



SCOTUS unanimous – willfulness not a prerequisite to a profits award under the Lanham Act

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The Supreme Court of the United States has resolved a decades-long circuit split, holding that a plaintiff in a trademark infringement suit under 15 U.S.C. § 1125(a) need not show that the defendant's conduct was willful as a precondition to obtaining an award of defendant's profits. *Romag Fasteners, Inc., v. Fossil, Inc.*, 590 U.S. ____ (2020) (slip op.). At the same time, the opinion and concurrences make clear that the equitable considerations such as a defendant's intent will continue to be very important factors in any award determination.

Decision

The Court's opinion in *Romag Fasteners* relies heavily on the text of 15 U.S.C. § 1125(a), which states:

When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established . . . , the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any

damages sustained by the plaintiff, and (3) the costs of the action.

Id. at 2.

Justice Neil Gorsuch, writing for the Court, explained that, “[i]mmediately, this language spells trouble” for the argument that willfulness is required for a violation of 15 U.S.C. § 1125(a) because willfulness is a specifically referenced as a prerequisite for a dilution claim under 15 U.S.C. § 1125(c) but not a trademark infringement claim under 15 U.S.C. § 1125(a). *Id.* at 2-3. The opinion also notes that other sections of the Lanham Act explicitly require certain states of mind, such as Section 1117(b) which requires willfulness to treble profits or damages and award attorney’s fees for acts taken intentionally with specified knowledge. *Id.* at 3.

Finding the language in Section 1125(a) clear, the Court brushed aside the remaining arguments. *Id.* at 3-5. The opinion disagrees that the language “subject to the principles of equity” in 15 U.S.C. § 1125(a) imports a willfulness requirement. *Id.* at 3-4. Specifically, the Court found the suggestion “curious” and ultimately unsupported by statutory construction or historical use of the term “principles of equity.” *Id.* at 4. The Court also dismissed the argument that courts historically have required a showing of willfulness for a profits award, citing that the Lanham Act’s predecessor – the Trademark Act of 1905 – did not contain a willfulness requirement. *Id.* at 5. Notably, a concurrence written by Justice Sotomayor added color, stating that “the weight of authority . . . indicates that profits were hardly, if ever, awarded for innocent infringement” in stating that an “award of profits for innocent or good-faith trademark infringement would not be consonant with the ‘principles of equity’ referenced in §1117(a) and reflected in the cases the majority cites.” *Id.* at 1-2 (Sotomayor, J., concurring).

The opinion states that willfulness, or *mens rea*, “figured as an important consideration in awarding profits in pre-Lanham Act cases,” which is a principle likewise reflected in the Lanham Act and district court decisions of equity. *Id.* at 6. Thus, the Court held that while “a trademark defendant’s mental state is a highly important consideration in determining whether an award of profits is appropriate,” the statute does not require willfulness as a precondition to such an award. *Id.* at 7.

Impact

Speculation has been that the impact of this case could be an increase in opportunistic trademark suits. In its opinion, the Court recognized *amici* briefs, which argued that not finding a willfulness requirement would encourage baseless trademark suits, but the Court stated that such a policy consideration was best left to policymakers. *Id.* Similar concurrences written by Justice Samuel A. Alito (joined by Justices Stephen G. Breyer and Elena Kagan) and Justice Sonia Sotomayor both appear focused on keeping troll or baseless trademark suits at bay. For instance, willfulness, in the words of the Justice Alito concurrence, “is a highly important consideration in awarding profits . . . , but not an absolute precondition.” *Id.* at 1 (Alito, J., concurring).

The ruling does remove an inflexible rule in certain circuits that willfulness is required before an award of the defendant’s profit can be made. That being said, equitable considerations continue to be paramount, and the indication from the Court is that a defendant’s intent is a substantial consideration.

Learn more about the impact of this decision by contacting the author or your regular DLA Piper relationship attorney.

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