
U.S. SUPREME COURT CLARIFIES THAT WILLFULNESS IS NOT REQUIRED FOR TRADEMARK DAMAGES RECOVERY

APRIL 2020

On April 23, 2020, the U.S. Supreme Court issued its unanimous decision in *Romag Fasteners v. Fossil, Inc., et al.*, holding, “[a] plaintiff in a trademark infringement suit is not required to show that a defendant willfully infringed the plaintiff’s trademark as a precondition to a profits award.”

The plaintiff, Romag Fasteners, sued its customer Fossil because the Chinese factories used by Fossil had been incorporating counterfeit Romag fasteners into Fossil’s products. Romag sued under the Lanham Act, alleging that Fossil infringed its trademarks and falsely represented that its fasteners came from Romag. At trial, Romag prevailed against Fossil, but the district court refused to award Fossil’s profits because the Second Circuit’s controlling precedent required proof of willful infringement.

Writing for the Court, Justice Gorsuch weighed policy concerns surrounding the potential willfulness requirement, which some feared would encourage vexatious litigation, against a textual, plain meaning interpretation of the statute. The Court concluded that the plain language of the statute did not require a showing of willfulness. The Court’s decision resolves a split between the circuits. The First, Second, Eighth, Ninth, Tenth and D.C. Circuits held that language in the pertinent statute discussing damages awards being “subject to the principles of equity” required willfulness by the infringer for an award of profits; the remaining circuits did not.

The Court further explained that willfulness will remain a factor in the district courts’ damages calculus because “... a trademark defendant’s mental state is a highly important consideration in determining whether an award of profits is appropriate.”

The obvious impact of the Court’s decision in *Romag* is that trademark plaintiffs – in any circuit – need not show that the defendant willfully infringed the plaintiff’s mark to recover the infringers’ profits as the plaintiffs’ damages. But the practical impact of *Romag* in trademark litigation is much greater and will be felt well before parties head to trial. Because of the availability of these damages without the need to prove willfulness, trademark owners will hold additional power during settlement negotiations at all stages of any trademark dispute.

Trademark owners should evaluate their trademark enforcement programs for matters previously characterized as “innocent infringement.” Similarly, for companies concerned about potential trademark liability, the *Romag* decision amplifies the need to carefully conduct thorough trademark searches and receive competent trademark clearance opinions.¹

ADDITIONAL INFORMATION

For more information, please contact:

- [David J. Steele](mailto:david.steele@tuckerellis.com) | 213.430.3360 | david.steele@tuckerellis.com
- [Nicholas B. Clifford](mailto:nicholas.clifford@tuckerellis.com) | 314.571.4962 | nicholas.clifford@tuckerellis.com
- [Steven E. Lauridsen](mailto:steven.lauridsen@tuckerellis.com) | 213.430.3308 | steven.lauridsen@tuckerellis.com
- [Jane H. Davidson](mailto:jane.davidson@tuckerellis.com) | 213.430.3030 | jane.davidson@tuckerellis.com

This Client Alert has been prepared by Tucker Ellis LLP for the use of our clients. Although prepared by professionals, it should not be used as a substitute for legal counseling in specific situations. Readers should not act upon the information contained herein without professional guidance.

©2020 Tucker Ellis LLP. All rights reserved.

¹ This Client Alert was prepared with the invaluable assistance of Tucker Ellis intellectual property law clerk **Helena Guye**, a third-year law student at the University of Missouri School of Law.