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# US Supreme Court: wilfulness is not a requirement to recover an infringer's profits

United States of America - [Leason Ellis LLP](#)

- **The Supreme Court has unanimously held that a plaintiff need not prove wilful infringement in order to recover profits from a trademark infringer**
- **The decision resolved a circuit split as to whether wilfulness is a prerequisite to recovery of a defendant's profits**
- **The case should not lead to a dramatic increase in the filing of baseless claims**

In [Romag Fasteners Inc v Fossil Inc](#) (No 18-1233, 23 April 2020), the US Supreme Court has unanimously held that a plaintiff need not prove wilful infringement in order to recover profits from a trademark infringer. The case settled a split among the circuit appellate courts as to whether wilfulness is a requirement for recovering such money damages.

## Background

Romag Fasteners succeeded in a jury trial against Fossil, a leather accessories manufacturer, on its trademark and patent infringement claims. Romag alleged that Fossil incorporated snaps in its accessories that infringed the ROMAG trademark. Pursuant to the parties' agreement, Fossil had sourced genuine snaps from Romag, through Fossil's manufacturer in China. When orders for snaps from Fossil's manufacturer declined, Romag discovered that Fossil's products incorporated counterfeit snaps and that Fossil had not undertaken to prevent its manufacturer from sourcing unauthorised snaps. In deciding in favour of Romag on the infringement claims, the jury concluded that Fossil's infringement was not wilful but that Fossil had acted "in callous disregard" of Romag's trademark rights. The jury awarded to Romag money damages consisting of Fossil's profits under theories of unjust enrichment and deterrence.

The case was appealed to the Court of Appeals for the Federal Circuit, which handles patent appeals. The Federal Circuit applied Second Circuit law for the trademark damages claims, as the trial took place in a court located within the Second Circuit. Under Second Circuit law, a prevailing plaintiff was entitled to recover the defendant's profits only upon a showing that the infringement was wilful. The jury's finding of Fossil's "callous disregard" fell short of wilfulness such that the damages award of Fossil's profits was reversed.

## Supreme Court decision

The Supreme Court agreed to hear an appeal in order to resolve a split among the circuit courts as to whether wilfulness is a prerequisite to recovery of a defendant's profits.

The court looked first to the language of the Lanham Act, Section 15 USC 1125(c), which lists "defendant's profits" among the types of monetary relief available to a party who has succeeded in a trademark infringement claim. The court immediately noted that nothing in the statute requires a showing of wilfulness. Fossil relied on a clause in this section of the statute that such awards are to be "subject to the principles of equity" to argue that a trademark infringer's mental state is a component consideration. The court was not convinced, particularly because the Lanham Act makes mention of intent and mental state in numerous other sections. Statutory construction dictates that the drafters would have included a mental state in this section as well had they meant for it to be a requirement.

The court also examined pre-Lanham Act case law history for the origins and application of the wilfulness requirement. That examination revealed inconsistencies but not a basis for making wilfulness an absolute prerequisite. At best, the court concluded that a "defendant's mental state is relevant to assigning an appropriate remedy". As to Fossil's argument that the wilfulness requirement protects against baseless trademark claims, the court found that such policy arguments are to be made to the lawmakers, not to a court interpreting a statute.

Two concurring opinions agreed with the outcome of the decision, to remand the case for further consideration of the damages question without a requirement of wilfulness. The concurrences, however, preferred a less narrow holding that would have addressed whether an innocent infringer is also liable for an award of its profits.

## Comment

Even without explicitly addressing the issue of the innocent infringer, the decision seems narrowly focused on the strict requirement of wilfulness. Acknowledging throughout the opinion that an infringer's mental state has always been a component to a disgorgement of profits, the case may not have a drastic impact on damages awards and thus should not lead to a dramatic increase in the filing of baseless claims.

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