found that Abboud was "attempting" to "distinguish" his clothing
27 from that of JA and to "advise consumers that he is the source of
28 his new 'jaz' line" (emphases added). Thus, the court's finding
29 of a lack of good faith could not be premised--as required by our
30 fair-use precedents--on an intent to confuse.

31 Second, the court's actual premise for finding that
32 Abboud's proposed use of his name was not in good faith was its
33 conclusion that the Sale Agreement unambiguously conveyed to JA

1 all right to use Abboud's name commercially. See, e.g., JA
2 Apparel, 2008 WL 2329533, at *19 ("in the context of the good
3 faith analysis under the 'fair use' doctrine, it must be noted
4 that Abboud is attempting to use that which he expressly sold to
5 [JA]"); id. (finding it "very difficult, if not improper, to
6 completely ignore the Agreement in the context of Abboud's 'fair
7 use' defense"); id. at *16 ("[as JA] established that it purchased
8 the exclusive right to the Joseph Abboud name for commercial
9 purposes, . . . any proposed use by Abboud of his name
10 commercially is improper" (emphases added)); id. ("what may have
11 constituted a permissible use of Abboud's name under the Lanham
12 Act is largely foreclosed by the express terms of the Agreement").
13 As the district court's premise that the Sale Agreement was an
14 unambiguous all-commercial-use-encompassing conveyance was
15 erroneous (see Part II.A. above), its rejection of the fair-use
16 defense on the basis that there could be no good-faith use of what
17 the court viewed as having been sold was likewise erroneous.

18 In sum, given that the district court found that Abboud
19 was attempting to distinguish the "jaz" line from JA products--
20 which is inconsistent with an intent to confuse--and that its
21 finding as to lack of good faith rested on its erroneous view of
22 the Sale Agreement, the court's finding that Abboud's proposed
23 advertising use of his name was not in good faith lacked any
24 proper foundation.

25 With respect to whether Abboud sought to "use" his name
26 "otherwise than as a mark," 15 U.S.C. § 1115(b)(4), our principal

1 difficulty with the district court's conclusion is that the court
2 appears to have resolved this question without considering the
3 proposed uses themselves. Although there is a sentence in the
4 background section of the court's opinion in which the court, in
5 describing defendants' contentions, mentions the presentation of
6 advertisement mock-ups, see JA Apparel, 2008 WL 2329533, at *5,
7 the mock-ups are not mentioned again, and the court gives no
8 indication of having considered such matters as the size,
9 location, or context of the "Joseph Abboud" name in comparison
10 with the appearance of other descriptive matter in any given
11 proposed advertisement, or the likely effect of any given proposed
12 advertisement as a whole.

13 Our review of the record persuades us that individualized
14 consideration of the various proposed advertisements is needed.
15 For example, in some of the 8½-by-11-inch mock-ups, the "jaz" name
16 is displayed prominently in script some three inches high; in
17 others it is about one inch high. In the latter mock-ups,
18 beneath the "jaz" logo are the words--all in type smaller than
19 "jaz"--"A New Composition by JOSEPH ABBOUD" in solid capitals,
20 with the name "JOSEPH ABBOUD" in larger capitals than the rest.
21 (JA Exhibits 41-42.)

22 On the other hand, in several advertisements in which the
23 "jaz" logo is some three inches high, the tagline below "jaz" does
24 not mention Abboud but rather reads "An american Luxury
25 collection" in letters about ¼ of an inch high. (JA Exhibit 43.)
26 In these mock-ups, a picture of Abboud appears on the far right

1 side, and in the bottom corner, below the image of Abboud, is the
2 following text:

3 Designer Joseph Abboud in a 2 Button Super 120 S
4 Charcoal Chalkstripe from His Fall 2008 Jaz
5 Collection

6 Designer Joseph Abboud Is No Longer Associated or
7 Affiliated with JA Apparel Corp., the Owner of the
8 Trademark "Joseph Abboud"™.

9 (Id.) This text is in letters approximately 1/16 of an inch high.

10 As indicated above, resolution of a fair-use defense
11 requires the court to focus on the defendant's (actual or
12 proposed) use. We see no indication that the district court
13 considered the advertisement mock-ups submitted by the parties
14 here, where given mock-ups could lend themselves to divergent
15 conclusions as to, inter alia, whether Abboud's name was being
16 used a trademark, whether consumers would likely be confused and
17 believe the "jaz" line comes from JA, and whether a particular
18 size and placement of Abboud's name in a mock-up evinced an intent
19 to confuse.

20 In the event that the district court does not rule in
21 favor of JA on the contract claim on remand, it will be required
22 to address the trademark issues.

23 C. Other Issues

24 Defendants have raised other issues on this appeal,
25 including challenges to the dismissal of their defense of unclear
26 hands, the dismissal of their counterclaims based on the same
27 factual assertions, and the breadth of the permanent injunction

1 issued by the district court. In light of our decision vacating
2 the judgment and remanding for further proceedings on the ground
3 that the district court's principal rationales were erroneous, we
4 decline to address these additional contentions, except to note
5 that an injunction of scope similar to that originally entered
6 would seem to be inappropriately broad if based solely on
7 trademark infringement rather than on breach of contract. The
8 district court is free on remand to revisit that matter, as well
9 as the other appellate issues raised by defendants and the claims
10 of JA that the court dismissed as duplicative of the claims on
11 which JA originally prevailed.

12

CONCLUSION

13 We have considered all of the parties' arguments in
14 support of their respective positions on this appeal and, except
15 to the extent indicated above, have found them to be without
16 merit. The judgment of the district court is vacated, and the
17 matter is remanded for further proceedings not inconsistent with
18 this opinion.

SACK, Circuit Judge, concurring.

I concur in the panel's opinion with respect to JA Apparel Corp.'s Lanham Act claim. I concur in the result with respect to the contract claim, but depart from the panel's reasoning. While I agree that the term "names" -- as it appears in ¶ 1.1(a)(A) of the Agreement of Purchase and Sale dated June 16, 2000 ("Sale Agreement") -- is ambiguous, I would, respectfully, reach that conclusion by a different route.

In ¶ 1.1(a), Joseph Abboud promised to "sell, convey, transfer, assign and deliver to [JA Apparel] . . . all of [his] right, title and interest in and to," inter alia,

(A) The names, trademarks, trade names, service marks, logos, insignias and designations identified on Schedule 1.1(a)(A), and all trademark registrations and applications therefor, and the goodwill related thereto (collectively, the "Trademarks") . . . and all other Intellectual Property (as hereinafter defined).

(B) All licenses to use the Trademarks granted by [Abboud]

(C) All rights to use and apply for the registration of new trade names, trademarks, service marks, logos, insignias and designations containing the words "Joseph Abboud," "designed by Joseph Abboud," "by Joseph Abboud," "JOE" or "JA," or anything similar to or derivative thereof, either alone or in conjunction with other words or symbols (collectively, the "New Trademarks"), for any and all products and services.

Sale Agreement ¶ 1.1(a) (underline in original). Schedule 1.1(a) (A) to the Sale Agreement contains a five-page list of trademarks -- the words "Trademark Report by Mark" appear at the top left corner of each page -- including, for each listed mark, information such as the countries of registration, reference numbers, dates filed, and registration numbers. A sixth page consists of a "Filing Receipt for Trademark Application" for a mark containing "the words JOSEPH ABBOUD." The question before us is whether the term "names" in ¶ 1.1(a) (A) is ambiguous.

JA Apparel asserts that ¶ 1.1(a) (A) unambiguously conveys to it, through that term, rights to Abboud's personal name, at least for commercial purposes. Abboud insists that it unambiguously conveys rights to Abboud's trade and service marks only. The parties have staked the expense of a trial and an appeal on their positions. The district court initially thought both interpretations were plausible enough to warrant a trial on the contract claim. After a bench trial, however, the court decided ¶ 1.1(a) (A) was not ambiguous, agreeing with JA Apparel's interpretation of the words at issue. This rendered the "fairly extensive" extrinsic evidence the court had received "legally irrelevant." JA Apparel Corp. v. Abboud, 591 F. Supp. 2d 306, 318 & n.9 (S.D.N.Y. 2008).

I. Applicable New York Law

I would settle the question whether ¶ 1.1(a)(A) is ambiguous by reference to several familiar rules of contract interpretation used to determine "the manifest purpose" of the parties to an agreement. In re Herzog, 301 N.Y. 127, 135, 93 N.E.2d 336, 339 (1950). When an agreement is "clear" and "complete," that purpose is determined by reference only to the contract's terms: "Evidence outside the four corners of the document as to what was really intended but unstated or misstated is generally inadmissible to add to or vary the writing." W.W.W. Assocs., Inc. v. Giancontieri, 77 N.Y.2d 157, 162, 566 N.E.2d 639, 642, 565 N.Y.S.2d 440, 443 (1990). When a contract term is "reasonably susceptible to more than one interpretation," however, it is ambiguous as to the parties' intent. Andy Warhol Found. for Visual Arts, Inc. v. Fed. Ins. Co., 189 F.3d 208, 215 (2d Cir. 1999).

Whether a term is ambiguous is a matter of law for the court to resolve. W.W.W. Assocs., 77 N.Y.2d at 162, 566 N.E.2d at 642, 565 N.Y.S.2d at 443.¹ If the court identifies an ambiguity, the controlling meaning is determined by application of principles of interpretation and construction under the controlling state law. See, e.g., Wallace v. 600 Partners Co.,

¹ "[C]lear contractual language does not become ambiguous simply because the parties to the litigation argue different interpretations." Riverside S. Planning Corp. v. CRP/Extell Riverside, L.P., 869 N.Y.S.2d 511, 517, 60 A.D.3d 61, 67 (1st Dep't 2008).

86 N.Y.2d 543, 548, 658 N.E.2d 715, 717, 634 N.Y.S.2d 669, 671 (1995); Rentways, Inc. v. O'Neill Milk & Cream Co., 308 N.Y. 342, 347, 126 N.E.2d 271, 273 (1955). Then, only if necessary, extrinsic evidence of the parties' intent is employed. See W.W.W. Assocs., 77 N.Y.2d at 163, 566 N.E.2d at 642, 565 N.Y.S.2d at 443.

It is a generally accepted proposition that where the terms of a writing are plain and unambiguous, there is no room for interpretation or construction However, this formulation may be technically overbroad, in the sense that the interpretation of a contract requires an initial determination of whether the contract is ambiguous . . . and this determination itself involves an assessment of the contract's meaning.

Richard A. Lord, 11 Williston on Contracts § 30:4 (4th ed. 2008). At least some principles of interpretation therefore ordinarily guide the inquiry into whether a contract term is ambiguous.

New York courts conducting the inquiry typically apply three rules of interpretation.

First, they determine ambiguity by "examin[ing] the entire contract and consider[ing] the relation of the parties and the circumstances under which it was executed," interpreting "[p]articular words . . . not as if isolated from the context, but in the light of the obligation as a whole and the intention of the parties as manifested thereby." Kass v. Kass, 91 N.Y.2d 554, 566, 696 N.E.2d 174, 180-81, 673 N.Y.S.2d 350, 356-57 (1998)

(quoting Atwater & Co. v. Panama R.R. Co., 246 N.Y. 519, 524, 159 N.E. 418, 419 (1927)); see also Eternity Global Master Fund Ltd. v. Morgan Guar. Trust Co., 375 F.3d 168, 173 (2d Cir. 2004) ("An ambiguity exists where the terms of a contract could suggest more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement and who is cognizant of the customs, practices, usages and terminology as generally understood in the particular trade or business." (internal quotation marks omitted)).

Second, the New York courts apply the rule that each term is to be assigned its "fair and reasonable meaning." Sutton v. E. River Sav. Bank, 55 N.Y.2d 550, 555, 435 N.E.2d 1075, 1078, 450 N.Y.S.2d 460, 463 (1982) (internal quotation marks omitted); see also Bethlehem Steel Co. v. Turner Constr. Co., 2 N.Y.2d 456, 459, 141 N.E.2d 590, 593, 161 N.Y.S.2d 90, 93 (1957) ("reasonable and ordinary meaning").

Third, they apply the rule "that a court should not adopt an interpretation which will operate to leave a provision of a contract without force and effect," Corhill Corp. v. S.D. Plants, Inc., 9 N.Y.2d 595, 599, 176 N.E.2d 37, 38, 217 N.Y.S.2d 1, 3 (1961) (citation, ellipsis, and internal quotation marks omitted), i.e., the rule against surplusage.

For example, in R/S Associates v. New York Job Development Authority, 98 N.Y.2d 29, 771 N.E.2d 240, 744 N.Y.S.2d 358 (2002), an opinion by then-New York Court of Appeals Judge Wesley, the Court of Appeals addressed "the interpretation of the term 'effective cost of funds' in a loan agreement" which provided that the rate to be charged by the lender for the loan in question "'may be revised from time to time but will not exceed one and one half (1½%) percent over [the lender's] effective cost of funds.'" Id. at 31, 32, 771 N.E.2d at 241, 744 N.Y.S.2d at 359. The purchaser and the lender disputed whether the phrase "effective cost of funds" included -- in addition to the interest on the bonds issued to finance the loan and the direct costs of issuance -- "the cost of defaults by other borrowers." Id. at 32, 771 N.E.2d at 241, 744 N.Y.S.2d at 359. The purchaser argued that the phrase unambiguously excluded the cost of defaults, the lender argued that the phrase unambiguously included it. See id.

The Court of Appeals concluded that the phrase was unambiguous and reasonably susceptible to only the lender's proposed meaning. It reached that conclusion by applying the reasonable meaning rule and the rule against surplusage:

Under its ordinary usage, the 'effective' cost of the funds means the 'actual' cost of securing such funds for a specific loan (see, e.g., 5 Oxford English Dictionary 80 [2d ed 1989] . . .). Regardless of borrower defaults, the [lender]'s funding mechanism

required it to repay the underlying bond when due. Thus, the 'actual' or 'effective' cost of the funds loaned by the [lender] necessarily included the interest it had to pay to the bondholders, the cost of issuing the bond, and the cost of defaults by the borrowers who received loans from bond proceeds. Any other interpretation of this agreement would ignore the import of "effective" in modifying "cost of funds."

Id. at 33, 771 N.E.2d at 242, 744 N.Y.S.2d at 360 (some emphases added, some emphases in original omitted).

The ambiguity inquiry commonly involves the application of these three rules. See also Golden Gate Yacht Club v. Societe Nautique De Geneve, -- N.Y.3d --, -- N.E.2d --, -- N.Y.S.2d --, 2009 N.Y. Slip Op. 02480, at 6 (Apr. 2, 2009) ("Taken as a whole, we conclude that the settlor intended to link the annual regatta requirement to the other eligibility requirements Any other interpretation would render the annual regatta requirement a nullity. . . . We conclude there is no ambiguity as to the annual regatta clause at issue."); S. Road Assocs., LLC v. IBM Corp., 4 N.Y.3d 272, 277-78, 826 N.E.2d 806, 809, 793 N.Y.S.2d 835, 838 (2005) (concluding that a lease read "as a whole" reflects that "the term 'premises' refers only to the interior space" of the leased real property, because "[t]he lease repeatedly mentions the 'premises' separately from the water tower, appurtenances, land, parking lot[,] and building," which language "would be superfluous" if the term "premises" covered those exterior areas); Kass, 91 N.Y.2d at 568, 696 N.E.2d at 181,

673 N.Y.S.2d at 357 (rejecting appellant's proposed reading of consent clause because "[a]ppellant's construction ignores . . . words that also must be given meaning"); Riverside S. Planning Corp. v. CRP/Extell Riverside, L.P., 869 N.Y.S.2d 511, 516-17, 60 A.D.3d 61, 67 (1st Dep't 2008) ("In the instant case, the ordinary and natural meaning of the [contract's] words [is] dispositive A plain reading . . . makes clear that 10 years is the maximum term of the contract at issue We note that clear contractual language does not become ambiguous simply because the parties to the litigation argue different interpretations.").²

II. Application to ¶ 1.1(a) (A)

Again, ¶ 1.1(a) (A) conveys to the plaintiff

[t]he names, trademarks, trade names, service marks, logos, insignias and designations identified on Schedule 1.1(a) (A), and all trademark registrations and applications therefor, and the goodwill related thereto (collectively the "Trademarks") . . . and all other Intellectual Property (as hereinafter defined).

Sale Agreement ¶ 1.1(a) (A) (underline in original). The parties each contend that the term "names" in ¶ 1.1(a) (A) means something

² The rule against surplusage is said to be a rule "of preference in interpretation," Restatement (Second) of Contracts § 203 (1981), which applies only after it is established that a term has more than one reasonable interpretation, see id. cmt. a. As the cited cases illustrate, however, New York courts nonetheless apply the rule in the inquiry whether a term is ambiguous.

different. But the rules of interpretation applied by the New York courts support both parties' proposed meanings. It is for this reason that I would conclude the term "names," as used in the Sale Agreement, is ambiguous.

A. JA Apparel's Proposed Meaning

1. Application of the Rules of Interpretation. The plaintiff argues that the term "names" in ¶ 1.1(a)(A) denotes Joseph Abboud's personal name itself, not a mark related to his name. As the district court concluded, application of the rule against surplusage makes this interpretation reasonable. Pursuant to that rule, the term "names" must be given a meaning different from the meaning of the other properties listed by ¶ 1.1(a)(A); otherwise the term "would be superfluous." S. Road Assocs., 4 N.Y.3d at 278, 826 N.E.2d at 809, 793 N.Y.S.2d at 838. So the term must refer to intellectual property other than that which is subsequently referred to in the paragraph, i.e., other than a "trademark[]," for example, or a "trade name[]" or "service mark[]." Sale Agreement ¶ 1.1(a)(A).³ From the ordinary usage of the term "name," it is reasonable to conclude that the other intellectual property in question is Abboud's personal name. See The American Heritage Dictionary of the

³ Abboud is therefore wrong to assert that ¶ 1.1(a)(A) "do[es] not mention, manifest or express any intent to sell the exclusive right to use Abboud's name, other than as a trademark." Defs.' Br. 31.

English Language 1167 (4th ed. 2000) (defining "name" principally as "[a] word or words by which an entity is designated and distinguished from others").⁴

Reading the Sale Agreement as a whole supports this result. Paragraph 1.1(a)(C), quoted in full at the outset of

⁴ It also seems to me that although the rule against surplusage is said to apply not only to contract provisions, see Corhill Corp., 9 N.Y.2d at 599, 176 N.E.2d at 38, 217 N.Y.S.2d at 3, but to particular words within a contract provision, see, e.g., Kass, 91 N.Y.2d at 568, 696 N.E.2d at 181, 673 N.Y.S.2d at 357, the rule should nonetheless be applied with a grain or two of salt when examining a list of words having similar or even overlapping meaning in a commercial agreement. Such an itemization of terms may reflect an intent to occupy a field of meaning, not to separate it into differentiated parts. Indeed, this is a common -- perhaps all-too-familiar -- technique used in drafting agreements, commercial and otherwise. With this technique, words are used more like the brush strokes of a house painter than of those of a portrait painter -- each intended principally to ensure that the surface is covered, not to convey a separate piece of information. See, e.g., Sale Agreement ¶ 1.1(a) (providing that "the Sellers shall sell, convey, transfer, assign, and deliver" the "right, title and interest in and to" the properties in question); In re Luxotica Group S.p.A. Sec. Litig., No. CV 01-3285 (JBW)(MDG), 2005 WL 3046686, *1, 2005 U.S. Dist. LEXIS 27765, *11 (E.D.N.Y. Nov. 15, 2005) (in the case of a specified event, "the Stipulation, including any amendment(s) thereof, . . . shall be null and void, of no further force or effect, and without prejudice to any party, and may not be introduced as evidence or referred to in any actions or proceedings by any person or entity, and each party shall be restored to his, her or its respective position as it existed prior to the execution of the Stipulation"); In re Host Am. Corp. Sec. Litig., No. 05-CV-1250 (VLB), 2008 U.S. Dist. LEXIS 94194, *17-*18 (D. Conn. Nov. 19, 2008) (similar) (not available on Westlaw). A "house painter" analysis of ¶ 1.1(a)(A) also supports JA Apparel's reading of "names" as meaning something different from "trademarks": listing all possible types of the mentioned intellectual property may be taken to signal an intention not to restrict the denotation of the listed terms to one type only.

this opinion, contains a list of intellectual property strikingly similar to that in ¶ 1.1(a)(A) but omits the term "names" with which the list in ¶ 1.1(a)(A) begins. See Sale Agreement ¶ 1.1(a)(C) (conveying "[a]ll rights to use and apply for the registration of new trade names, trademarks, service marks, logos, insignias and designations containing ['Joseph Abboud' and similar words]"). That "names" appears in one list but not the other suggests that the parties and their counsel took deliberate care to include the term in ¶ 1.1(a)(A) so as to convey an interest in something other than trademarks, trade names, and the like.

2. The Panel Majority's Analysis. The panel majority concludes that the term "names" is reasonably susceptible to JA Apparel's proposed interpretation because the term "is unadorned and . . . the name 'Joseph Abboud' is used many times in Schedule 1.1(a)(A)." Supra at 15. I find both reasons problematic.

To be sure, the term "names" in ¶ 1.1(a)(A) is "unadorned" in the sense that it has no modifiers. But that does not alone render either party's proposed meaning a reasonable one.

Schedule 1.1(a)(A), attached to the Sale Agreement and referred to in ¶ 1.1(a)(A), does not support JA Apparel's reading, because the name "Joseph Abboud," as a personal name, appears nowhere in the schedule. The schedule is a list of marks. The heading of each page reads: "Trademark Report by

Mark." The schedule lists categories of marks by name in bold-face capital letters, with each mark in the category set forth along with its registration information. So, while the schedule contains, among many other things, the words "Joseph Abboud," those words are mentioned only as a mark or a part of a mark, reflecting a trademark property related to "Joseph Abboud," not Joseph Abboud's personal name or whatever property right he may have in it.

B. Abboud's Proposed Meaning

1. Application of the Rules of Interpretation.

According to Abboud, the term "names" in ¶ 1.1(a)(A) denotes only trademarks or service marks and therefore does not convey rights to his personal name. The ordinary-meaning rule yields Abboud's interpretation. The interpretation flows not from the ordinary usage of the term "names," which, of course, can be used to refer to personal names and property interests in them, but from the appearance of the term in context: "[t]he names, trademarks, trade names, service marks, logos, insignias and designations identified on Schedule 1.1(a)(A)." Sale Agreement ¶ 1.1(a)(A) (underline omitted). Because, as noted, Schedule 1.1(a)(A) appears to identify only marks, not personal names, and the schedule "identifie[s]" what is conveyed by the Sale Agreement in ¶ 1.1(a)(A), it seems to me reasonable to conclude that what is conveyed by ¶ 1.1(a)(A) is only marks, and not the personal name of Joseph Abboud or his property rights in it. The text in

¶ 1.1(a) (A) therefore is reasonably susceptible to Abboud's proposed interpretation.

The rule against surplusage supports this reading. The phrase "Trademark Report by Mark," which is the page heading of the first five pages of Schedule 1.1(a) (A), must be given meaning. And if it is to mean nothing more than, as it says, a set of marks, then it cannot also mean personal names. If, departing from Abboud's interpretation, one does not restrict "names" and its surrounding terms to the property identified by Schedule 1.1(a) (A), and does not interpret that property to include only marks, one thereby "ignore[s] . . . words that . . . must be given meaning," Kass, 91 N.Y.2d at 568, 696 N.E.2d at 181, 673 N.Y.S.2d at 357, albeit words in a schedule and not the body of the agreement.⁵

This application of the ordinary-meaning rule and the rule against surplusage is bolstered by ¶ 3.6 of the contract, which states that "Schedule 1.1(a) (A) sets forth a list of all of the trademark registrations, service mark registrations and applications and copyright registrations and applications currently used by [Abboud] in connection with the Trademarks."

⁵ Thus, the rule against surplusage counsels both in favor of interpreting the term "names" as denoting property other than the trademarks, service marks, and the other types of property listed in ¶ 1.1(a) (A) and in favor of interpreting the term as merely an instance of the more general category of trademark as set forth in Schedule 1.1(a) (A).

Sale Agreement ¶ 3.6 (underline omitted). That list omits any mention of personal names.

2. The Panel Majority's Analysis. The panel majority looks to Schedule 1.1(a)(A), as the text of ¶ 1.1(a)(A) instructs, and concludes that its listing "plainly did not exhaust Abboud's right to use his name in the future." Supra at 16. I agree. But I am less certain about the panel's view that "brand names [i.e., marks] are similar to the items immediately following the word 'names' in [¶ 1.1(a)(A)], to wit 'trade names, service marks, logos[and] insignias.'" Supra at 15. I think that the rule against surplusage requires the term "names" to have a meaning different from the words in that list.⁶

The panel majority also observes that the defined term "the 'Trademarks'" -- which collectively identifies property conveyed in ¶ 1.1(a)(A) -- "would seem to connote existing or pending uses." Id. But I would think that drafters define terms in contracts in order to avoid speculative meanings. The term "the 'Trademarks,'" as defined, "connote[s]" nothing more than

⁶ If the panel is suggesting that Abboud's proposed meaning is supported by application of the canon noscitur a sociis, pursuant to which "a word is given more precise content by the neighboring words with which it is associated," United States v. Williams, 128 S. Ct. 1830, 1839 (2008); see also Harris v. Allstate Ins. Co., 309 N.Y. 72, 76, 127 N.E.2d 816, 818 (1955) (applying canon), I disagree. Even if the canon applies in the ambiguity inquiry, under the majority's reasoning it would stand for the proposition that the term "names" should denote "trademarks" and therefore have an identical denotation to the terms with which it appears. I am aware of no such application of noscitur a sociis.

the set of terms it is defined to mean; it tells us nothing about how to interpret the terms that define it, including the term "names."⁷

Finally, the Court finds significance in the language of ¶ 1.1(a)(C), which conveys

[a]ll rights to use and apply for the registration of new trade names, trademarks, service marks, logos, insignias and designations containing the words "Joseph Abboud," "designed by Joseph Abboud," "by Joseph Abboud," "JOE" or "JA," or anything similar thereto or derivative thereof, either alone or in conjunction with other words or symbols (collectively, the "New Trademarks"), for any and all products or services.

Sale Agreement ¶ 1.1(a)(C) (emphasis added). I do not see how this text tells us whether Abboud transferred the rights to his personal name by including the term "names" in ¶ 1.1(a)(A). The term is absent from ¶ 1.1(a)(C). If ¶ 1.1(a)(A) did transfer to JA Apparel the right to use Abboud's personal name along with the listed trademarks, ¶ 1.1(a)(C) would still be necessary -- or at least advisable -- to ensure the transfer of the separate right to use and apply for "new trade names, trademarks, service marks, logos, insignias and designations containing the words 'Joseph Abboud' [and associated combinations]." The rights in question -- the right to use a personal name for commercial purposes and

⁷ Schedule 1.1(a)(A) employs the terms "Trademark" and "Mark," but not the specially defined term "the 'Trademarks.'" Abboud's interpretation of the schedule is therefore unaffected by the defined term.

the right to apply for and use a new trademark containing the words of that name -- are different and independent.

It seems to me that if Joseph Abboud sold the right to use his personal name as a personal name, the purchaser could open and run and advertise a clothing line called "Joseph Abboud Men." And if he already owned the mark "Joseph Abboud Men," and sold it, the purchaser would then have the right to use that term as a mark. But I do not think it necessarily follows from either hypothetical transaction that the purchaser could then have the exclusive right to apply for and use, as marks, new trademarks made up of or derived from the words Joseph Abboud, e.g., "Joseph Abboud Women." Without an explicit sale of the right to apply for and use, as marks, new marks similar to or including his personal name, I should think both Abboud and the purchaser might each apply for such marks, and the rightful owner of that property would be determined by application of ordinary principles of trademark law.

For these reasons, the drafter's decision to cover the use of the name Joseph Abboud in the context of new trademarks in ¶ 1.1(a)(C) does not seem to me to indicate that the parties meant not to transfer the use of the name along with existing trademarks in ¶ 1.1(a)(A).

D. The Ambiguity

In my view, the rules of interpretation do not conclusively establish the reasonableness of one party's

interpretation over the other in this case; they yield both interpretations as plausible results. And, as I have suggested, I think that both proposed resolutions do at least some violence to the rules of interpretation. The rules therefore leave us with an ambiguity that they are insufficient to resolve. I therefore agree with the panel majority that the district court should now consider whether extrinsic evidence will shed light on the matter, and if so, employ it to determine the meaning of the language in dispute.

III. Conclusion

For the foregoing reasons, I concur in the result reached by the panel majority.