Client Alert

April 2020

No Intent Needed: Supreme Court Says Willfulness Is Not a Prerequisite to Recover Trademark Infringement Profits

Yesterday, in a rare 9-0 unanimous decision, the Supreme Court held in *Romag Fasteners Inc. v. Fossil Inc.* that a trademark owner need not show willfulness in order to disgorge an infringer's profits stemming from infringement.

This decision resolves a long-running circuit split wherein the First, Second, Eighth, Ninth, Tenth, and DC Circuits required willfulness as a prerequisite to a profits award under 15 USC § 1117(a), and the remaining circuit courts did not.

In *Romag*, the trademark dispute stemmed from an argument regarding the magnetic fasteners on certain Fossil handbags. Romag alleged infringement pursuant to 15 USC § 1125(a).

Romag prevailed at trial on the issue of infringement, but the jury rejected the allegation that Fossil acted willfully. As a result, the district court refused to award Fossil's profits to Romag, citing Second Circuit precedent requiring a showing of willfulness.

Romag appealed to the Federal Circuit, which affirmed the district court judgment. Romag then petitioned the Supreme Court for a writ of certiorari.

The Supreme Court noted that 15 USC § 1117(a) specifically recites willfulness as a prerequisite to recovery under § 1125(c), trademark dilution—but not under § 1125(a), trademark infringement. The Court also referenced other sections of the Lanham Act that specifically provide for amplification of damages in the event of intentional or willful acts. Thus, the Court found that Congress carefully drafted the Lanham Act to include willfulness language where intended and, as a result, there is no reason to read in a willfulness requirement for recovery of profits under § 1125(a).

However, it should be noted that, even though willfulness is not a prerequisite to recover an infringer's profits, the Court was clear that: "a defendant's state of mind may have a bearing on what relief a plaintiff should receive," and "[willfulness remains] a highly important consideration in determining whether an award of profits is appropriate." Thus, while Romag may go back to district court to seek an award of profits, its inability to prove Fossil acted willfully is still relevant.

This case is important for trademark owners because it has made disgorgement of profits uniformly more accessible. Potential infringers should also be aware that an award of profits against them is now possible across all circuits.

Contacts

John Gary Maynard, III
jgmaynard@HuntonAK.com

Matthew Nigriny
mnigriny@HuntonAK.com