

Supreme Court Determines Willfulness Not Required to Award Trademark Owner an Infringer's Profits

The Supreme Court ruled in *Romag Fasteners v. Fossil Group* that a trademark holder is not required to prove that infringement was willful to obtain the infringer's profits. Romag had reached an agreement whereby Fossil would use Romag magnetic fasteners on Fossil handbags and other products. Romag subsequently discovered the Chinese factories that Fossil had hired to make the Fossil products were using counterfeit Romag fasteners and Fossil was doing little to prevent such occurrences. Romag filed suit in the District of Connecticut. A jury found Fossil liable for trademark infringement but determined while Fossil had acted "in callous disregard" of Romag's rights, Fossil had not acted willfully. The District Court determined that, under Second Circuit precedent, willfulness was a prerequisite to the award of Fossil's profits on the sales of the infringing goods, and therefore denied Romag's request for Fossil's profits. The Federal Circuit (who heard the appeal due to the existence of patent infringement issues) agreed that Second Circuit precedent required willfulness, while noting that other Circuit Court's had disagreed.

The Supreme Court resolved the Circuit split and reversed the decision. The Court noted that, while the statutory language expressly requires a finding of willfulness as a precondition for defendant's profits for trademark dilution, it does not for trademark infringement. The Court noted that the reluctance to read into statutes words that are not present is enhanced where the term in question appears elsewhere in the same statutory provision. The Court further noted that the

Lanham Act makes frequent use of the defendant's mental state, be it through terms like "willful," "intentional" or "knowing," that suggests where willfulness is required, the Lanham Act expressly provides for such. The absence of an express requirement strongly suggests willfulness is not a prerequisite.

Fossil sought to find a willfulness requirement implied in the Act's requirement that defendant's profits be awarded "subject to the principles of equity." The Court refused, however, to read such requirement into that phrase, noting that "equity" is used widely in the law without being so interpreted. A different section of the Lanham Act, for example, lists laches, estoppel and acquiescence as examples of equitable principles, none of which relate to willful infringement. Accordingly, it would be difficult to imagine that the phrase was intended by Congress to incorporate a willfulness requirement in the sole instance of disgorgement of profits, particularly where Congress had seen fit to expressly include the defendant's mental state in other portions of the statute in question. The Court further found that, while precedent indicated mental state was an important consideration in awarding profits (and should remain so), the case law did not speak clearly to the issue one way or the other.

The Court rejected Fossil's policy-based argument for the inclusion of willfulness, noting that such policy decisions are for Congress – not the courts – to determine. Justices Alito, Breyer and Kagan concurred, writing separately and briefly to assert that willfulness, while not an absolute precondition, is a highly important consideration in the analysis. Justice Sotomayor concurred but sought to expressly exclude good-faith or innocent infringement from resulting in an award of profits as not being in accordance with traditional understanding of equity.

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