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Damages on Default Judgment Not Barred by Absence of Precise Amount in Complaint

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The US Court of Appeals for the Ninth Circuit reversed and remanded a district court decision, allowing collection of actual damages in a default judgment where the complaint only sought damages "in an amount to be determined at trial." *AirDoctor, LLC v. Xiamen Qichuang Trade Co., Ltd.*, Case No. 24-215 (9th Cir. Apr. 11, 2025) (Friedland, J.) (Berzon, Kennelly JJ., concurring) (*per curiam*).

AirDoctor produces and sells air purification products, including branded filters designed specifically for its machines. In 2022, AirDoctor discovered that Xiamen Qichuang Trade had sold tens of thousands of unauthorized replacement filters that were marketed as compatible with AirDoctor products. These filters were allegedly labeled with AirDoctor's registered trademarks, including AIRDOCTOR and ULTRAHEPA, without permission. AirDoctor asserted that these actions constituted trademark infringement, false advertising, and unfair competition under the Lanham Act and related state laws.

AirDoctor filed a complaint seeking injunctive relief and monetary damages "in an amount to be determined at trial." Xiamen did not respond or appear in the litigation, and the court entered a default judgment against it. AirDoctor subsequently moved for approximately $2.5 million in actual damages, calculated based on the number of infringing units sold, along with $50,000 in attorneys' fees and costs. The district court entered a default judgment in Air Doctor's favor but declined to award damages or attorneys' fees. The court reasoned that Fed. R. Civ. Pro 54(c) barred monetary relief in default judgments unless the complaint demanded a specific sum. Since AirDoctor's complaint did not include a precise dollar amount, the court concluded that granting the requested monetary relief would exceed what was demanded in the pleadings and thus violate Rule 54(c). AirDoctor appealed.

The issue before the Ninth Circuit was whether the district court erred in interpreting Rule 54(c) to prohibit an award of actual damages in a default judgment where the complaint requested "damages in an amount to be determined at trial" but did not specify a fixed damages amount. Xiamen did not appear on appeal either.

The Ninth Circuit reversed, concluding that Rule 54(c) does not require a complaint to state a specific sum of damages for a court to award actual damages after a default judgment. The Court

emphasized that the rule's purpose is to prevent awards that are fundamentally different in kind or amount from those for which the defendant had been put on notice by the complaint, not to deny recovery when the type of relief was clearly identified, even if the amount was not. The Court noted that AirDoctor had clearly requested actual damages in its complaint and had indicated that the precise amount would be determined later, which was sufficient to give Xiamen fair notice of the relief sought. Relying on its 1974 decision in *Henry v. Sneiders*, the Court reaffirmed that actual damages may be awarded in default cases even if the complaint does not state a dollar figure, as long as the damages are of the same kind as those demanded.

The Ninth Circuit clarified that Rule 54(c) should not be read to require technical pleading of monetary amounts, especially in cases where the exact damages are unknown at the time of filing and are to be determined based on later evidence. The panel pointed out that this approach is consistent with decisions from other circuits, including the Seventh Circuit.

Practice Note: This decision affirms that in cases decided by default, a plaintiff can recover actual damages without having included a sum certain in its pleading, provided that the type of relief is sufficiently disclosed. Therefore, where actual damages are not immediately apparent at the time of filing a complaint, the plaintiff can comply with Rule 54(c) (while leaving the door open to maximize recovery) by pleading a prayer for recovery in an amount commensurate with findings at trial.

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