

Following Supreme Court Win, Award Decreased in 2020 Decades-Long Trademark Dispute

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One year ago, in our Spring 2020 issue of *Kattwalk*, we wrote of a unanimous Supreme Court decision that settled a decades-long trademark dispute between Romag Fasteners, Inc. and Fossil Inc., whereby the Court held that although a defendant's mens rea is "a highly important consideration" in determining whether an award of profits is appropriate, a showing of wilfulness on the part of a trademark infringer is not an "inflexible precondition to recovery." *Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492, 1497 (2020).

The Supreme Court remanded for further proceedings consistent with the ruling and, on April 29, US District Judge Janet Bond Arterton of Connecticut declined to reinstate a jury's \$6.7 million award to Romag and instead ordered Fossil to disgorge only \$90,000 in profits. Balancing the equities, the District Court found that Fossil's mens rea was, "at most, negligent," which suggested that a lower penalty was adequate to deter such infringement in the future, while preventing Romag from receiving a windfall and being rewarded for what the Court deemed litigation misconduct. "Romag engaged in chicanery in litigating this case by delaying commencement of this lawsuit to maximize its leverage over Fossil and made misrepresentations to the Court which should not be rewarded by an award that substantially exceeds its actual damages. This is particularly true in light of the fact that Romag forewent statutory damages which were designed to compensate plaintiffs in situations just like this where harm is difficult to quantify (as is often the case with trademarks of smaller component parts) but where the infringement needs to be deterred," Judge Arterton wrote. "Again, Romag will not be rewarded for "gambling" and pursuing a more uncertain, but potentially higher, disgorgement award where a remedy at law would have adequately compensated it, particularly as it smacks of its earlier gamble in delaying commencement of its suit to get a settlement advantage." Nonetheless, the Court still recognized that some amount of profits would reflect the jury's finding that Fossil did benefit from its infringement.

This decision provides useful guidance with respect to the threshold mental state of a defendant that may lead to a profits remedy in a trademark infringement suit, as well as the types of actions taken by a plaintiff that can serve to substantially reduce the award.

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