No. 18-1233

In the Supreme Court of the United States

ROMAG FASTENERS, INC.,
PETITIONER,
v.
FOSSIL, INC., FOSSIL STORES I, INC., MACY'S, INC., AND MACY'S RETAIL HOLDINGS, INC.,
RESPONDENTS.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF THE INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO AS AMICUS CURIAE IN SUPPORT OF NEITHER PARTY

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QUESTION PRESENTED

Whether, under section 35 of the Lanham Act, 15 U.S.C. § 1117(a), willful infringement is a prerequisite for an award of an infringer's profits for a violation of section 43(a), *id.*, § 1125(a).

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INTEREST OF AMICUS CURIAE[1]

The Intellectual Property Law Association of Chicago ("IPLAC") respectfully submits this brief as amicus curiae in support of neither party on the ultimate merits of the case.[2]

IPLAC requests that this Court resolve a circuit split and hold that § 1117(a) does not require a finding of a willful violation of 15 U.S.C. § 1125(a) to award a defendant's profits under the Trademark Act. IPLAC takes no position on whether Respondents' actions constituted infringement or on any other factual issue in this case.

Founded in 1884 in Chicago, Illinois, a principal forum for U.S. technological innovation and intellectual property litigation, IPLAC is the country's oldest bar association devoted exclusively to intellectual property matters. IPLAC has as its governing objects, *inter alia,* to aid in the development of intellectual property laws, the administration of them, and the procedures of the U.S. Patent and Trademark Office, the U.S. Copyright Office, and the U.S. courts and other officers and tribunals charged

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[1] Pursuant to Supreme Court Rule 37.6, no counsel for a party authored this brief in whole or in part and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person or entity, other than Amicus, its members or its counsel, has made a monetary contribution to the preparation or submission of this brief.

[2] Pursuant to Supreme Court Rule 37.3(a), both Petitioner and Respondents have provided written consents to the filing of amicus briefs in favor of either party or neither party.

with administration. IPLAC's over 1,000 voluntary members include attorneys in private and corporate practices in the areas of copyrights, patents, trademarks, trade secrets, and the legal issues they present before federal bars throughout the United States, as well as before the U.S. Patent and Trademark Office and the U.S. Copyright Office.[3] IPLAC's members represent innovators and accused infringers in roughly equal measure and are split roughly equally between plaintiffs and defendants in litigation.

As part of its central objectives, IPLAC is dedicated to aiding in developing intellectual property law, especially in the federal courts.[4]

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[3] In addition to the statement of footnote 1, after reasonable investigation, IPLAC believes that (a) no member of its Board or Amicus Committee who voted to prepare this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter, (b) no representative of any party to this litigation participated in the authorship of this brief, and (c) no one other than IPLAC, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

[4] Although over 30 federal judges are honorary members of IPLAC, none was consulted on, or participated in, this brief.

SUMMARY OF FACTS[5]

Petitioner Romag Fastener, Inc. ("Petitioner" or "Romag") produces magnetic fasteners that are used on fashion accessories. Starting in 2002, Respondent Fossil, Inc. ("Respondent" or "Fossil") contracted with Petitioner to use their products, marked with the ROMAG registered trademark, in Respondent's handbags and wallets.

In 2010, following several years of decreasing purchases by Respondent, Petitioner discovered fasteners in Respondent's products bearing Petitioner's mark.

Petitioner filed suit in the District of Connecticut, alleging trademark and patent infringement. In 2014, a jury found defendant Fossil liable for both patent and trademark infringement and made advisory awards. The district court reduced the patent damages because of Romag's laches and held as a matter of law that Romag could not recover Fossil's profits for trademark infringement because the jury had found that Fossil's trademark infringement was not willful.

Both parties appealed to the Federal Circuit. On the issue of whether a finding of no willful trademark infringement precludes an award of defendant's profits, the Federal Circuit applied Second Circuit law, whose law governed the case, which held that a

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[5] *See generally*, *Romag Fasteners, Inc. v. Fossil, Inc.*, 817 F.3d 782 (Fed. Cir. 2016).

finding of willful trademark infringement is required for an award of the defendant's profits under 15 U.S.C. § 1117(a). The Federal Circuit affirmed the district court's holding, and stated that it saw nothing in the 1999 Amendment of the statute or its history that permitted it to declare that the governing Second Circuit precedent was no longer good law.

Petitioner now appeals this decision.

SUMMARY OF ARGUMENT

This case presents a simple question: under section 35 of the Lanham Act, 15 U.S.C. § 1117(a), is willful infringement a prerequisite for an award of an infringer's profits for a violation of § 1125(a)?[6]

For the following reasons, IPLAC urges this Court to hold that the Lanham Act does not, and has never, required a plaintiff to show willfulness for an award of an infringer's profits for a violation of § 1125(a):

First, § 1117(a), through its grammatical structure, history, and context in conjunction with the dilution statute, does not require a plaintiff to show willful conduct.

Second, the principles of equity and foundational purposes of § 1117(a) and the Lanham Act disfavor any interpretation that would require a plaintiff to

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[6] Section 1125(a) and § 43(a) are used interchangeably in the case law and herein.

show willful conduct in order to be awarded an infringer's profits.

ARGUMENT

I. 15 U.S.C. § 1117(A) DOES NOT REQUIRE A SHOWING OF WILLFULNESS TO OBTAIN AN INFRINGER'S PROFITS UNDER 15 U.S.C. § 1125(A)

15 U.S.C. § 1117(a) requires a showing of willfulness only for a violation of § 1125(c) of the Lanham Act to obtain an infringer's profits, but not for a violation of § 1125(a). The parties have presented this case as a circuit split based on differing interpretations of 15 U.S.C. § 1117(a):[7]

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any

[7] Section 1125(c) and § 43(c) are used interchangeably in the case law and herein.

> damages sustained by the plaintiff, and (3) the costs of the action . . . ."

15 U.S.C. § 1117(a).

On its face, the statute itself leads to a single conclusion: to obtain an infringer's profits under § 1117(a), a plaintiff is not required to show a willful violation of §§ 1125(a) and (d). However, § 1125(c) does require a "willful violation" to obtain damages or the infringer's profits. Adding a willfulness requirement for § 1125(a)—nowhere to be found in the statute—directly contradicts this Court's rules for statutory interpretation, and rewrites the statute.

It is well settled that [courts] cannot rewrite a statute to be what it is not. "[A]lthough this Court will often strain to construe legislation so as to save it against constitutional attack, it must not and will not carry this to the point of perverting the purpose of a statute . . . or judicially rewriting it." *Commodity Futures Trading Comm'n v. Schor*, 478 U. S. 833, 841 (1986) (citations omitted). Similarly here, the Court should not interpret Section 1117(a) as requiring a showing of willfulness in order to obtain an infringer's profits under Section 1125(a), when this is not what the statute says.

This Court should find that the Courts of Appeals in the First, Second, Eighth, Ninth, Tenth and District of Columbia Circuits are incorrect in creating an additional requirement in § 1117(a) that was not expressly enacted or intended by Congress. Section 1117(a) should be interpreted based on its plain meaning, history, and related statutes, which lead to the conclusion that willfulness is not a prerequisite to an award of profits for a violation of § 1125(a).

The Court should reverse the Federal Circuit's decision because: (1) the plain language of Section 1117(a) shows that willfulness is not a requirement to obtain an infringer's profits under § 1125(a); (2) rules for statutory interpretation and the legislative history of § 1117(a) show that willfulness is not required; and (3) the structure of the dilution statute shows a willfulness requirement is found only in § 1125(c), not in § 1125(a). Equitable principles and § 1117(a)'s legislative history are defeated when the statute is read to require a willfulness finding for an award of an infringer's profits under § 1125(a).

For the foregoing and following reasons, IPLAC respectfully urges this Court to reverse the Federal Circuit's application of the incorrect law of the Second Circuit, and hold that 15 U.S.C. § 1117(a) does not require a finding of willfulness for an award of a trademark infringer's profits under 15 U.S.C. § 1125(a).

A. The plain language of § 1117(a) shows that willful infringement is not required to obtain an award of profits for a violation of § 1125(a)[8]

This Court has long held that "words are to be given the meaning that proper grammar and usage would assign them . . . the rules of grammar govern . . . statutory interpretation unless they contradict legislative intent or purpose."[9] *Nielsen v. Preap*, 139 S. Ct. 954, 965 (2019) (internal quotations and citations omitted).

> [The Court's] objective . . . is to ascertain the congressional intent and give effect to the legislative will . . . [a] basic canon of statutory construction is that words should be interpreted as taking their ordinary and plain meaning. Although in interpretation of statutory language reference should first be made to the plain and literal meaning of the words,

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[8] *See generally* NEW HART'S RULES: THE OXFORD STYLE GUIDE (Oxford U. Press, 2nd ed. 2014); THE ASSOCIATED PRESS STYLEBOOK (Associated Press, 2019); MERRIAM-WEBSTER (1828), https://www.merriam-webster.com/; BRYAN A. GARNER, GARNER'S MODERN AMERICAN USAGE (Oxford U. Press, 4th ed. 2016).

[9] Syntax is the umbrella term covering every element discussed in this section, including grammar. For purposes of clarity, the term grammar, as used in case law, shall be used throughout, though some elements are not grammatical in nature.

> the overriding duty of a court is to give effect to the intent of the legislature. A statute should ordinarily be interpreted according to its plain language, unless a clear contrary legislative intention is shown.

Bruce v. First Fed. Sav. & Loan Ass'n., 837 F.2d 712, 714 (5th Cir. 1988) (quoting *Philbrook v. Glodgett*, 421 U.S. 707, 713 (1975)), *superseded by statute on other grounds* (internal quotations omitted).

The relevant section is composed of two distinct dependent clauses: (1) "a violation under section 1125(a) or (d) of this title," and (2) "a willful violation under section 1125(c) of this title." 15 U.S.C. § 1117(a) (2008). Dependent clauses are phrases that cannot stand on their own as sentences and do not contain a complete thought; but, they may express distinct and separate ideas. *Identifying Independent and Dependant Clauses*, PURDUE UNIVERSITY ONLINE WRITING LAB, *available at* https://owl.purdue.edu/owl/general_writing/punctuation/independent_and_dependent_clauses/index.html (last visited Sept. 5, 2019). The first dependent clause, "a violation of 1125(a) or (d)," neither includes nor conveys instructions about willfulness. 15 U.S.C. § 1117(a).

The second dependent clause begins with the conjunction "or." This means that § 1117(a) can only result in one of two courses of action: (1) "a violation under section 1125(a) or (d) of this title, *or* a willful violation under section 1125(c) of this title." 15 U.S.C.

§ 1117(a) (emphasis added); *Or,* CAMBRIDGE DICTIONARY (2019), *avalaible at* https://dictionary.cambridge.org/us/grammar/british-grammar/linking-words-and-expressions/or. In order to award defendant's profits, one of two options occurs. First, §§ 1125(a) or (d) can be violated. Second, § 1125(c) is violated.

Further, although "willful" is featured within the sentence, its presence is limited to the second dependent clause. Dependent clauses are two separate ideas: applying "willful" to the first, when it was not written into that portion of the statute, defeats the strategic purpose of having distinct clauses within a sentence. *See Identifying Independent and Dependant Clauses*, *supra*.

Under rules of statutory interpretation, courts must apply traditional rules of grammar; if they create a singular result, the statutory language is interpreted at face value. *United States v. Palmer*, 16 U.S. 610, 637 (1818). Courts are also to assume that Congress says what it means and means what it says. *Rubin v. United States*, 449 U.S. 424, 430 (1981). Extending beyond this mandate oversteps into the legislature's territory. *National Ass'n of Mfrs. v. DOD*, 138 S. Ct. 617, 629 (2018) (holding that "those are not the words that Congress wrote, and this Court is not free to rewrite the statute to [a party's] liking . . . . Our constitutional structure does not permit this Court to rewrite the statute that Congress has enacted.") (internal quotations and citations omitted); *see also United States v. Thirty-Seven (37) Photographs*, 402 U.S. 363, 386 (1971) (Justice Black, H., *dissenting*) (stating that "we specifically declined to attempt to save a federal obscenity mail-blocking statute by redrafting it. The Court there plainly declared: 'it is for Congress, not this Court, to rewrite the statute.'") (quoting *Blount v. Rizzi*, 400 U.S. 410 (1971)).

This Court has instructed that the inquiry into applicability of a statute must end "[if it is] clear and unambiguous and plainly expresses the legislative intent" and that "the court will enforce the plain meaning without resort to interpretation." *Ashworth v. Albers Med., Inc.*, 395 F. Supp. 2d 395, 405 (S.D. W. Va. 2005); *see also Connecticut Nat'l Bank v. Germain*, 503 U.S. 249, 253-54 (1992) ("We have stated time and again that courts must presume that a legislature says in a statute what it means and means in a statute what it says there. When the words of a statute are unambiguous, then, this first canon is also the last: judicial inquiry is complete") (quoting *Rubin*, 449 U.S. at 430). For the foregoing reasons, IPLAC requests that this Court apply standard grammatical rules to § 1117(a) and find that it does not require a plaintiff to show willfulness in order to obtain defendant's profits upon a showing of liability under § 1125(a).

B. The statutory interpretation and legislative history of § 1117(a) show that Congress did not intend that plaintiffs must show willful infringement to recover an infringer's profits under § 1125(a)

The plain and ordinary language of § 1117(a) can only mean that willfulness is not a requirement in order to obtain a trademark infringer's profits under § 1125(a). This conclusion is unchanged upon examination of the legislative history of § 1117(a).

This Court has stated that congressional intent is the second hallmark of statutory interpretation: "[w]e look first, of course, to the statutory language, particularly to the provisions made therein for enforcement and relief. Then we review the legislative history and other traditional aids of statutory interpretation to determine congressional intent." *Middlesex Cty. Sewerage Auth. v. National Sea Clammers Ass'n*, 453 U.S. 1, 13 (1981); *see also Elliott v. Adm'r, Animal & Plant Health Inspection Serv.*, 990 F.2d 140, 144 (4th Cir. 1993) ("When we review . . . a statute which is not plain on its face, we look first to the intent of Congress."); *Bruce*, 837 F.2d at 714 ("Although in interpretation of statutory language reference should first be made to the plain and literal meaning of the words, the overriding duty of a court is to give effect to the intent of the legislature"). Courts may not speculate about the meaning of a statute, if the meaning is plain on its face. *Carter v. United States*, 530 U.S. 255, 272 (2000) (holding that "our inquiry focuses on an analysis of the textual product of Congress' efforts, not on speculation as to the internal thought processes of its Members.")

Section 43(a) of the Lanham Act has never explicitly required a plaintiff to prove willfulness to be awarded an infringer's profits. Nothing in the legislative history of the Act or its subsequent iterations leading to the 1999 Amendment made any mention of a distinct willfulness requirement or intent that courts apply one. A requirement of willfulness to obtain an infringer's profits under § 1125(a) is a judicially created rule, unsupported by any explicit statute or interpretation of congressional intent.

In 1999, to resolve confusion resulting from the Federal Trademark Dilution Act, Congress amended § 1117(a) by striking "or a violation under section 43(a)," and inserting "a violation under section 43(a), or a willful violation under section 43(c)." 15 U.S.C. § 1117(a). Elsewhere, Congress simply added language. But, in this particular spot, they deleted language, and replaced it with the same phrase and an additional phrase requiring a finding of willfulness for a different portion of the statute. This shows Congress' intent that willfulness only be required for § 43(c), and not for § 43(a). To speculate other grounds of applicability casts aside congressional intent and distorts the "established rule of statutory interpretation [that] cannot be overcome by judicial speculation." *Bilski v. Kappos*, 561 U.S. 593, 608 (2010).

The Federal Circuit, applying Second Circuit case law, has concluded that the methodology of the 1999 Amendment of § 1117(a) means nothing. *Romag Fasteners, Inc. v. Fossil, Inc.*, 817 F.3d 782 (Fed. Cir. 2016). Read broadly, this line of cases states that unless Congress explicitly prohibits courts from applying a willfulness standard, then the statute must require willfulness. *International Star Class Yacht Racing Ass'n v. Tommy Hilfiger U.S.A., Inc.*, 80 F.3d 749 (2d Cir. 1996); *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992). This does not follow and suggests that these courts are telling Congress how it must legislate. This Court has long held that "[w]here Congress has not seen fit to provide for a higher [standard] and has set a definite [standard] that governs this litigation, the courts may not legislate to the contrary." *Kaiser Aluminum & Chem. Corp. v. Bonjorno*, 494 U.S. 827, 840 (1990). "It is the job of Congress and not the judiciary to remedy possible imperfections in a comprehensive statutory framework. This principle is all the more compelling since Congress is making active attempts to redraw the lines . . . " *Gaspard v. United States*, 713 F.2d 1097, 1103 n.13 (5th Cir. 1983). In this case, Congress distinctly drew bright lines for obtaining damages. However, on the issue presented here, some circuits have seen fit to either "remedy" perceived imperfections in the statue, or silently acquiesce to these "remedies."

Likewise, the argument that the status quo before the amendment can continue due to a lack of explicit congressional intent about the statutory language is wrong. Not only because of the foregoing argument, but because this Court emphasizes that:

> [O]ur observations on the acquiescence doctrine indicate its limitations as an expression of congressional intent. "It does not follow . . . that Congress' failure to overturn a statutory precedent is reason for this Court to adhere to it. It is 'impossible to assert with any degree of assurance that congressional failure to act represents affirmative congressional

> approval of the [courts'] statutory interpretation . . . . Congressional inaction cannot amend a duly enacted statute.'"

Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A., 511 U.S. 164, 186 (1994) (internal quotations and citations omitted).

Even if congressional intent were silent, this Court holds that "such silence, while permitting an inference that Congress intended to apply ordinary background . . . principles, cannot show that it intended to apply an unusual modification of those rules. This Court has applied unusually strict rules *only* where Congress has specified that such was its intent." *Meyer v. Holley*, 537 U.S. 280, 281 (2003) (emphasis added). This Court should stand by the well-settled precedent that "interpretation [that] attempts to divine congressional intent from congressional silence [is] an enterprise of limited utility that offers a fragile foundation for statutory interpretation." *See Polar Bear Prods. v. Timex Corp.*, 384 F.3d 700, 717-718 (9th Cir. 2004).

Considering the foregoing, "[s]imply declaring [violations of § 1125(a) to require willfulness to obtain defendant's profits] is a semantic sleight of hand that avoids the real question of statutory interpretation and congressional intent." *See United States v. Corey*, 232 F.3d 1166, 1188 (9th Cir. 2000). "The judiciary is the final authority on issues of statutory construction and must reject . . . constructions which are contrary to clear congressional intent." *Chevron, U.S.A., Inc. v.*

NRDC, Inc., 467 U.S. 837, 843 n.9 (1984). The legislative history and language of § 1117(a) show no indication that Congress considered adding a willfulness requirement for obtaining an infringer's profits under § 1125(a). Instead, § 1117(a) indicates that Congress intended only to require willfulness under § 1125(c). Even if the congressional silence argument is entertained, "[t]he suggestion that this Court can, in some cases, better divine Congress' will . . . by listening to congressional silence than to a clear legislative statement substitutes telepathy for statutory interpretation." *Hilton v. South Carolina Pub. Rys. Comm'n*, 502 U.S. 197, 211 (1991). For the foregoing reasons, IPLAC respectfully requests that this Court reverse the Federal Circuit by finding that § 1117(a) cannot be interpreted to require willfulness for an award of an infringer's profits under § 1125(a).

C. The Federal Trademark Dilution Act and the 1999 Amendment show why § 1117(a) does not require willful infringement to obtain an award of an infringer's profits under § 1125(a)

The structure of the Federal Trademark Dilution Act serves as an explanation for the differing standards to obtain defendant's profits. The dilution statute, as written, provides for equitable rather than monetary recovery:

> Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be

entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

. . .

In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 1116 of this title. The owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, *subject to* the discretion of the court and *the principles of equity* if—

. . .

(B) in *a claim arising under this subsection*—

(i) by reason of dilution by blurring, the person against whom the injunction is sought *willfully intended* to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction

> is sought *willfully intended* to harm the reputation of the famous mark.

15 U.S.C. § 1125(c) (emphasis added).

When enacted in 1996, § 1125(c) caused confusion, because § 1125(a), a separate cause of action in the statute, did not mention available remedies. In implementing the Federal Trademark Dilution Act, Congress specifically and intentionally enacted a statute for which an injunction was the primary and only remedy available for a standard, non-willful showing of dilution. Monetary remedies would only be available upon a finding of willfulness and violation of the statute, because stopping dilution of the mark was the primary objective of the statute:

> [D]ilution [is] a whittling away of a famous trademark's reputation to the point that its identity is lost forever . . . [w]hether it is to prevent the whittling away of a famous mark's selling power or to quarantine an infection before it spreads or to stop subsequent uses that blur the distinctiveness of a famous mark, the idea is the same. Dilution is often a slow and not so easily measured process that, if not halted in its incipiency, will damage beyond repair the reputation of the mark and all the important qualities—such as safety, quality, and reliability—that are associated with that mark by consumers.

H.R. Rep No. 107–53, at 15-16 (2004).

An injunction stops the "whittling away." *Id.* This goal is explicity reflected in the text of § 1125(c): ". . . the owner of a famous mark . . . shall be entitled to an injunction against another person who . . . commences use of a mark or trade name in commerce that is likely to cause dilution . . . ." 15 U.S.C. § 1125(c). "[T]he measure is referred to as a protective measure, something that is meant to prevent harm before it occurs. For this reason, Congress specified that injunctive relief would be the primary remedy afforded in dilution cases." H.R. Rep. No. 107–53, *supra.*

Congress wrote that monetary damages were to be a secondary consideration in the dilution statute. The purpose of a dilution statute was to *stop* parties from "whittling away" at a famous mark, not to create a cause of action to recover from harmful actions. *Id.* The dilution statute implies that parties should sue for the base purpose of stopping the diluting activity. If the action is especially grievous, *i.e.*, willful trademark infringement, only then are monetary damages available. This is written into both the direct text of § 1125(c), and the amended text of § 1117(a) to ensure consistency of the willfulness requirement for montary damages under § 1125(c) throughout the Lanham Act and avoid confusion. Section 1125(c) explicitly provides injunctive relief as the default relief in the first paragraph and only allows monetary damages for willful trademark dilution. 15 U.S.C. § 1125(c).

Moreover, the structure of § 1125(a) provides no limitations on the types of damages that can be recovered. Section 1125(a) is designed to compensate injured parties and protect the public from false or misleading acts or designations that have caused damages. Therefore, § 1125(a) is not meant to only provide a remedy for trademark owners; instead, it is meant to provide a remedy to parties injured by trademark infringement:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact
>
> . . .
>
> shall be liable in a civil action by *any person* who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a) (emphasis added).

Where § 1125(c) is designed to *stop* an infringer from diluting a plaintiff's mark, § 1125(a) is designed to make victims, of false or misleading designations made in conjunction with a mark, *whole*. Victims under § 1125(a) could not be made whole solely with an injunction.

Further, the Federal Trademark Dilution Act failed to add § 1125(c) to the Lanham Act remedies section under § 1117(a). In the 1999 Amendment, Congress emphasized that "[s]ection three seeks to clarify that in passing the Dilution Act, Congress did intend to allow for injunctive relief and/or damages against a defendant found to have *willfully* intended to engage in commercial activity that would cause dilution of a famous trademark." H.R. Rep. No. 106-250, at 6 (1999) (emphasis added).

Section 1125(c), in purpose and enactment, is not related to § 1125(a). In 1999, Congress deleted the damages language pertaining to § 1125(a), in § 1117(a), replacing it with the nearly the same language—that did not require willfulness—and added § 1125(c) with its explicit willfulness requirement, first found in § 1125(c)(5)(B). As a result, Congress provided an explicit basis and intent for willfulness under § 1125(c), and, consequently, § 1117(a). No similar basis and intent exists for a willfulness requirement under § 1125(a).

This Court has long held to a standard of deferrence to congressional intent: "[C]onstruction of [a] statute is entitled to judicial deference unless there are compelling indications that it is wrong." *CBS v. FCC*, 453 U.S. 367, 390 (1981) (internal quotations omitted). It is Congress who chooses how to write the statutes, not the courts. *Michigan v. Bay Mills Indian Cmty.*, 572 U.S. 782, 794 (2014) ("[R]ejecting a similar argument that a statutory anomaly . . . made not a whit of sense, we explained in one recent case that Congress wrote the statute it wrote—meaning, a statute going so far and no further"). Nothing in § 1117(a) or its context justifies a higher standard for awarding defendant's profits under § 1125(a). IPLAC respectfully urges this Court to defer to the intent expressed by Congress through the distinct grammatical structure, the legislative history and the dilution statute, and find that § 1117(a) does not require a plaintiff to show willfulness in order to obtain a defendant's profits for violating § 1125(a).

II. THE PRINCIPLES OF EQUITY AND PURPOSE OF § 1117(A) DISFAVOR REQUIRING A SHOWING OF WILLFUL INFRINGEMENT UNDER § 1125(A) TO OBTAIN AN INFRINGER'S PROFITS

Holding that a plaintiff must show willfulness employs a rigid formula that this Court has consistently rejected under principles of equity. Instead, courts should apply a "case-by-case exercise of their discretion, considering the totality of the circumstances." *See Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014). Section 1117(a) explicitly states that awarding defendant's profits following a violation of § 1125(a) is subject only to "the provisions of sections 1111 and 1114 . . . [and] to the principles of equity." 15 U.S.C. § 1117(a).

As one of the leading treatises on trademarks has noted, if § 1117(a) is interpreted correctly, "[p]rofits are not automatically awarded when infringement is proved . . . courts balance a variety of equitable factors in determining whether to award an accounting for profits to a successful plaintiff." 4 Gilson on Trademarks § 14.03 (2019). Indeed, any argument that suggests that since Congress did not prohibit the willfulness requirement, it must have encouraged it, fails the basic logic test. Further, this would be inapposite to the basic premise of the Lanham Act: making infringement unprofitable. *See, e.g.*, *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.2d 738, 744 (7th Cir. 1985).

Adding requirements that Congress did not contemplate "superimposes an inflexible framework onto statutory text that is inherently flexible." *Octane Fitness, LLC*, 572 U.S. at 555. This Court has recognized that statutory interpretation must yield to the flexible principles inherent and explicitly ingrained in the statute. *Noxell Corp. v. Firehouse No. 1 Bar-B-Que Rest.,* 771 F.2d 521 (D.C. Cir. 1985).

At no point in the statute does Congress ever require that plaintiffs show willful conduct:

> Other than general equitable considerations, there is no express requirement that the parties be in direct competition or that the infringer willfully infringe the trade dress to justify an award of profits . . . Profits are awarded under different rationales including unjust enrichment, deterrence, and compensation. . . . Where plaintiff seeks an award of damages, plaintiff must show that defendant's infringement caused those losses. Here,

> however, an award of profits was appropriate under either a deterrence or unjust enrichment theory even if plaintiff's actual sustained losses may have been less.

Roulo v. Russ Berrie & Co., 886 F.2d 931, 941 (7th Cir. 1989).

The important public policy purposes foundational to this statute directly contravene any requirement that plaintiffs meet a higher burden. *Id.* at 942. These purposes are all but eliminated where the higher standard of willfulness is required.

This Court has upheld the principle of preventing unjust enrichment under the Lanham Act as the purpose of awarding defendant's profits. More than a century ago, this Court established a presumption that all profits stemmed from infringing activities unless the infringer could show such profits did not derive from the infringing activity. *See, e.g.*, *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 259-60 (1916) (holding and indicating that all profits were to be awarded absent a showing that the profits did not arise from the infringing conduct:

> The infringer is required in equity to account for and yield up his gains to the true owner, upon a principle analogous to that which charges a trustee with the profits acquired by wrongful use of the property of the cestui que trust . . . . As already observed, the decree under review allows profits only, confines the

> allowance to such as accrued after the commencement of the suit, and *excludes all sales* where the term "American Lady" was *accompanied with any other matter clearly indicating* that such shoes were of the manufacture of the Hamilton-Brown Shoe Company (internal quotations and citations omitted; emphasis added)).

This concept was adopted and incorporated into the Lanham Act in § 1117(a) and has been thoroughly examined—and accepted—by nearly every district.[10] If a party misuses and infringes a trademark, "he shall lose the whole, for the reason that the fault is his; and it is but just that he should suffer the loss rather than an innocent party, who in no degree contributed to the wrong." *WMS Gaming, Inc. v. WPC Prods. Ltd.*, 542 F.3d 601, 608 (7th Cir. 2008) (quoting *Hamilton-Brown Shoe Co.*, 240 U.S. 251 at 259-60). Shifting the burden of proof for profits to plaintiffs through willfulness erases this sacred rule and opens the door for unjust windfalls to infringers. Placing the onus on defendants "promotes honesty and comports with experience to assume that the wrongdoer who makes profits from the sales of goods bearing a mark belonging to another was enabled to do so because he was drawing upon the good will generated by that mark." *WMS Gaming, Inc.*, 542 F.3d at 608 (citing *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge*

[10] *See* 15 U.S.C. § 1117(a). ("In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. . . .").

Co., 316 U.S. 203, 207 (1942)). A defendant may even show, through accounting, that no profits were attained through the infringement. *Id.* at 609. The structure of this Court's rule, that Congress ingrained into § 1117(a), requires a plaintiff only to show profits, nothing more. It is the defendant who must show that their profits were not the result of the infringing activity; otherwise, they forfeit all profits under the principles of equity and unjust enrichment. *See FTC v. Vylah Tec LLC*, 378 F. Supp. 3d 1134, 1139 (M.D. Fla. 2019) ("Once Plaintiffs establish a reasonable approximation of unjust enrichment, the burden of proof shifts to Defendants to rebut Plaintiffs' calculations.").

"The underlying maxim is that [awarding Defendant's profits] is an equitable action. Associated with that is the notion that a wrongdoer should not be allowed to profit from his own wrong." 1 BERGMAN ON NEW YORK MORTGAGE FORECLOSURES § 5.05 (2019) (citing *Campbell v. Thomas*, 897 N.Y.S. 2d 460, 471 (NY App. Div. 2010)). Whether willful or not, violating § 1125(a) results in an injury; it contradicts the purposes of the statute and the principles of equity to require a plaintiff to show willfulness. Otherwise, infringers would be allowed to retain profits from their wrongdoing.

> [T]his can lead to invocation of the *Riggs* doctrine, which requires that no one will be allowed to profit by his own fraud or to take advantage of his own wrong or to base any claim upon his own inequity. Under this doctrine, a wrongdoer is

> deemed to have forfeited the benefit that would flow from his wrongdoing.

BERGMAN, *supra*.

Requiring willfulness in order to obtain an infringer's profits after violating § 1125(a) undercuts a base purpose of § 1117(a): to prevent unjust enrichment. It becomes the plaintiffs' burden to prevent unjust enrichment, even though they are the harmed party. Plaintiffs who cannot show willfulness cannot recover unjustly obtained profits. This is antithetical to the language ingrained in § 1117(a). "The principle which lies at the bottom of the maxim, *volenti non fit injuria*, should be applied to [this]" case: An infringer should not be allowed to retain profits from a situation they created themselves. *Riggs v. Palmer*, 115 N.Y. 506, 514 (1889). Defendants who have been found liable assume the risks of litigation and should not be allowed to retain profits from their unlawful activities, even if plaintiffs cannot meet the high burden of showing willful conduct.

"Under the civil law evolved from the general principles of natural law and justice by many generations of jurisconsults, philosophers and statesmen, one cannot take property by inheritance or will from an ancestor or benefactor whom he has murdered." *Riggs*, 22 N.E. at 190 (*citing* Jean Domat, part 2, book 1, tit. 1, § 3; Code Napoleon, § 727; Mackeldy's Roman Law, 530, 550). This Court recognizes that one should not profit from their own wrongdoing. *Simon & Schuster, Inc. v. Members of the N.Y. State Crime Victims Bd.*, 502 U.S. 105, 119 (1991) ("[N]o one shall be permitted to profit by his own fraud, or to take advantage of his own wrong, or to found any claim upon his own iniquity, or to acquire property by his own crime.") (quoting *Riggs*, 115 N.Y. at 514).

Preventing unjust enrichment both acts as a personal equitable remedy for plaintiffs and deterrence in order to protect the public. *Merck Eprova AG v. Gnosis S.p.A.*, 760 F.3d 247, 261 (2d Cir. 2014). A defendant found liable under § 1125(a) should not be allowed to keep its profits from its infringement. A prevailing plaintiff also should not be responsible for meeting a higher burden than required by § 1125(a) in order to prevent unjust enrichment.

CONCLUSION

For the foregoing reasons, IPLAC respectfully urges the Court to reverse the Federal Circuit's decision and hold that 15 U.S.C. § 1117(a) does not require a plaintiff to show willful conduct for an award of defendant's profits under § 1125(a) of the Lanham Act.

Respectfully submitted,

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