Proskauer

Update on Oral Argument in Romag: Supreme Court Considers Whether Willfulness is Required to Disgorge a Defendant's Profits under the Lanham Act

Proskauer on Advertising Law Blog on **January 15, 2020**

Last summer, we covered the Supreme Court's decision to grant certiorari in *Romag Fasteners v. Fossil* in order to decide whether § 1117(a) of the Lanham Act requires that a plaintiff make a showing of willfulness in order to obtain a trademark infringement defendant's profits for a violation of § 1125(a). As we noted in our previous post, although *Romag* involves allegations of trademark infringement, the case is of interest to advertising litigants because § 1117(a) governs damages for both trademark infringement and false advertising. Yesterday, the Supreme Court heard oral argument on this issue.

Romag, a manufacturer of magnetic snaps, alleges that defendants infringed its trademark by selling merchandise with metal snaps that feature the ROMAG mark. While the jury returned a verdict of trademark infringement, the district court declined to award plaintiff the defendants' profits on the ground that the plaintiff failed to show defendants acted willfully. The Federal Circuit affirmed and plaintiff petitioned the Supreme Court for certiorari.

The core issue, as petitioner's counsel framed it during yesterday's argument, is whether the willfulness inquiry acts as a "gateway on/off switch" that must be decided before courts can consider whether to award profits, or whether it is merely one of several factors to be weighed as part of the damages inquiry. Petitioner's counsel noted that the text of § 1117 explicitly mentions willfulness as a requirement for profits awards for violations of § 1125(c), but not for violations of §§ 1125(a) and (d). Respondents' counsel, however, noted that all awards under § 1117 are "subject to the principles of equity," which counsel argued courts have interpreted as meaning a showing of willfulness. This argument was addressed by Justices Ginsberg and Gorsuch, who questioned whether Congress would have incorporated a *mens rea* threshold so indirectly.

Much of the Supreme Court's questioning focused on whether a gateway willfulness requirement would limit courts' ability to address reckless behavior, with the Justices distinguishing between "reckless" and "willful" conduct. While counsel on both sides agreed that entirely accidental infringement was insufficient for an award of profits, Justices Sotomayor and Kavanaugh both noted that there is a range of behavior that is not innocent but does not rise to the level of willfulness. In probing the issue, Justice Kagan asked if it might be possible to forge a middle ground, such as by applying a presumption that willfulness must be shown in order for profits to be awarded. Petitioner's counsel argued that a presumption would still give too much weight to the willfulness question, while respondents' counsel reiterated that willfulness should be a threshold issue. In response to these concerns, Justice Breyer floated the possibility of simply making partial awards of profits, but Chief Justice Roberts expressed skepticism as to the viability of simply "split[ting] the baby" in this way.

The oral argument did not give a clear signal as to how the justices intend to decide the case, but we will provide an update here as soon as they do. Watch this space.

View Original

Related Professionals

- **Jeff H. Warshafsky**
  Partner