

Supreme Court Rules Intent Not Required for Trademark Profit Awards

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Business owners beware; if you want to avoid the risk of losing your profits, avoid using a trademark or service mark already used by another – regardless of its registration status. “Why should I care?” you ask. The United States Supreme Court just settled the issue, and the decision falls in favor of plaintiffs.

This morning in *Romag Fasteners, Inc. v. Fossil Group, Inc.*, the Supreme Court changed the landscape for trademark litigation damage awards and resolved a split in Circuit Courts of Appeal when it held “ [a] plaintiff in a trademark infringement suit [under 15 U.S.C § 1125(a)] is not required to show that a defendant willfully infringed the plaintiff’s trademark as a precondition to a profits award”

In general, the infringement of a registered trademark is prohibited under 15 U.S.C § 1114, whereas, the infringement of an unregistered or common law trademark and other acts of unfair competition are prohibited by 15 U.S.C § 1125(a). Both statutes effectively require the same finding of confusing similarity between a plaintiff’s mark and whatever the defendant is using to establish liability.

Plaintiffs with trademark registrations may bring actions under both statutes, as they are not mutually exclusive, but often do not favoring 15 U.S.C § 1114 because of the additional remedies that may be available, namely, the attorney’s fees and potential for treble damages in exceptional cases. For some time, certain District and Circuit Courts have required a finding of willfulness before awarding defendant’s profits.

Willfulness, i.e., knowingly infringing or infringing with callous disregard of another’s rights, for some courts has long been a precondition for determining whether a trademark owner may be entitled to a defendant’s profits under 15 U.S.C § 1125(a). While 15 U.S.C § 1117(a), which sets forth certain remedies for the violation of the trademark statutes cited therein, states that willfulness is a requirement for an award of profits under 15 U.S.C § 1125 (c) (Dilution), the language was never applicable to 15 U.S.C § 1125(a).

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In its ruling, the high court refused to read any such additional requirement into 15 U.S.C § 1125(a). Its reasoning largely being that the language at issue exists elsewhere in the statutes and if Congress intended for it to be applicable to 15 U.S.C § 1125(a) it would have expressly made it applicable.

We should all take this decision seriously. For those operating in interstate commerce, it is important to note that liability for the profits of a defendant neither requires a federal trademark registration nor a finding of willfulness. This means that the senior user of an unregistered or common law trademark can bring an action under 15 U.S.C § 1125(a) seeking an award of the defendant's profits.

Accordingly, careful consideration must be given to the adoption and use of trademarks, especially when businesses begin expansion and interstate commerce is affected. It is important to consult an experienced trademark practitioner to evaluate current or proposed trademarks prior to their adoption and use in the marketplace.

For trademark litigators, where a registered mark is infringed, it is all too common to favor 15 U.S.C § 1114 over 15 U.S.C § 1125(a), given the additional remedies available. Again, these sections of the act are not mutually exclusive, nor are they entirely redundant. Avoid the temptation to rely on a single federal statute for relief and include the cause of action under 15 U.S.C § 1125(a) as it may yield additional benefits beyond the limits of 15 U.S.C § 1117(a) and the sections incorporated therein.

For more information on this decision, please contact one of Lowndes trademark practitioners.