Client Alert: "Willfulness" Not A Prerequisite In Trademark Remedies

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Barack Ferrazzano Client Alert

The Supreme Court issued a unanimous decision in *Romag Fasteners, Inc. v. Fossil Group, Inc.* (No. 18-1233), holding that "willfulness" is not a prerequisite for a plaintiff in a trademark action to recover the defendant's profits attributable to the infringement. The decision resolves a circuit split on the question of whether willfulness was a prerequisite for disgorgement under the Lanham Act's monetary remedies section, 15 USC 1117.

Background

The case arose out of Romag Fasteners, Inc.'s (Romag) trademark infringement and false designation of origin claims against Fossil Group, Inc. (Fossil) for its use of infringing Romag fasteners in Fossil-branded products. A jury found Fossil liable, but it determined that Fossil's conduct was not "willful." **As a result, the trial court declined to award Romag a disgorgement of Fossil's profits under 15 USC 1117.** The appellate court affirmed, applying Second Circuit precedent that disgorgement was available only where the defendant acted willfully. The Supreme Court vacated the ruling and held that because the disgorgement provision of Section 1117 of the Lanham Act, unlike other Lanham Act provisions, does not expressly include a willfulness requirement, willfulness is not a prerequisite to disgorgement of the defendant's profits.

For example, the Court noted that Section 1117 expressly requires "a willful violation" as a prerequisite for monetary relief in dilution cases under 15 USC 1125(c). In declining to apply a willfulness requirement not appearing in the text, Justice Gorsuch noted that the Court does not "usually read into statutes words that aren't there. It's a temptation we are doubly careful to avoid when Congress has (as here) included the term in question elsewhere in the very same statutory provision." **However, the Court noted that Section 1117 expressly states that monetary relief is subject to the principles of equity.** "Given these traditional principles, we do not doubt that a trademark defendant's mental state is a highly important consideration in determining whether an award of profits is appropriate. But acknowledging that much is a far cry from insisting on the inflexible precondition to recovery Fossil

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advances."

While the opinion expressly addresses trademark infringement claims under 15 USC 1114 and 1125(a), and not false advertising claims actionable under Section 1125(a), Section 1117 is applicable to false advertising claims. We therefore expect that the *Romag* decision will apply to false advertising claims as well.

To view the Supreme Court's decision in-depth, visit: Opinion – *Romag v. Fossil*.