Trademark Owners can Recover Profits from Non-Willful Infringers, Supreme Court Rules

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Overview
On April 23, 2020, the US Supreme Court unanimously decided that a plaintiff in a trademark suit does not have to show that an infringer acted willfully to recover the infringer's profits. Therefore, trademark owners may have more incentive to bring lawsuits to protect their brands, and junior users should have second thoughts now that profits may be awarded without evidence of bad faith. The case, Romag Fasteners, Inc. v. Fossil, Inc., concerned Fossil's use of allegedly infringing magnetic snap fasteners on handbags and other products. A jury found infringement, but determined the infringement was not willful. Citing Second Circuit precedent requiring willful infringement to award profits, the district court denied the plaintiff's request for Fossil's profits. The Federal Circuit affirmed on appeal.

The Supreme Court vacated the decision on the basis that a willfulness requirement for awarding profits for trademark infringement is nowhere to be found in the Lanham Act. Fossil contended that the Lanham Act section governing profit awards, 15 U.S.C. § 1117(a), incorporated a willfulness requirement by providing for profits "subject to the principles of equity" and that, moreover, courts historically had required a showing of willfulness. The Court disagreed, pointing out that the Lanham Act explicitly requires a showing of willfulness elsewhere, such as for enhanced damages in counterfeiting cases.

The Court's decision resolved a circuit split on the issue. Justice Gorsuch authored the Court's opinion and was joined by seven justices. Justices Sotomayor and Alito each wrote concurring opinions, the latter of which was joined by Justices Breyer and Kagan. The text of the opinion is available here.