

Supreme Court Holds Willful Infringement Is Not Required for an Award of Profits under the Lanham Act

April 23, 2020

The U.S. Supreme Court unanimously held in [Romag Fasteners, Inc. v. Fossil Group, Inc.](#) that the Lanham Act does not require a showing of willful infringement before a court may order a trademark infringer's profits to be disgorged. Going forward, Lanham Act plaintiffs may obtain a defendant's profits at the trial court's discretion, subject to "principles of equity." The decision resolves a circuit split. The First, Second, Eighth, Ninth, Tenth, and District of Columbia Circuits previously held that a finding of willful infringement was a prerequisite to an award of profits, while the Third, Fourth, Fifth, Sixth, Seventh, and Eleventh Circuits rejected that requirement.

The case arose from a license agreement between Romag, which sells magnetic snaps for use in leather goods, and Fossil, which designs and sells fashion accessories. When Romag learned that Fossil was using counterfeit Romag fasteners, it sued Fossil for trademark infringement. A jury found that Fossil had infringed Romag's trademark "in callous disregard" of Romag's rights, but also found that Fossil had not acted willfully. The Connecticut district court refused to award Romag the profits Fossil had earned from its infringement because Second Circuit precedent then required a plaintiff seeking an award of profits to prove that the defendant's violation was "willful," and the Federal Circuit affirmed.

The Lanham Act [provision](#) setting forth the remedies for trademark infringement provides that, "subject to the principles of equity," a successful plaintiff may recover the defendant's profits, among other remedies. Although the Lanham Act requires willfulness as a prerequisite for any award of profits or damages for a trademark **dilution** plaintiff, the statute sets out no such explicit *mens rea* requirement for a trademark **infringement** plaintiff. In the absence of clear statutory language, those circuit courts holding that willfulness was a prerequisite for an award of profits generally relied on the assertion that equity courts historically required a showing of willfulness before granting profits in trademark disputes.

Justice Gorsuch, writing for the *Romag* Court, began by observing that there is no textual hook in the Lanham Act for a willfulness requirement to recover profits as a remedy for trademark infringement. Justice Gorsuch exhaustively documented how the

Lanham Act repeatedly talks about *mens rea*, intent, and willfulness—including in the remedies section, with respect to dilution claims—yet Congress included no such intent language in the section concerning disgorgement of profits for trademark infringement. The Court rejected the argument that the statute’s reference to “principles of equity” impliedly included a willfulness requirement because such a reading would require the Court “to assume that Congress intended to incorporate a willfulness requirement here obliquely while it prescribed *mens rea* conditions expressly elsewhere throughout the Lanham Act.”

The Court did emphasize in its opinion that willfulness, or a defendant’s intent more generally, will be a “highly important consideration in determining whether an award of profits is appropriate.” It remains to be seen whether lower courts will give intent a central role in making the equitable determination of when an award of profits is appropriate.

Justice Sotomayor, who concurred in the judgment, wrote separately to argue that an award of profits from an innocent infringer would never be consistent with the Lanham Act’s requirement that awards be subject to “principles of equity.” Justice Sotomayor pointed out that such an award would be inconsistent “with longstanding equitable principles which, after all, seek to deprive only wrongdoers of their gains from misconduct.” Future innocent infringers will be able to rely on Justice Sotomayor’s concurrence in trying to persuade district courts that an award of profits would be inequitable, though it is notable that no other Justice signed on to her concurrence.

Absent the bright-line rule requiring willfulness that previously governed in six federal circuits, plaintiffs who suffer little or no actual harm from infringements of their trademarks would seem to have a newfound incentive to weaponize the Lanham Act and roll the dice at trial. This may make settlement harder to achieve in Lanham Act litigation; time will tell. Innocent infringers will now need to build a record in their specific litigations demonstrating the inequity of awarding profits.

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Please do not hesitate to contact us with any questions.



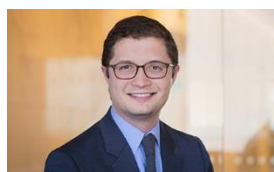
David H. Bernstein
Partner, New York
+212 909 6696
dhbernstein@debevoise.com



Jeremy Feigelson
Partner, New York
+ 1 212 909 6230
jfeigelson@debevoise.com



Megan K. Bannigan
Counsel, New York
+ 1 212 909 6127
mkbannigan@debevoise.com



Christopher S. Ford
Associate, New York
+1 212 909 6881
csford@debevoise.com



Jared I. Kagan
Associate, New York
+ 1 212 909 6598
jikagan@debevoise.com