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Citing Octane, 2nd Circ. Orders Redo Of Trademark Atty Fees

By **Tiffany Hu**

Law360 (August 8, 2019, 5:51 PM EDT) -- The Second Circuit on Thursday ordered a lower court to take another look at whether a trademark suit that New York & Co. lost was exceptional enough for the retailer to pay attorney fees under the looser standards set by the U.S. Supreme Court's Octane Fitness ruling.

Although it upheld the $1.86 million trademark-infringement judgment against NY&C over a line of yoga wear, a three-judge panel threw out U.S. District Judge Jed Rakoff's decision that the case was exceptional and merited attorney fees, noting that the standard for winning the fees has become more flexible since the court's decision was first issued.

The Second Circuit had ruled in another case in 2018, after Judge Rakoff's decision, that the high court's 2014 decision in Octane Fitness v. Icon Health loosening standards for determining exceptionality for patent cases also applies to trademark ones, requiring courts to look at the totality of the circumstances to determine if a case "stands out from others."

"Because the district court was not in a position to apply this holding when it ruled on this issue, we remand the case to the district court to allow it to apply the Octane Fitness standard in the first instance," U.S. Circuit Judge Susan L. Carney wrote for the panel.

The dispute over how much NY&C should pay for losing a trademark lawsuit is part of an appeal of Judge Rakoff's July 2017 decision **slashing a $5.6 million verdict** against the retailer for willfully infringing a rival clothier Reflex Performance Resources Inc.'s "velocity" trademark for its athletic apparel.

In lowering the core judgment to $1.86 million, the amount that NY&C had stipulated it profited from the use of the word, the judge had found that treble damages were not allowed for purposes of mere deterrence. The Lanham Act is fairly clear that its remedies are compensation-oriented, he found.

Judge Rakoff had also ruled that reasonable attorney fees should be paid by NY&C because there was no indication that the defendant had good-faith defenses or that the infringement was isolated.

David Bernstein of Debevoise & Plimpton LLP, which is handling the appeal for NY&C, told Law360 on Thursday that the retailer is now considering its options.

"We are pleased that the court agreed that treble damages were inappropriate, and that it affirmed the reduction in the verdict accordingly," Bernstein said. "We are disappointed, though, that the court upheld the award of gross profits."

Reflex's attorneys, Darren Oved and Aaron Solomon of Oved & Oved LLP, told Law360 that they were "pleased that the Second Circuit has upheld the jury's and Judge Rakoff's finding of willfulness and award of profits."

Judges Gerard E. Lynch, Susan L. Carney and Christopher F. Droney sat on the panel for the Second Circuit.

Reflex is represented by Darren Oved, Michael Kwon and Aaron Solomon of Oved & Oved LLP.

NY&C is represented in the appeal by David Bernstein and Jared I. Kagan of Debevoise & Plimpton LLP.

The case is 4 Pillar Dynasty LLC et al. v. New York & Co. Inc. et al., case numbers 17-2398 and 17-2399, in the U.S. Court of Appeals for the Second Circuit.

--Additional reporting by Cara Salvatore. Editing by John Campbell.

Clarification: The story has been updated to clarify Debevoise's representation in the case. The story has also been updated to include comment from attorneys for Reflex.
