

SCOTUS Confirms Willful Infringement Not Required to Award Trademark Profits

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On April 23, the United States Supreme Court unanimously ruled that a plaintiff can win a profits remedy without showing that the defendant willfully infringed on its trademark. This case, [Romag Fasteners Inc. v. Fossil Inc. et al.](#), 590 U.S. _____ (2020), settled a decades-long dispute between Romag, a family-owned business based in Milford, Connecticut that sells patented magnetic snap fasteners under its registered trademark, “ROMAG,” for use as closures, and Fossil, a fashion brand known for its handbags, watches, wallets and leather goods. What began as a successful arrangement, in which Fossil was granted the right to use Romag’s fasteners in their products, turned sour nearly eight years later, when Romag discovered that certain Fossil handbags sold in the United States contained counterfeit snaps bearing the ROMAG mark and alleged that Fossil did “little to guard against the practice.”

On November 22, 2010, Romag sued Fossil and certain retailers of Fossil products for trademark (and patent) infringement for using fake Romag magnetic snap fasteners and for falsely representing that its fasteners originated from Romag. After a seven-day trial in 2014, a federal jury found Fossil liable for both trademark and patent infringement. However, Romag was refused a \$6.8 million award from Fossil's profits because it couldn't prove the company had done so willfully (as was the requirement in the Second Circuit). Though the jurors found Fossil had acted with "callous disregard" for Romag's intellectual property rights, the jury did not find that the infringement was willful. Romag appealed to the Federal Circuit, which had exclusive appellate jurisdiction over the entire case because it involved a patent claim. The court of appeals affirmed.

Romag petitioned for a writ of certiorari on March 20, 2019 and has now received the Supreme Court’s decision as to whether, under Section 35 of the Lanham Act, 15 U.S.C. § 1117(a), willful infringement is a prerequisite to receive an award of an infringer’s profits for a violation of Section 43(a), *id.* § 1125(a). The majority opinion, written by Justice Neil Gorsuch, centers on the chosen language of the Lanham Act, specifically 15 U.S.C. § 1117(a), and the Court’s unwillingness to “read into statutes words that aren’t there.” The rule is now clear: “A plaintiff in a trademark infringement suit is not required to show that a defendant willfully infringed the plaintiff’s trademark as a precondition to a profits award,” Justice Gorsuch wrote for the Court. “The Lanham Act provision governing remedies for trademark violations...has never required such a showing. Reading words into a statute should be avoided, especially when they are included elsewhere in the very same statute.”

With all justices joining or concurring with Justice Gorsuch's opinion, it now appears established that a plaintiff is not required to prove a defendant acted willfully to recover profits. While a plaintiff must not prove willfulness, a plaintiff is also not automatically entitled to recover a defendant's profits. What the Court has made amply clear is that the defendant's mental state is highly important in considering whether a plaintiff is entitled to a profits remedy; however, the mental state consideration does not require an "inflexible precondition" of willfulness. "We do not doubt that a trademark defendant's mental state is a highly important consideration in determining whether an award of profits is appropriate," Justice Gorsuch wrote. "But acknowledging that much is a far cry from insisting on the inflexible precondition to recovery Fossil advances."

Moving forward, a defendant's mental state — or the mental state that a jury determines — will likely be crucial in determining whether a plaintiff may recover a profits remedy. Without setting a threshold mental state for recovery, however, it is presumable that future juries will use a sliding scale to determine whether a plaintiff may recover a profits remedy, and how much a plaintiff is entitled to recover.

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