

2nd Circ. Says Macy's Didn't Infringe UK Retailer's TM

By **Dave Simpson**

Law360, Los Angeles (June 21, 2017, 10:14 PM EDT) -- A Second Circuit panel agreed with a lower court Wednesday that Macy's "Maison Jules" clothing line doesn't infringe the trademark of U.K.-based clothing line Joules, saying the circuit's eight-part trademark-confusion test weighed in the U.S. retailer's favor.

In weighing the likelihood of trademark confusion under a test from the circuit's 1961 Polaroid Corp. decision, the panel disagreed with the lower court's conclusion that Macy's Merchandising Group Inc. and Joules Ltd. didn't compete in close market proximity. But the court agreed with U.S. District Judge Kimba M. Wood's ultimate conclusion that taking all Polaroid test factors into account, there was no likelihood of confusion and Macy's had not infringed.

"On balance, we conclude the competitive proximity factor weighs slightly in Joules' favor," the decision said. "Nonetheless, assuming the district court clearly erred in finding that the factor clearly favored [Macy's] ... we agree with its overall conclusion as to the likelihood of confusion."

Wednesday's ruling rejects Joules' appeal, which sought to overturn Judge Wood's non-infringement ruling by challenging her conclusions as to four of the eight Polaroid factors -- competitive proximity, actual confusion of the marks by consumers, strength of the marks and similarity of the marks. The panel agreed with Judge Wood in her assessment that the latter three factors weighed in Macy's favor.

Joules, which like Macy's sells women's clothing, has been in the marketplace since 2004 and was issued a trademark registration in 2009, Wednesday's decision says.

Macy's launched its "Maison Jules" product line about four years later, in July 2013. Macy's filed for a trademark on the name and in 2015 Joules filed a notice of opposition.

After a bench trial in 2016, Judge Wood found in favor of Joules on one of the eight factors, ruling the allegedly infringing product is of lower quality than the product that is allegedly being infringed. But Judge Wood found that two of the factors were neutral, and that on balance, five factors weighed in favor of Macy's, leading her to conclude there was no likelihood of confusion.

Joules' appeal argued that Judge Wood erred in her determination on four of the five factors favoring Macy's.

As to the question of actual consumer confusion, the panel questioned a survey presented by Joules'

expert, which removed Macy's references from the Maison Jules website and forced the participants to consider the marks in artificially close proximity. The survey found that nearly a quarter of participants were confused.

The Second Circuit panel preferred Macy's study, which found no confusion, saying it more closely replicated market conditions "because it did not use the line-up method, tested for both in-store and online confusion, and corrected for errors arising from the low level of recognition of the Joules mark in the marketplace."

The panel agreed with Judge Wood that the weakness of Joules' mark in the marketplace was a factor in favor of Macy's, citing the testimony of Joules' own expert that only 16.2 percent of survey participants had seen, heard of, or purchased its products.

As to the similarity of the marks, while the panel acknowledged that "Joules" and "Jules" are spelled similarly and use similar scripts, it agreed with Judge Wood that the marks are more dissimilar than they are similar. With respect to Macy's mark, the word "Maison" always appears in front of "Jules" and in block type, setting it off from the cursive stylings of "Joules" and "Jules," the panel said. It also pointed to the difference in overall appearance when the marks are considered in full context.

The panel disagreed with Judge Wood's conclusion that the parties didn't operate in proximate markets, an issue the panel focused on **in a June 16 hearing**. But the Second Circuit ultimately ruled that this factor is tempered by the fact that "a significant percentage" of Joules' sales in the United States are rainwear and rain boots, which the Maison Jules line does not carry, and that even given this disagreement with Wood, on balance, there is no likelihood of confusion and therefore no infringement.

Representatives and counsel for Macy's and Joules did not respond to requests for comment Wednesday.

U.S. Circuit Judges Ralph K. Winter, Guido Calabresi, and Denny Chin sat on the panel for the Second Circuit.

Joules is represented by Rachel Jacques, C.J. Veverka, and R. Parrish Freeman of Maschoff Brennan PLLC.

Macy's is represented by Anthony F. LoCicero, Richard S. Mandaro, and Reena Jain of Amster Rothstein & Ebenstein LLP.

The appeal is Joules Limited v. Macy's Merchandising Group Inc., case number 16-3037, in the U.S. Court of Appeals for the Second Circuit.

--Editing by Pamela Wilkinson.