

Ruling in Romag v. Fossil: Willfulness is Neither the “Principle of Equity” nor the “Big Kahuna,” and Infringer’s Profits Can be Awarded Even for Innocent Infringement

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Yesterday the U.S. Supreme Court overturned the Second Circuit, and ruled that infringer’s profits can be awarded even without a showing of willful infringement. A jury had ruled that Fossil acted in “callous disregard” of Romag’s trademark rights when Fossil’s Chinese manufacturers used counterfeit Romag fasteners.

To recap the case posture, described in a prior blog post, Romag v. Fossil: Is Willfulness the “principle of equity” or the “big kahuna,” or is this all “much ado about nothing”, the question was whether statutory language allowing recovery of infringer’s profits consistent with “principles of equity” means that infringement must be willful.

As will come as no surprise to those who track the judicial philosophy of Supreme Court justices, Justice Gorsuch took a textualist approach. No, “principles of equity” does not equal a requirement of “willfulness,” particularly when the drafters of the statute used the

term “willful” repeatedly in other portions of this section. The short but vigorous opinion took several opportunities to slam Fossil’s position. As the opinion muses: “So how exactly does Fossil seek to conjure a willfulness requirement out of §1117(a)?” Fossil argued that “principles of equity,” in the context of trademark infringement at the time of the statute’s passage, required willfulness and Congress implicitly adopted that standard into the new law. Justice Gorsuch was not impressed, calling it a “curious suggestion.” In addition to attacking its merit from a textualist approach, Justice Gorsuch took issue with the underlying point – that an award of the infringer’s profits required willfulness – and cited to several cases identified by Romag as showing the opposite. So, then, willfulness is not the “principle of equity.”

Fossil’s fallback argument fared little better. Fossil had argued that, even if not required, willfulness was key, calling it the “big kahuna.” The majority opinion expressed no emphasis on willfulness, leaving equity up to the district court’s discretion, although Justice Gorsuch observed that a defendant’s mental state would be “an important consideration” in deciding whether an accounting of profits is an appropriate remedy. In a concurring opinion, Justice Sotomayor (who practiced in the field of intellectual property law when she was in private practice prior to ascending to the bench), expressed her view that although willfulness was not a necessity, some wrongful state of mind – for example, recklessness – should exist before infringer’s profits are awarded.

Following *Romag v. Fossil*, trademark plaintiffs have a greater opportunity to recover infringer’s profits, making some trademark suits by small players against big defendants more economically palatable.