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Velocity Activewear Trademark Owner's $1.8 Million Award OK'd

By Blake Brittain

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- *Court can infer willfulness without actual confusion*
- *Remands for new attorneys' fees determination*

The owner of the "Velocity" trademark for women's activewear is entitled to a $1.8 million award because of retailer New York & Co.'s willful infringement, the Second Circuit affirmed Aug. 8.

Evidence of actual confusion between the NY&C and 4 Pillar Dynasty LLC brands isn't required to find willfulness, the U.S. Court of Appeals for the Second Circuit said. It remanded for a recalculation of the amount of attorneys' fees owed 4 Pillar Dynasty, however, noting it has adopted a new standard for such awards.

4 Pillar Dynasty LLC owns the "Velocity" trademark registration covering women's yoga clothing and activewear. A related company, Reflex Performance Resources Inc., sold Velocity clothing wholesale to retailers including TJ Maxx, Marshalls, Ross, and Foot Locker, and online through its website and Amazon. 4 Pillar sued women's clothing retailer NY&C for infringing its trademark with the "NY & C Velocity" women's activewear line.

A jury in the suit in the U.S. District Court for the Southern District of New York found NY&C infringed willfully and awarded 4 Pillar lost profits totaling over $1.8 million. It also granted 4 Pillar over $360,000 in attorneys' fees. NY&C appealed, arguing 4 Pillar hadn't proven willfulness because it didn't provide evidence of actual confusion.

The Second Circuit upheld the jury verdict. It said the district court reasonably found willfulness based on NY&C's failure to stop selling the goods after the suit was filed, its failure to call witnesses that NY&C said were the "centerpiece" of its defense, and the fact that NY&C's use of "Velocity" was "on its face, a blatant infringement."

4 Pillar also wasn't required to show actual confusion to recover lost profits, the court said. The Second Circuit said the award was appropriate as a deterrent to future infringers.

The court remanded for a new attorneys' fees determination, however. After the jury verdict, the Second Circuit ruled in a separate case that the *Octane Fitness* standard governing attorneys' fees in patent cases also applies in Lanham Act trademark cases.

While the district court granted fees based on willfulness, the new standard requires determining whether the case is "exceptional" based on "the substantive strength of a party's litigation position."

"Because *Octane Fitness* establishes no presumption—rebuttable or otherwise—that cases involving willful infringement are necessarily 'exceptional,' we remand," the Second Circuit said.

Judge Susan L. Carney wrote the opinion, joined by Judges Gerard E. Lynch and Christopher F. Droney.

Debevoise & Plimpton LLP represented NY&C in the appeal. Oved & Oved LLP represented 4 Pillar.

The case is 4 Pillar Dynasty LLC v. N.Y. & Co. , 2d Cir., No. 17-2398, 8/8/19 .

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