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.

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

BRIEF FOR THE PETITIONER

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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).

PARTIES TO THE PROCEEDING
AND CORPORATE DISCLOSURE STATEMENT

The parties to the proceedings below are Romag Fasteners, Inc.; Fossil, Inc.; Fossil Stores I, Inc.; Macy's, Inc.; Macy's Retail Holdings, Inc.; Belk, Inc.; The Bon-Ton Stores, Inc.; The Bon-Ton Department Stores, Inc.; Dillard's, Inc.; Nordstrom, Inc.; Zappos.com, Inc.; and Zappos Retail, Inc.

Petitioner Romag Fasteners, Inc. has no parent corporation, and no publicly held company owns ten percent or more of its stock.

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES

Page(s)

Cases:

Page(s)

Cases—continued:

Page(s)

Cases—continued:

Page(s)

Cases—continued:

Statutes:

Page(s)

Page(s)

Page(s)

Other authorities—continued:

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OPINIONS BELOW

The opinion of the district court is reported at 29 F. Supp. 3d 85. Pet. App. 62a-105a. The opinion of the United States Court of Appeals for the Federal Circuit is reported at 817 F.3d 782. Pet. App. 16a-33a. The Federal Circuit's order reinstating its prior decision in part and remanding the case for further proceedings following this Court's vacatur in light of *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954 (2017), is not reported but is available at 686 F. App'x 889 (per curiam). Pet. App. 13a-15a. The Federal Circuit's order granting respondents' motion to dismiss petitioner's subsequent appeal in part is unreported, as are the Federal Circuit's judgment and order summarily affirming the judgment of the district court on remand. Pet. App. 1a-4a; Supp. App. 1a-4a.

JURISDICTION

The court of appeals summarily granted respondents' motion to dismiss petitioner's appeal in part on February 5, 2019 (Pet. App. 1a-4a), and summarily affirmed the judgment of the district court on March 27, 2019 (Supp. App. 1a-4a). This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), provides in pertinent part:

> 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 damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three

> times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Other relevant provisions of the Lanham Act are set forth at App. 128a-159a.

STATEMENT

The Lanham Act entitles prevailing plaintiffs to awards of infringers' profits—subject to "principles of equity"—for a violation of section 1114, "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). Petitioner Romag Fasteners, Inc. proved that respondent Fossil, Inc. infringed its trademark under section 1125(a) by using counterfeit Romag components on its handbags. The evidence showed that Fossil recognized the risk of counterfeit components in its supply chain in China, and the jury found that Fossil acted with "callous disregard" for Romag's rights. But the lower courts construed the Lanham Act to require a mark holder to prove an infringer's willfulness to recover the infringer's profits for a violation of section 1125(a). Because the jury found that Fossil's conduct was not "willful," Romag had no opportunity even to argue that the facts of its case warranted an award of profits.

Nothing in the Lanham Act requires this rigid result. No "willfulness" requirement appears in the statutory text. Rather, the text requires only a "violation" of section 1125(a) to recover an award of infringers' profits, while at the same time requiring a "willful violation" of section 1125(c), governing trademark dilution. That deliberate drafting choice must have meaning.

Congress made similar choices in other provisions of the Lanham Act. The Act contains numerous provisions in which Congress said that plaintiffs cannot prove a cause of action or recover certain relief, *including profits*, unless they prove a defendant's mental state. Reading a blanket "willfulness" requirement into section 1117(a) would make a mess of those provisions.

Fossil's contrary textual argument is really not about the text. Fossil argues that the phrase "principles of equity" in section 1117(a) incorporates a "willfulness" requirement from the common law. But equity, by its nature, gives courts flexibility to consider wide-ranging circumstances, including intent. Fossil's bright-line rule would eviscerate the flexibility inherent in equity, elevating "willfulness" above every other equitable consideration and ignoring other levels of culpability such as "callous disregard," recklessness, and gross negligence. Its rule has all of the downsides of arbitrary line-drawing and none of the upsides of the rule required by the plain text, which allows courts in any given case to rely on the absence of willfulness in fashioning relief. In any event, the common law does not help Fossil. The pre-Lanham Act common law relevant to trademarks encompassed different claims and theories of liability. Courts' treatment of the profits remedy across different common-law claims varied. In short, even under Fossil's approach to the statute, no uniform requirement of willfulness exists.

The decision below substantially undermines the Lanham Act's twin goals of protecting mark holders' investments in their marks and protecting the public from confusion. As a practical matter, an award of profits is often a mark holder's only remedy. Requiring willfulness in every case, regardless of other circumstances, would deny mark holders compensation and create perverse incentives for global manufacturers to avoid monitoring their supply chains. Nothing in the Lanham Act compels that result. The judgment of the Federal Circuit should be reversed.

A. Statutory Framework

The Lanham Act's basic "purpose . . . is twofold." H.R. Rep. No. 79-219, at 2 (1945). It "protect[s] the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get." *Id.* And the Act "has as its object the protection of trade-marks, securing to the owner the good-will of his business." *Id.* To those ends, the Act creates various causes of actions and specifies the remedies available for each claim.

1. **Causes of action.** The Lanham Act "mak[es] actionable the deceptive and misleading use" of both registered and unregistered marks. Pub. L. No. 79-489, § 45, 60 Stat. 427, 444 (1946) (codified at 15 U.S.C. § 1127).

a. **Section 1114: infringement of registered marks.** Section 1114 authorizes owners of registered marks to sue defendants (a) for the unauthorized use of "any reproduction, counterfeit, copy, or colorable imitation of a registered mark," or (b) for applying registered marks to any "labels, signs, prints, packages, wrappers, receptacles or advertisements" without permission. 15 U.S.C.

§ 1114(1)(a)-(b). This cause of action does not contain a mental-state requirement.

Section 1114, however, does condition the availability of some remedies on the defendant's mental state. Under section 1114(1), an infringer who applies a mark without permission, in violation of section 1114(1)(b), is not liable for "profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive." And under section 1114(2), an "innocent infringer" "engaged solely in the business of printing the mark . . . [is subject] only to an injunction against future printing." 15 U.S.C. § 1114(2)(A).

b. **Section 1125(a): false or misleading uses of registered or unregistered marks.** Section 1125(a) creates a cause of action against "[a]ny person who . . . uses in commerce any word, term, name, symbol, or device" or "any false designation of origin, false or misleading description of fact, or false or misleading representation of fact" if those representations are likely to cause confusion or deception about the origin, endorsement, or association of goods or services. *See* 15 U.S.C. § 1125(a).

That cause of action has no mental-state requirement, nor does section 1125(a) condition the availability of remedies on the defendant's mental state. Section 1125(a) overlaps with section 1114 —a plaintiff with a registered mark, for instance, can pursue claims simultaneously under both sections, as Romag did. Pet. App. 106a-107a; *see, e.g.*, *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992); *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 210 (3d Cir. 2000) ("identical standards" govern parallel claims under both provisions). But section 1125(a) "prohibits a broader range of practices" than section 1114. *Two Pesos*, 505 U.S. at 768 (internal quotation marks omitted). For example, it prohibits copying of trade dress, loosely defined as images used by a business. *Id.* at 764 n.1.

c. **Section 1125(c): dilution of registered or unregistered marks.** Section 1125(c) creates a cause of action for trademark dilution. Dilution is conduct that lessens the primary association consumers have with a famous trademark. Dilution can occur either through uses that "impair[] the distinctiveness of the famous mark" or through uses that "harm[] the reputation of the famous mark." 15 U.S.C. § 1125(c)(2)(B)-(C); *see Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 431 (2003). As with section 1125(a), the trademark-dilution cause of action in section 1125(c) does not have a mental-state requirement.

Like sections 1114(1) and (2), however, section 1125(c) also speaks to remedies. Section 1125(c)(1) authorizes owners of famous marks to obtain an injunction, "[s]ubject to the principles of equity," against anyone who uses the mark in a manner "likely to cause dilution." That injunctive remedy is available without regard to "the presence or absence of actual or likely confusion, of competition, or of actual economic injury." 15 U.S.C. § 1125(c)(1). An injunction under section 1125(c)(1) is also subject to the conditions "set forth in section 1116"—the Lanham Act provision that generally governs injunctive relief. 15 U.S.C. § 1125(c)(5).

Critically here, section 1125(c)(5) provides "[a]dditional remedies" for trademark dilution beyond injunctive relief when a plaintiff establishes willfulness. 15 U.S.C. § 1125(c)(5). This provision states that mark holders "shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title"—the Lanham Act provisions governing monetary relief and the destruction of infringing items—"subject to the discretion of the court and the principles of equity." *Id.* To qualify for those remedies, mark holders must establish that defendants either "*willfully* intended to trade on the recognition of the famous mark" or "*willfully* intended to harm the reputation of the famous mark." *Id.* § 1125(c)(5)(B)(i)-(ii) (emphases added).

d. **Section 1125(d): cyberpiracy of registered or unregistered marks.** Section 1125(d) prohibits persons other than mark holders from "register[ing], traffic[king] in, or us[ing]" the Internet domain name of a mark with bad-faith intent to profit from the mark—*i.e.*, cyberpiracy. 15 U.S.C. § 1125(d)(1)(A); *see* 15 U.S.C. § 1125(d)(1)(B)(i) (enumerating nine factors relevant to ascertaining bad-faith intent).

2. **Remedies.** Sections 1116, 1117, and 1118 set forth the principal remedies for violations of the foregoing causes of action.

a. **Section 1116: injunctive relief.** Section 1116 authorizes courts to enjoin trademark violations, "according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a [registered] mark" under section 1114, or "to prevent a violation under subsection (a), (c), or (d) of section 1125." 15 U.S.C. § 1116(a).

b. **Section 1117(a)**: **monetary damages.** Section 1117(a), the provision at issue here, authorizes monetary relief. It provides for awards of damages, infringers' profits, and costs "[w]hen *a violation* of any right of the registrant of a [registered] mark [under section 1114] . . . , *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." 15 U.S.C. § 1117(a) (emphases added).

Two further conditions apply to a successful plaintiff's right to recover damages, infringers' profits, and costs. *First*, the award is "subject to the provisions of sections 1111 and 1114," which limit monetary remedies against defendants with insufficiently culpable mental states or insufficient knowledge. *Id.*; *see also* pp. 5-6, *supra* (discussing section 1114).[1] *Second*, an award of damages, infringers' profits, and costs is "subject to the principles of equity." 15 U.S.C. § 1117(a).

Once a plaintiff establishes an entitlement to monetary relief, section 1117(a) gives courts discretion in setting the amount of the award. With respect to damages, courts have discretion to enter judgment "for any sum above the amount found as actual damages, not exceeding three times such amount." *Id.* With respect to profits, section 1117(a) requires a plaintiff "to prove [the] defendant's sales only; [the] defendant must prove all elements of cost or deduction claimed." *Id.* If a court finds "that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case." *Id.* An award of damages or profits must "constitute compensation and not a penalty." *Id.* Finally, "in exceptional cases," courts may also "award reasonable attorney fees to the prevailing party." *Id.*

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[1] Section 1111 eliminates the availability of profits and damages awards "in any suit for infringement" by registered-mark holders that do not give notice that their marks were registered "unless the defendant had actual notice of the registration." 15 U.S.C. § 1111.

c. **Section 1117(b): treble profits or damages.** Section 1117(b) requires courts to award "three times such profits or damages, whichever amount is greater, together with a reasonable attorney's fee," when infringers use a counterfeit of a registered mark in violation of section 1114(1)(a) with a culpable mental state. 15 U.S.C. § 1117(b); *see* 15 U.S.C. § 1116(d) (defining counterfeit marks). Courts can decline to make such an award of treble damages or profits only based on "extenuating circumstances." 15 U.S.C. § 1117(b).

d. **Section 1117(c) and (d): statutory damages**. Section 1117(c) creates a statutory-damages remedy for counterfeiting of registered marks. Plaintiffs may elect that remedy "instead of actual damages and profits under subsection [1117](a)." Statutory damages under section 1117(c) ordinarily cannot exceed $200,000 for each type of infringing goods or services. 15 U.S.C. 1117(c)(1); *see also* 15 U.S.C. § 1117(d) (providing statutory damages for cyberpiracy violations). "[I]f the court finds that the use of the counterfeit mark was willful," however, mark holders can recover up to "$2,000,000 per counterfeit mark per type of goods or services sold." 15 U.S.C. § 1117(c)(2).

e. **Section 1118: destruction of infringing articles.** Section 1118 provides that, once a mark holder proves "a violation" under section 1114, "a violation under section 1125(a) of this title, or a *willful violation* under section 1125(c) of this title," a court may order that the infringing items "be delivered up and destroyed." 15 U.S.C. § 1118 (emphasis added).

B. Factual and Procedural Background

1. Romag is a family business based in Milford, Connecticut. Romag sells patented magnetic snap fasteners

under its registered trademark, ROMAG, for use in wallets, handbags, and other leather goods. Pet. App. 17a. Howard Reiter, Romag's president, invented the snaps. He represents the fourth generation of hardware and fastener makers in his family.

Fossil designs, markets, and distributes fashion accessories, including handbags and small leather goods. Fossil does not manufacture its own products. Instead, Fossil contracts with factories outside the United States to produce its designs. Pet. App. 17a. Superior Leather Limited, which operates a factory in China, manufactured the Fossil products at issue.

In 2002, Fossil and Romag entered an agreement to use Romag fasteners in Fossil's products. Fossil agreed to instruct its manufacturers to purchase Romag fasteners from Wing Yip Metal Manufactory Accessories, Limited. Wing Yip is the sole authorized manufacturer of Romag fasteners in China. Pet. App. 17a.

Fossil's agents admitted at trial the "universal" knowledge that counterfeiting is a problem in China, both generally and with respect to handbag components such as Romag's snaps. App. 104a-105a, 108a. In fact, Fossil had reason to believe that its contract manufacturer, Superior, was using counterfeit components to manufacture Fossil handbags long before Romag sued in 2010. An internal Fossil email from 2008 suggested that Superior had "lie[d]" about the authenticity of zippers in the Fossil-branded handbags it manufactured. App. 117a-125a. The Fossil director ultimately responsible for the authenticity of products made in China acknowledged that Superior had a practice of "misle[ading] Fossil about materials they were using." App. 112a.

Recognizing those concerns, Fossil stationed quality-control inspectors in China. App. 110a-111a. It trained those employees to monitor the authenticity of zippers manufactured by international zipper giant YKK. App. 113a-114a. But—when it came to magnetic fasteners manufactured by Romag, a small family business—Fossil did nothing to guard against the known risk of counterfeiting. App. 113a.

2. In 2010, Reiter discovered that certain Fossil handbags sold in the United States contained counterfeit snaps bearing the Romag mark. Pet. App. 18a. Based on that discovery, Romag sued Fossil and retailers of Fossil products in the United States District Court for the District of Connecticut. Pet. App. 18a. Romag alleged that the defendants had infringed Romag's trademark and patent by selling Fossil handbags that contained counterfeit magnetic snap fasteners. Romag sought injunctive relief and monetary damages, including an award of defendants' profits under section 1117(a) of the Lanham Act.

After a seven-day trial in 2014, a jury found that Fossil had infringed Romag's registered trademark in violation of section 1114; falsely represented that its products came from the same source as Romag's in violation of section 1125(a); and infringed Romag's patent by using Romag's patented snap technology without authorization. Pet. App. 18a. In response to a special interrogatory, the jury found that Romag had not "proved by a preponderance of the evidence that Defendants' trademark infringement was willful." Pet. App. 18a; *see* Pet. App. 107a-108a.

The district court instructed the jury that it could award Fossil's profits to remedy trademark infringement under either of two different rationales. The jury could award profits if it found Fossil "ha[d] been unjustly enriched by use of [Romag]'s trademark" or if "there [was] a need to deter" future infringement, "or both." App. 67a. To award profits for deterrence, the jury had to find that Fossil "demonstrated a callous disregard of the known rights of Romag as a mark holder." App. 67a.[2]

The jury made advisory awards of Fossil's profits under both rationales. The jury determined that Fossil should pay $90,759.36 in profits to Romag "to prevent unjust enrichment." Pet. App. 108a. The jury then decided that $6,704,046 of profits "should be awarded to deter future trademark infringement." Pet. App. 109a. The jury found that 1% of Fossil's profits were attributable to its infringement.[3] Pet. App. 109a. The jury also awarded Romag patent damages at a royalty rate of $0.09 per unit, for a total of $51,052.14 against Fossil and $15,320.61 against Macy's, which retailed the infringing handbags. Pet. App. 109a. The district court later reduced the jury's patent-damages award by 18% for each of Macy's and Fossil on the basis of laches. Pet. App. 83a.

After a two-day bench trial on equitable defenses and remedies, *see* 15 U.S.C. § 1117(a), the district court held that "Romag is not entitled to any award of profits as a result of Plaintiff's failure to prove that Fossil's trademark infringement was willful." Pet. App. 95a (citing *Int'l Star Class Yacht Racing Ass'n v. Tommy Hilfiger,*

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[2] The court had previously recognized these two rationales based on Second Circuit case law. *See Romag Fasteners v. Fossil, Inc.*, 979 F. Supp. 2d 264, 278-83 (D. Conn. 2013) (citing *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir. 1992), and discussing callous disregard standard).

[3] The question whether a plaintiff may obtain only those profits attributable to the infringement is not before the Court. The district court held, in an earlier ruling, that the answer to that question depended on the rationale for recovery of profits. *See Romag*, 979 F. Supp. 2d at 274-85.

U.S.A., Inc., 80 F.3d 749, 753 (2d Cir. 1996)). The district court thus struck the jury's profits award in its entirety. Pet. App. 102a. The district court's opinion and analysis addressed the availability of a profits award only for Fossil's violation of section 1125(a), not for its infringement of Romag's registered trademark under section 1114; the subsequent appeal likewise focused only on the section 1125(a) claim. The Second Circuit, however, had held that willfulness is required to obtain awards of infringers' profits, both when the underlying claim arose under section 1114 and when the underlying claim arose under section 1125(a). *See, e.g.*, *Bambu Sales, Inc. v. Ozak Trading Inc.*, 58 F.3d 849, 850 (2d Cir. 1995), *abrogated on other grounds by 4 Pillar Dynasty LLC v. N.Y. & Co.*, 933 F.3d 202 (2d Cir. 2019); *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1540 (2d Cir. 1992).

3. On appeal, the Federal Circuit acknowledged that it was bound to follow Second Circuit precedent from 1992 holding that willfulness is required to recover infringers' profits. Pet. App. 22a (citing *George Basch Co.*, 968 F.2d 1532). In 1992, however, section 1117(a) did not distinguish between "a violation under section 1125(a) and (d)" and "a willful violation under section 1125(c)," as it presently does. Congress enacted section 1125(c), governing trademark dilution, in 1996, and required a showing of willfulness to obtain damages and profits under that new provision. *See* Pub. L. No. 104-98, § 3(a), 109 Stat. 985, 985-96 (1996) (codified at 15 U.S.C. § 1125(c)(5)). In 1999, Congress amended section 1117(a) to carry over this willfulness limitation. *See* Pub. L. No. 106-43, § 3, 113 Stat. 218, 219 (1999); Pub. L. No. 106-113, § 3003, 113 Stat. 1501, 1501A-549 (1999); Pub. L. No. 107-273, § 13207, 116 Stat. 1758, 1906 (2002).

The Federal Circuit concluded that the 1999 amendment would not change the result in the Second Circuit. The Federal Circuit reasoned that "the limited purpose of the 1999 amendment" adding "or a willful violation under section 1125(c)" to section 1117(a) was to clarify that damages and profits were available for a willful violation of section 1125(c). Pet. App. 29a-30a. The panel thus did not believe that the 1999 amendment affected prior Second Circuit decisions construing section 1117(a) to require a showing of willfulness to recover profits for violations of 1125(a). Pet. App. 30a-31a.

As to the statutory text, the Federal Circuit dismissed the distinction between "a violation" of sections 1125(a) and (d) and "a willful violation" of section 1125(c) because the relevant "statutory provisions [were not] enacted at the same time." Pet. App. 31a. The panel also rejected Romag's reliance on other provisions of the Lanham Act that condition recovery of monetary relief on a culpable mental state because those provisions involve remedies in addition to profits. Pet. App. 32a.

4. Romag petitioned for a writ of certiorari, raising both the question currently presented and the question whether and to what extent laches may bar an award for patent infringement. Because the Court resolved the second question in *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954 (2017), the Court granted Romag's petition, vacated the Federal Circuit's decision, and remanded for further proceedings. 137 S. Ct. 1373 (2017).

The Federal Circuit recalled its mandate and reinstated the appeal, along with "those aspects of [its] earlier decision and judgment . . . affirming the district court's judgment declining to award Fossil's profits." Pet. App.

15a. The Federal Circuit remanded the case to the district court for entry of a new judgment consistent with *SCA Hygiene Products*. Pet. App. 14a.

On remand, the district court entered an "Amended Partial Final Judgment" awarding Romag patent damages in the full amount of the jury's verdict, $51,052.14 against Fossil and $15,320.61 against Macy's, but reserving the question whether Romag was entitled to prejudgment interest. Pet. App. 12a. The district court later entered an amended final judgment, providing for prejudgment interest, attorneys' fees, and costs. Pet. App. 8a-10a. It amended that judgment in immaterial respects. Pet. App. 5a-7a.

5. Romag appealed again to the Federal Circuit. Pet. App. 3a. Fossil moved to dismiss the portion of the appeal that addressed the question presented here, arguing that the issue had already been litigated and reaffirmed by the Federal Circuit on remand from the Supreme Court. Pet. App. 2a-3a.

On February 5, 2019, the Federal Circuit granted the motion "to the extent that the appeal is limited to issues decided by the district court in its orders after the remand from this court"—*i.e.*, the patent-damages issues. Pet. App. 3a. Following that order, Romag informed the Federal Circuit that its "sole remaining challenge to the district court's judgment in this case concerns the Lanham Act profits issue" and that no further issues thus remained to be briefed. Notice, *Romag Fasteners, Inc. v. Fossil, Inc.*, No. 18-2417, ECF No. 35 (Feb. 19, 2019). The Federal Circuit summarily affirmed the judgment of the district court and entered a final judgment. Supp. App. 1a-4a.

SUMMARY OF ARGUMENT

The Lanham Act does not require a showing of willfulness as a prerequisite to awards of infringers' profits under section 1117(a).

A. Section 1117(a), by its terms, does not require a showing of willfulness as a prerequisite to awards of infringers' profits in all cases. That omission is dispositive. Congress also carefully distinguished in section 1117(a) between "a violation of" section 1114, 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). The Act repeats that distinction in section 1118, governing destruction of infringing products. This Court presumes that Congress acts intentionally when, as here, it uses particular language in one part of a statute but not elsewhere. Had Congress wanted to impose a uniform willfulness requirement to recovery of profits, it easily could have done so.

The broader structure of the Act confirms the absence of any willfulness requirement to recover infringers' profits here. Throughout the Lanham Act, Congress conditioned liability and relief on defendants' mental state, including in sections 1117(b) (enhanced damages and profits), 1117(c) (statutory damages instead of damages or profits), 1114 (cause of action for infringement of registered marks), and 1125(d) (cause of action for cyberpiracy). Reading an implicit willfulness requirement into section 1117(a) to recover infringers' profits creates tension—if not outright conflict—with the mental-state requirements in these other provisions, providing yet further proof that section 1117(a) means what it says.

B. Fossil argues that the phrase "principles of equity" in section 1117(a) incorporates a common-law rule that a plaintiff must prove willfulness to recover an infringer's profits. Equity, however, gives courts discretion to shape relief to all the circumstances of a given case. This Court accordingly has rejected bright-line rules for equitable remedies in other intellectual-property contexts. Fossil's proposed rule fails to account for varying degrees of culpability that may be present in a given case. Here, for instance, the jury found that Fossil acted with "callous disregard" for Romag's rights, but Fossil's black-and-white rule precluded the court even from considering a profits award. That result defies the flexible nature of equity.

Fossil's argument that "principles of equity" incorporates a bright-line willfulness requirement also flouts the plain text. In *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985), the Court refused to interpret the same "principles of equity" phrase in section 1116 of the Lanham Act in a way that would conflict with the plain text. So too here, the Act's text and structure make clear that willfulness is not a prerequisite to awards of profits. Fossil's approach would require courts to comb century-old common law—which does not map cleanly onto the Lanham Act's causes of action—for evidence of atextual limitations to recovery.

In any event, when the Lanham Act was enacted, background principles regarding the availability of infringers' profits to remedy trademark infringement were anything but uniform or well established. Courts often granted profits awards under the common law of trademark infringement without requiring or discussing willfulness. This Court did not require willfulness in its cases applying the predecessor 1905 trademark act. Fossil's contrary cases largely involve unfair-competition claims that did not address protectable trademarks. Even those unfair-competition cases did not uniformly require willfulness.

C. The plain-text interpretation of section 1117(a) best promotes the Lanham Act's goals of protecting mark holders and the public. Often, an award of infringers' profits will be the only meaningful remedy for infringement. A rigid willfulness requirement could preclude any recovery. This concern is all the more acute in today's global economy. If willfulness is required for plaintiffs to obtain profits awards, defendant manufacturers will have little incentive to monitor their supply chains to prevent trademark infringement. Consistent with these policy considerations, courts have rejected bright-line willfulness requirements for recovery of infringers' profits under both copyright and patent law. There is nothing unique about trademark law that would justify a different result.

ARGUMENT

WILLFULNESS IS NOT REQUIRED UNDER SECTION 1117(A) TO AWARD INFRINGERS' PROFITS FOR VIOLATIONS OF SECTION 1125(A)

The courts of appeals are divided on whether a plaintiff must prove willfulness to recover profits under section 1117(a). Some courts, applying the plain text, do not require a showing of willfulness. *See, e.g.*, *Quick Techs., Inc. v. Sage Grp. PLC*, 313 F.3d 338, 349 (5th Cir. 2002). Others hold that a showing of willfulness is a prerequisite to recovery of infringers' profits, including under both section 1114 and section 1125(a). *See, e.g.*, *4 Pillar Dynasty*, 933 F.3d at 209 (section 1114); *Minn. Pet Breeders, Inc. v. Schell & Kampeter, Inc.*, 41 F.3d 1242, 1247 (8th Cir. 1994) (section 1114); *George Basch Co.*, 968 F.2d at 1537 (section 1125(a)). Despite this confusion, the text, structure, and policies of the Lanham Act point to one clear answer. Mark holders need not prove willfulness to recover an infringer's profits.

A. The Statutory Text and Structure Compel the Conclusion That Willfulness Is Not Required

Section 1117(a)'s text refutes the notion that a mark holder must always prove willfulness to recover an infringer's profits, and instead requires willfulness only as a prerequisite to monetary relief for trademark-dilution violations under section 1125(c). The rest of the Lanham Act reinforces that conclusion.

1. The Text of Section 1117(a) Does Not Require a Showing of Willfulness

Statutory interpretation begins with the text—and when, as here, the text is unambiguous, that is also where the inquiry ends. *Puerto Rico v. Franklin Cal. Tax-Free Tr.*, 136 S. Ct. 1938, 1946 (2016); *Lamie v. U.S. Tr.*, 540 U.S. 526, 534 (2004). The text of section 1117(a) unambiguously omits any willfulness requirement for awards of monetary relief under section 1125(a). Again, section 1117(a) states in relevant part:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office [including a violation of § 1114], 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[,] 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 damages sustained by the plaintiff, and (3) the costs of the action.

15 U.S.C. § 1117(a).

Section 1117(a) requires mark holders to establish "a violation under section 1125(a) or (d)" as a prerequisite to recovering damages, profits, or costs. Under the plain text, therefore, any violation of those provisions suffices, not just willful ones. The modifier "willful" appears nowhere in that phrase. Nor does the word "willful" appear anywhere in section 1125(a) as an element of the false-representation cause of action. The Court has a "duty to refrain from reading a phrase into the statute when Congress has left it out." *Keene Corp. v. United States*, 508 U.S. 200, 208 (1993); *see also Dean v. United States*, 556 U.S. 568, 572 (2009) (the Court "ordinarily resist[s] reading words or elements into a statute that do not appear on its face" (quoting *Bates v. United States*, 522 U.S. 23, 29 (1997)). That cardinal principle of statutory construction should end the case.

The rest of section 1117(a) confirms that violations of section 1125(a) need not be willful for a successful plaintiff to be eligible for monetary relief. Section 1117(a) makes a "violation" under section 1114, a "violation under section 1125(a) or (d) of this title, or *a willful violation* under section 1125(c) of this title" prerequisites to all forms of monetary relief, including profits. 15 U.S.C. § 1117(a) (emphasis added).

Congress made the same distinction between "a violation" of some provisions and "a willful violation under section 1125(c)" in the very next section. *See* 15 U.S.C. § 1118. That provision, section 1118, authorizes the destruction of infringing articles in actions involving a "violation of any right of the registrant of a [registered] mark" under section 1114, "a violation under section 1125(a) of this title, or a *willful* violation under section 1125(c) of this title." 15 U.S.C. § 1118(a) (emphasis added).

This Court presumes that Congress "acts intentionally when it uses particular language in one section of a statute but omits it in another." *Dep't of Homeland Sec. v. MacLean*, 135 S. Ct. 913, 919 (2015) (citing *Russello v. United States*, 464 U.S. 16, 23 (1983)). That rule "applies with particular force" when the relevant phrases appear, as here, "in close proximity—indeed, in the same sentence." *Id.* at 919; *see also Loughrin v. United States*, 573 U.S. 351, 358 (2014). In the span of twenty words, sections 1117(a) and 1118 distinguish between "a violation," on the one hand, and "a willful violation," on the other. Refusing to differentiate between those two neighboring phrases would be "simply contrary to any reasonable interpretation of the text." *MacLean*, 135 S. Ct. at 919-20 (internal quotation marks omitted).

Congress had compelling textual reasons to limit the availability of monetary relief under section 1117(a) and destruction under section 1118 to willful violations of section 1125(c), while omitting any similar prerequisite for violations of sections 1114, 1125(a), or 1125(d). Section 1125(c)(5) provides that famous-mark holders that establish any type of trademark dilution can obtain an injunction pursuant to section 1116. But famous-mark holders must also establish that the defendant "willfully intended" to exploit the famous mark or harm its reputation to obtain "the remedies set forth in sections 1117(a) and 1118." 15 U.S.C. § 1125(c)(5). Congress thus needed to specify in sections 1117(a) and 1118 that only "willful violations of section 1125(c)" can trigger monetary relief to make sections 1117(a) and 1118 consistent with, and parallel to, section 1125(a). By contrast, sections 1114, 1125(a), and 1125(d) contain no similar language restricting the availability of relief depending on mental culpability. The inference is inescapable that Congress imposed a threshold willfulness requirement for certain kinds of relief for violations of section 1125(c), but not for violations of sections 1114, 1125(a), or 1125(d).

"Had Congress intended" to impose a universal willfulness prerequisite to monetary relief under section 1117(a), "it easily could have drafted language to that effect." *Mississippi ex rel. Hood v. AU Optronics Corp.*, 571 U.S. 161, 169 (2014); *see also Marx v. Gen. Revenue Corp.*, 568 U.S. 371, 384 (2013). Congress knew how to group together the exact same provisions that section 1117(a) addresses—sections 1114, 1125(a), 1125(c), and 1125(d)—when it wanted to treat them uniformly. Congress did just that in section 1116. Section 1116 authorizes courts to enjoin trademark violations "according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of a [registered mark]" under section 1114, or "to prevent a violation under subsection (a), (c), or (d) of section 1125." 15 U.S.C. § 1116. Congress chose a different path in section 1117(a), instead requiring that section 1125(c) violations be willful for an award of monetary relief. Romag's construction of the Lanham Act honors that distinction; Fossil's does not.

2. The Broader Structure of the Lanham Act Confirms the Plain-Text Interpretation

"It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme." *Davis v. Mich. Dep't of Treasury*, 489 U.S. 803, 809 (1989); *see also King v. St. Vincent's Hosp.*, 502 U.S. 215, 221 (1991). Throughout the Lanham Act, Congress specified when a culpable mental state was a prerequisite to liability or relief. That careful consideration of mental state, on its own, suggests that section 1117(a) does not tacitly impose a threshold willfulness requirement. *See Pac. Operators Offshore, LLP v. Valladolid*, 565 U.S. 207, 216 (2012). Further, an implicit threshold willfulness requirement would create tension—if not outright conflict—with other statutory provisions. The structure of the Lanham Act thus confirms what the plain text makes clear: willfulness is not a prerequisite to awards of infringers' profits for violations of section 1125(a).

Section 1117(c). Section 1117(c), which itself uses the word "willful," is the most obvious example. That provision creates a statutory-damages remedy for counterfeiting of registered marks. Plaintiffs may elect statutory damages "instead of actual damages and profits under subsection [1117](a)." 15 U.S.C. 1117(c). Statutory damages under section 1117(c) ordinarily cannot exceed $200,000 for each type of infringing goods or services. But, "if the court finds that the use of the counterfeit mark was willful," mark holders can recover up to "$2,000,000 per counterfeit mark per type of goods or services sold." 15 U.S.C. § 1117(c)(2).

Imposing a threshold willfulness requirement under Section 1117(a) for any profit award would render section 1117(c) nonsensical. If section 1117(a) authorized profits awards only for willful use of counterfeit marks, Congress would have had no reason to distinguish in section 1117(c) between willful and non-willful violations when allowing plaintiffs to elect statutory damages "instead of . . . profits under [section 1117](a)." 15 U.S.C. § 1117(c). The heightened award would automatically be available. An implicit willfulness requirement, therefore, would obliterate the distinction between ordinary and enhanced statutory damages when mark holders recover infringers' profits.

The Federal Circuit summarily dismissed the relevance of section 1117(c), reasoning that "[n]othing can be inferred from [it], particularly since it applies both to damages and profits." Pet. App. 32a. That misses the point. Section 1117(c) allows a plaintiff to replace a profits award with a statutory-damages award. 15 U.S.C. § 1117(a). That a plaintiff can also replace a damages award is irrelevant.

Section 1117(b). Absent "extenuating circumstances," section 1117(b) requires courts to award "three times . . . profits or damages, whichever amount is greater," in cases brought under section 1114(1)(a) "if the violation consists of . . . *intentionally* using a mark or designation, *knowing* such mark or designation is a counterfeit mark . . . , in connection with the sale, offering for sale, or distribution of goods or services." 15 U.S.C. § 1117(b)(1) (emphases added). Section 1117(b) further demonstrates that Congress knew how to enact specific mental state requirements when it wanted to.

Interpreting section 1117(a) to include a threshold willfulness requirement would have a bizarre effect on section 1117(b). Section 1117(b) provides for a presumptive award of treble profits in intentional counterfeiting actions under section 1114. 15 U.S.C. § 1117(b). If willfulness were required for *any* profits award, the intent requirement in section 1117(b) would have little effect: a plaintiff ordinarily would have established intentional infringement by establishing willfulness.

Section 1114. Construing section 1117(a) to impose a universal threshold willfulness requirement for all awards of infringers' profits would also create tension with section 1114. That section provides for different remedies against different types of infringers: (1) persons who infringe registered marks "shall be liable in a civil action by the registrant for the remedies hereinafter provided," including damages and profits; (2) contributory infringers (who reproduce counterfeit marks on packaging or advertisements, for example) can be liable for damages and profits only if they acted with "knowledge" that the original imitation was "intended to be used to cause confusion, or to cause mistake, or to deceive," 15 U.S.C. § 1114(1)(b), and (3) "innocent" printers and publishers are not liable for damages or profits at all. 15 U.S.C. § 1114(2)(A) & (B).

Section 1117(a) incorporates section 1114's limitations on awards of damages and profits. *See* 15 U.S.C. § 1117(a) ("subject to the provisions of section[] . . . 1114"). But if section 1117(a) superimposed an additional willfulness requirement as a prerequisite to profits awards against all infringers, section 1114's careful gradations among infringers would make no sense. "Innocent" printers and publishers would need no protection against *profits* awards in section 1114(2); they would, by definition, lack willfulness. Nor would Congress have specified in section 1114(1)(b) that contributory infringers could only face profits awards if they knew the original imitation was "intended to be used" in a confusing or deceptive manner. That knowledge requirement would add nothing to a preexisting willfulness requirement, as any willful contributory infringer would presumably have such knowledge. A universal willfulness requirement, in short, would ruin the intricate, mental-state-based system that section 1114 creates.

Section 1125(d). Finally, section 1125(d) provides that a person commits cyberpiracy only if he has "a bad faith intent to profit from that mark." 15 U.S.C. § 1125(d)(1)(A)(i). The statute lists nine factors courts should consider in determining whether bad faith exists. *See* 15 U.S.C. § 1125(d)(1)(B)(i). Under section 1117(a) a plaintiff may obtain damages and profits for a "violation" of section 1125(d). *See also* 15 U.S.C. § 1117(d) (authorizing statutory damages for section 1125(d)(1) violations "instead of actual damages and profits"). It defies reason that Congress intended to add an additional "willfulness" requirement to an award of profits after already detailing the requisite mental state in the cause of action itself.

3. The Federal Circuit's Textual Arguments Lack Merit

The Federal Circuit focused on whether the 1999 amendments to the Lanham Act (*see* p. 14, *supra*) would alter the Second Circuit's reading of the statute. Romag does not argue, however, that the 1999 amendment eliminates a pre-1999 requirement that mark holders prove willfulness to recover profits for violations of section 1125(a). Romag's argument is that no such requirement ever existed. The distinction between "a violation" of section 1125(a) and "a willful violation" of section 1125(c), which Congress added to section 1117(a) in 1999, just reinforces that Congress intends willfulness to be required for profits awards in cases under section 1125(c) but not in cases under sections 1114, 1125(a), or 1125(d).

Regardless, the Federal Circuit's reasons for dismissing that textual distinction are unconvincing. The court reasoned that the sole purpose of the 1999 amendment was to "correct the mistaken omission[] . . . from the text of [section 1117(a)], of willful violations of [section] 1125(c)." Pet. App. 29a-30a. But the omission is itself significant. Congress needed to add "a willful violation under section 1125(c)" to section 1117(a) because section 1125(c)(5) itself limits awards of damages and profits to willful violations. No corresponding limitation exists in section 1125(a).

The Federal Circuit also observed that a showing of willfulness is not—and never has been—required to obtain *damages*. Thus, the Federal Circuit hypothesized, Congress included the phrase "a willful violation" to restrict the availability of *damages* in trademark-dilution cases to those involving willfulness. Pet. App. 31a. That hypothesis strains the statutory language. Section 1125(c)(5) provides that only willful violators of the trademark-dilution prohibition are liable for "the *remedies* set forth in sections 1117(a) and 1118" (emphasis added). Those remedies include damages *and* profits.

Finally, the Federal Circuit observed that the courts of appeals were split on whether willfulness was a prerequisite to awards of infringers' profits when Congress amended the remedies provision in 1999. Thus, the Federal Circuit surmised, Congress included the phrase "a willful violation under section 1125(c)" to ensure "a uniform rule" for recovery of profits in trademark-dilution cases, even if the rule was not uniform for other Lanham Act violations. Pet. App. 31a-32a. That suggestion defies logic. Had Congress intended the 1999 amendment to impose uniformity, it would have made little sense to leave the circuit split over profits awards for violations other than trademark dilution unresolved.

B. The Phrase "Principles of Equity" Does Not Justify a Willfulness Requirement

Fossil's sole textual argument turns on the phrase "subject to the principles of equity." 15 U.S.C. § 1117(a). That reference to "principles of equity," Fossil contends, reflects a "plain[]," "clear" and "express" legislative intent to "incorporate[] [a] pre-existing common law rule" requiring willfulness for awards of infringers' profits. Br. in Opp. 33, 34 & n.6.

That argument does not withstand scrutiny. *First*, this Court has long recognized that the essence of equity is flexibility, not rigidity. Against that background, Fossil's argument is ironic: hard-and-fast rules are fundamentally inconsistent with "the principles of equity." Instead, equity lets courts tailor relief to the facts of the case.

Second, this Court has repeatedly rejected the notion that background legal principles—including "principles of equity"—can smuggle in atextual limitations that would override a statute's plain text. Fossil's theory is an especially poor fit for the Lanham Act, which creates statutory causes of action that do not neatly match common-law analogues and refers to "principles of equity" in numerous provisions.

Third, the common law does not support Fossil anyway because, before the Lanham Act, courts did not uniformly impose a willfulness prerequisite for awards of trademark infringers' profits. Instead, they considered all relevant circumstances. *A fortiori*, Fossil cannot come close to meeting its high burden of showing that Congress legislated against a settled background rule.

1. A Willfulness Requirement Is Inconsistent with Basic Equitable Principles

The Lanham Act repeatedly uses the phrase "principles of equity." It makes any award of damages, profits, or costs "subject to the principles of equity." 15 U.S.C. § 1117(a); *see also* 15 U.S.C. § 1125(c)(5). It imposes the same limitation on awards of injunctive relief. 15 U.S.C. § 1116(a). And "equitable principles, including laches, estoppel, and acquiescence," are defenses to the right to use an incontestable mark. 15 U.S.C. § 1115(b)(9).

The statute does not define "principles of equity" or "equitable principles."

Fossil's interpretation of "principles of equity" belies the plain meaning of the text. Flexibility is "inherent in equitable remedies." *United States v. Paradise*, 480 U.S. 149, 183-84 (1987) (quoting *Swann v. Charlotte-Mecklenburg Bd. of Educ.*, 402 U.S. 1, 15 (1971)). As the Court acknowledged shortly before the passage of the Lanham Act, "[t]he essence of equity jurisdiction has been the power of the Chancellor to do equity and to mould each decree to the necessities of the particular case. Flexibility rather than rigidity has distinguished it." *Hecht Co. v. Bowles*, 321 U.S. 321, 329-30 (1944).

The phrase "principles of equity" in section 1117(a) confirms that courts have broad discretion to tailor an award of monetary relief—including profits—to each particular case. Section 1117(a) provides that, if the court finds "that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case." 15 U.S.C. § 1117(a). Given the flexible nature of equity, it defies reason to suppose that Congress chose the phrase "principles of equity" to create—implicitly—a categorical willfulness requirement.

The Court's recent decisions in intellectual-property cases emphasize that equity is an inherently flexible doctrine. In each case, the Court rejected hard-and-fast rules that would limit district courts' exercise of equitable discretion.

This Court in *Halo Electronics* rejected the Federal Circuit's "objective recklessness" requirement for enhanced patent damages because that bright-line rule impermissibly cabined the Patent Act's grant of discretion to the district court. *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1933-34 (2016) (discussing 35 U.S.C. § 284); *cf.* 15 U.S.C. § 1117(a). Fossil thus errs in stating that *Halo Electronics* construed the Patent Act to contain "a bright-line requirement of willful infringement as a prerequisite to enhancing damages." Br. in Opp. 33-34. The Court, instead, recognized that enhanced damages are "generally . . . reserved for egregious cases typified by willful misconduct." 136 S. Ct. at 1932-34. But the Court rejected any bright-line rule for identifying such cases, instead holding that "[s]ection 284 allows district courts to punish the full range of culpable behavior." *Id.* at 1933. And it emphasized that, "[a]s with any exercise of discretion, courts should continue to take into account the particular circumstances of each case in deciding whether to award damages, and in what amount." *Id.*

Octane Fitness, LLC v. ICON Health & Fitness, Inc., 572 U.S. 545 (2014), considered district courts' discretion to award attorneys' fees in "exceptional" cases under the Patent Act. *See* 35 U.S.C. § 285. The Federal Circuit had created a "rigid" test that awarded fees only in cases involving litigation-related misconduct or objectively baseless suits brought in subjective bad faith. *Octane Fitness*, 572 U.S. at 553-54. This Court reversed, holding that the Federal Circuit erred by "superimpos[ing] an inflexible framework onto statutory text that [was] inherently flexible." *Id.* at 555.

Kirtsaeng v. John Wiley & Sons, Inc., 136 S. Ct. 1979, 1988 (2016), addressed the fee-shifting provisions of the Copyright Act. The Court again rejected any bright-line rule, instead instructing courts to "take into account a range of considerations" when deciding whether to impose a fee award. *Id.* at 1987-89.

Finally, *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), construed language under the Patent Act authorizing courts to issue injunctions "in accordance with the principles of equity." 35 U.S.C. § 283. The district court had applied what this Court characterized as a "categorical rule" in denying the patent holder an injunction. 547 U.S. at 393. The Federal Circuit reversed, articulating a patent-specific rule resulting in a "categorical grant" of injunctions. *Id.* at 393-94. This Court rejected both categorical approaches, holding that courts should exercise their discretion by applying the "traditional principles of equity" that govern the issuance of injunctions in *all* cases. *Id.* at 394.

Here too, the Lanham Act affords district courts equitable discretion to award profits and instructs them to award profits that are "just, according to the circumstances of the case." 15 U.S.C. § 1117(a); *see also Hearings Before the Subcomm. on Trade-Marks, Comm. on Patents on H.R. 102, H.R. 5461, and S. 895*, 77th Cong., 1st Sess. 205 (1941) (statement of Rep. Lanham) (explaining that the Act was designed to "rely upon the courts in their discretion to administer [monetary relief] fairly"). This Court should not "superimpose[] an inflexible framework onto statutory text that is inherently flexible." *Octane Fitness*, 572 U.S. at 555.

A flexible grant of discretion reflects common sense. A bright-line "willfulness" rule does not account for the gradations of culpability that exist in the real world. At one end of the spectrum, an infringer may be truly "innocent"—for example, a newspaper that unknowingly violates a trademark by printing an advertisement, *see* 15 U.S.C. § 1114(2)(B). At the other end, an infringer may have acted "willfully"—like the Chinese company that manufactured the counterfeit snaps at issue here. In cases like this one, where the infringer ignored known risks in its supply chain and acted with "callous disregard," App. 67a, the infringer's culpability may fall just shy of willfulness. In other cases, the infringer's conduct may have been reckless or grossly negligent. Section 1117(a) gives courts discretion to consider the infringer's degree of culpability—even if less than willful—as one factor in arriving at a just remedy.

2. Background Principles Do Not Trump the Text of the Lanham Act

This Court has already refused to interpret the phrase "principles of equity," as used in the Lanham Act, to incorporate legal rules that would override the statute's text. Like section 1117(a), section 1116(a) requires courts to apply "principles of equity" in determining the propriety of injunctive relief. 15 U.S.C. § 1116(a). In *Park N' Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985), the Court refused to interpret section 1116's reference to "principles of equity" inconsistently with the statute's text. There, the Court reasoned that the Act's text did not allow a defendant to defend "an action to enjoin the infringement of an incontestable trade or service mark . . . on the grounds that the mark is merely descriptive." *Id.* at 191. Because the text did not provide for that defense, the Court refused to add it by way of "principles of equity." *Id.* at 202-03. The Court explained that interpreting the phrase "principles of equity" to allow this atextual defense "would expand the meaning of 'equity' to the point of vitiating the more specific provisions of the Lanham Act." *Id.* at 203.

This Court more generally has held that background legal principles "can be relevant to the interpretation of an ambiguous text," but cannot supplant the unambiguous meaning of a statute. *RadLAX Gateway Hotel, LLC v. Amalgamated Bank*, 566 U.S. 639, 649 (2012). Resort to background principles is "a tool of construction, not an extratextual supplement." *Hartford Underwriters Ins. Co. v. Union Planters Bank, NA*, 530 U.S. 1, 10 (2000).

These precedents establish that section 1117(a)'s reference to "principles of equity" cannot supply a willfulness requirement for profit awards. As discussed, the statutory text and structure make clear that section 1117(a) does not require plaintiffs to prove willfulness to recover profits under any cause of action other than trademark dilution under section 1125(c). Reading "principles of equity" to impose such a requirement for other violations would improperly "vitiat[e] the more specific provisions of the Lanham Act." *Park N' Fly*, 469 U.S. at 203.

Fossil's theory would require courts to comb through pre-Lanham Act case law for potential limitations on relief, even when the statute provides no indication that such limitation exists. For instance, Fossil cites the Restatement (First) of Torts to argue that profits were available only if the infringer acted with the "purpose of securing the benefit of the reputation" of another's trademark. Br. in Opp. 32 (quoting Restatement (First) of Torts § 747(a) (1938)). But the Restatement imposed an identical limitation on awards of *damages*. Restatement (First) of Torts § 745 (damages authorized if infringer acted with "purpose of securing the benefit of the reputation" of another's trademark); *see N.K. Fairbank Co. v. Windsor*, 124 F. 200, 202 (2d Cir. 1903) (in unfair competition case without fraudulent intent, "complainant was not entitled to recover damages or profits"). Fossil has no basis for picking only the common law it likes, particularly when section 1117(a)'s text makes no distinction between profits and damages.

Nor do the Lanham Act's provisions readily map on to common-law analogues. For instance, section 1125(a) "codified, among other things, the related common-law torts of technical trademark infringement and passing off." *Two Pesos*, 505 U.S. at 785 (Thomas, J., concurring in the judgment). Congress made remedies for trademark dilution subject to "principles of equity" even though dilution has no common law analogue. 15 U.S.C. §§ 1117(a), 1125(c); *see* Beverly W. Pattishall et al., *Trademarks and Unfair Competition* 321 (3d ed. 1998). Fossil's position, in short, would transform the Lanham Act's clear and detailed rules into an unpredictable foray into disputed historical territory.

3. Background Principles Did Not Uniformly Require Willfulness

When Congress uses a common-law term of art, the Court assumes that Congress "adopt[ed] the cluster of ideas that were attached to each borrowed word." *Morissette v. United States*, 342 U.S. 246, 263 (1952). That canon of construction cannot apply here—and Fossil never has argued otherwise—because "principles of equity" is not a "term" with a settled common-law meaning. *Carter v. United States*, 530 U.S. 255, 265 (2000) (emphasis omitted).

The Court also presumes that, when Congress legislates against a common-law background, Congress intends to adopt "long-established and familiar principles." *Isbrandtsen Co. v. Johnson*, 343 U.S. 779, 783 (1952). But, to qualify as "long-established and familiar," *id.*, a principle must have been subject to a "uniform construction," *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 531-32 (1994); *accord United States v. Craft*, 535 U.S. 274, 287-88 (2002).

Here the pre-Lanham Act mental-state requirement for infringers'-profits awards under various strands of trademark-related law was not uniform. Courts rejected the notion that willfulness is an absolute prerequisite to an award of infringers' profits. And while courts demanded a showing of willfulness in cases involving unfair competition claims, where the claimed mark was not protectable as a trademark, even that area of law was not consistent. Regardless, section 1125(a) prohibits more than unfair competition. It also prohibits common-law trademark infringement, often called "technical trademark infringement," and trademark infringement under "identical standards" to section 1114. *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 210 (3d Cir. 2000). Indeed, the overlap between sections 1114 and 1125(a) is presumably why courts of appeals discussing the question presented do not distinguish between those two provisions. *See* p. 19, *supra*.

a. *The accounting remedy did not require willfulness*

Equity courts referred to an award of a defendant's profits as an "accounting." *See, e.g.*, *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 263 (1916). An accounting prevented unjust enrichment and provided restitution, for example, when trustees held assets that properly belonged to a trust. *See, e.g.*, 1 Dan B. Dobbs, *Dobbs Law of Remedies* §§ 2.6(3), 4.3(5) (2d ed. 1993). An accounting did not require a showing of misconduct. *See* 2 Joseph Story, *Commentaries on Equity Jurisprudence* § 620 (W.H. Lyon, Jr., ed. 14th ed. 1918) (trustee liable for loss to beneficial owner if "guilty of *negligence*, malversation, or fraud" (emphasis added)). Intent was relevant; a court, for instance, might increase a profits award because of misconduct. 1 Dobbs, *supra*, § 4.1(4) n.4. But willfulness was not dispositive.

b. The trademark context did not require willfulness

Courts in trademark-infringement cases did not universally require that plaintiffs prove willfulness as a categorical prerequisite to recovering profits.

i. **Trademark Claims.** In trademark claims decided at common law, no consensus existed that willfulness was a prerequisite to awards of infringers' profits.

In deciding whether to award profits, this Court considered intent but did not categorically require willfulness, looking instead at all relevant factors. In *Saxlehner v. Siegel-Cooper Co.*, 179 U.S. 42 (1900), the Court denied an accounting of profits where one defendant "appear[ed] to have acted in good faith" and other defendants had limited sales. *Id.* 42-43. *Hamilton-Brown Shoe* considered an infringer's fraudulent acts relevant to allocating the burden of proving the *amount* of profits due to infringement. 240 U.S. at 262. But it made no reference to the infringer's intent when discussing plaintiffs' entitlement to profits: "[O]n every principle of reason and justice the owner of the trademark is entitled to so much of the profit as resulted from the use of the trademark." *Id.*

Elsewhere, profits were available "on account of the unauthorized, though not intentional and fraudulent, use of [a protected mark]." *Oakes v. Tonsmierre*, 49 F. 447, 453 (S.D. Ala. 1883). And courts emphasized—without mentioning intent—that an accounting would follow from a finding of infringement or the imposition of an injunction. *See, e.g.*, *I.T.S. Co. v. Tee Pee Rubber Co.*, 288 F. 794, 798 (6th Cir. 1923); *P.E. Sharpless Co. v. Lawrence*, 213

F. 423, 426 (3d Cir. 1914). As one common-law court explained: "[a trademark infringer] will be restrained by injunction, and that even where it does not appear there was any fraudulent intent in their use. He will also be held to account for the profits derived from the unauthorized use of such trade-marks." *Stonebraker v. Stonebraker*, 33 Md. 252, 268 (1870).

Nor did it make sense to require a culpable mental state to award infringers' profits. At common law, a trademark was exclusive to its owner, and infringement remedies restored the owner's rights. The common law of trademark infringement protected what courts called "technical trademarks." *See, e.g.*, *Elgin Nat'l Watch Co. v. Ill. Watch Case Co.*, 179 U.S. 665, 674 (1901). A technical trademark had no descriptive meaning and resembled an inherently distinctive or fanciful mark in today's parlance. 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 4:3 (5th ed. 2018). For instance, "Romag" is a technical trademark because it is purely fanciful and not descriptive.

The common law conceived of technical trademarks as property. *In re Trade-Mark Cases*, 100 U.S. 82, 92 (1879). "[R]ecovery of the profits issuing" from a trademark was "incident to and a part of [the mark holder's] property right." *P.E. Sharpless*, 213 F. at 426. It was, therefore, "unnecessary to show an intention to infringe on the part of the defendant, and the right of recovery [would] not be affected by a showing that the infringement was innocent or accidental." Amasa C. Paul, *The Law of Trade-Marks Including Trade-Names and Unfair Competition* § 196 (1903).

An infringer, in that regime, was comparable to a trustee who held assets (here, profits) belonging to the beneficial owner of a trust (here, a mark holder). *See Hamilton-Brown Shoe*, 240 U.S. at 259 (discussing trustee analogy for infringers'-profits awards). Such a trust-based rationale "was needed to prevent unjust enrichment and force a restitution to the plaintiff of something that in equity and good conscience did not belong to the defendant." Dan B. Dobbs, *Law of Remedies* 241 (1st ed. 1973); *cf. Tilghman v. Proctor*, 125 U.S. 136, 148 (1888) (analogizing patent-infringement profit recovery to a trustee liable for personal gains from trust property). Trustees could not retain trust property regardless of their mental state. *See* 2 J. Story, *supra*, § 620.

As with equity in general, courts had discretion to consider the trademark defendant's intent. Courts treated intent as part of a holistic analysis. *See, e.g.*, *Globe-Wernicke Co. v. Safe-Cabinet Co.*, 144 N.E. 711, 713-14 (Ohio 1924) (infringer must account for profits "particularly where" willful); *George T. Stagg Co. v. Taylor*, 27 S.W. 247, 250 (Ky. 1894) (accounting not warranted in light of multiple factors including lack of fraudulent intent); 5 John Norton Pomeroy, *Pomeroy's Equity Jurisprudence* § 2004 (4th ed. 1919) (an accounting "may" be refused if infringement is innocent); *see also McLean v. Fleming*, 96 U.S. 245, 257 (1877) (observing in dicta that English courts "constantly" refused profits in cases involving "want of fraudulent intent" but also identifying "acquiescence" by the plaintiff as a relevant equitable consideration). But profits awards were not "confined" to cases to willful infringement. *Lawrence-Williams Co. v. Societe Enfants Gombault et Cie*, 52 F.2d 774, 778 (6th Cir. 1931); *see also* Norman F. Hesseltine, *A Digest of the Law of Trade-Marks and Unfair Trade* 258 (1906) ("[I]t is not necessary to show fraudulent intent.").

Additionally, some courts presumed intent from the act of infringement itself; plaintiffs did not have to show intent independently. *See, e.g.*, *Elgin Nat'l Watch*, 179 U.S. at 674; *McLean*, 96 U.S. at 253; *Trade-Marks and Unfair Competition* 68 (Orson D. Munn ed., 1934). Infringement could establish intent *conclusively*. *See, e.g.*, *Church & Dwight Co. v. Russ*, 99 F. 276, 279 (D. Ind. 1900); Harry D. Nims, *The Law of Unfair Competition and Trade-Marks* § 358 (2d ed. 1917).

ii. **The Trademark Act of 1905**. The Trademark Act of 1905 was the first federal trademark law to provide for an award of infringers' profits. Section 19 of that statute—the precursor to section 1114 of the Lanham Act—governed the infringement of federally registered marks. It afforded successful plaintiffs the right "to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained." Pub. L. No. 58-84, § 19, 33 Stat. 724, 729 (1905). Section 1125 of the Lanham Act is "derived in the main from the [1905] act," and "the normal principles of equity in respect of allowance of and defenses to an accounting of profits and the recovery of damages [were] not affected by [the Act]." *Hearings on H.R. 102, H.R. 5461, and S. 895 Before the Subcomm. on Trade-Marks of the House Comm. on Patents*, 77th Cong., 1st Sess. 228 (1941) (testimony of Prof. Milton Handler).

The 1905 Act did not mention willfulness. According to one commentator, in 1905 Act cases, "a definite trend developed toward awarding damages and an accounting as a matter of right in cases of technical trademarks, regardless of the infringer's intent." James M. Koelemay, Jr., *Monetary Relief for Trademark Infringement Under the Lanham Act*, 72 Trademark Rep. 458, 476 (1982).

Again, this Court looked to multiple factors and did not expressly impose a willfulness prerequisite for recovery of infringers' profits. In *Mishawaka Rubber Manufacturing Co. v. S.S. Kresge Co.*, 316 U.S. 203 (1942), the Court upheld an award of profits under the 1905 Act even though the infringer had not "wilfully palmed off" the mark holder's product. *Id.* at 209 (Black, J., dissenting). The Court explained that an award of the infringer's profits was appropriate because that remedy was "designed to make the plaintiff whole for losses which the infringer has caused by taking what did not belong to him." *Id.* at 206.

Five years later, this Court acknowledged that the "character of the conduct giving rise to the unfair competition is *relevant* to the remedy." *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 130 (1947) (emphasis added). But it ultimately considered "various circumstances"—without making any one consideration dispositive—in assessing whether an award of the infringer's profits was warranted. *Id.* at 131-32; *see* Koelemay, *supra*, at 478 (observing that "no one factor was determinative" in *Champion Spark Plug*).

iii. **The Lanham Act.** In the Lanham Act, Congress reincorporated the prohibition against infringement of federally registered marks. 15 U.S.C. § 1114. Congress also created a federal cause of action that, among other things, prohibits infringement of unregistered marks. 15 U.S.C. § 1125(a). That cause of action covers conduct unlawful under the common law of trademarks and unfair competition. *See Two Pesos*, 505 U.S. at 785 (Thomas, J., concurring in the judgment). As initially enacted, awards of damages and profits under section 1117(a) were available only for "a violation of any right of the registrant of a mark registered in the Patent Office." Pub. L. No. 79-489, § 35, 60 Stat. 427, 439 (1946). Congress authorized awards of damages and profits for violations of section 1125(a) in a 1988 amendment. Pub. L. No. 100-667, § 129, 102 Stat. 3935, 3945 (1988).

Under the Lanham Act, courts continued to award infringers' profits for violations of both section 1114 and section 1125(a) without requiring a threshold showing of willfulness. Many courts continued to reject a threshold willfulness requirement. *See Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 171 (3d Cir. 2005); *Laukus v. Rio Brands*, 391 F. App'x 416, 424 (6th Cir. 2010); *Synergistic Int'l, LLC v. Korman*, 470 F.3d 162, 175 (4th Cir. 2006); *id.* at 175 n.13; *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 554 (5th Cir. 1998); *Howard Johnson Co. v. Khimani*, 892 F.2d 1512, 1521 (11th Cir. 1990); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 941 (7th Cir. 1989).

c. *The unfair competition context did not require willfulness*

In advocating for a willfulness requirement, Fossil relies on unfair competition cases not involving technical trademarks. Br. in Opp. 32 n.5. That fact alone should be fatal to Fossil's reliance on the common law. The tort of unfair competition was a fraud-based claim that was broader than trademark infringement. *See, e.g.*, *Straus v. Notaseme Hosiery Co.*, 240 U.S. 179, 181-82 (1916); 1 McCarthy, *supra*, § 4:3. That tort applied to conduct that might not qualify as trademark infringement at common law; for instance, unfair competition could include deceptive use of a trade name that could not be protected as a trademark. *See, e.g.*, *Horlick's Malted Milk Corp. v. Horluck's, Inc.*, 51 F.2d 357, 359 (W.D. Wash. 1931) (requiring "willful fraud"), *aff'd in part on other grounds*, 59 F.2d 13 (9th Cir. 1932). A trademark owner had a property right whose protection "d[id] not turn upon the practice of fraud, or anything in the nature of fraud," but actions for protection of trade names required "deception" in a cause of action "often called 'unfair competition.'" Melville Madison Bigelow, *Law of Torts* § 7 (1907).

Because unfair competition was based on fraud and the cause of action for technical trademark infringement was not, the accounting remedy for unfair competition was harder to obtain than the accounting remedy for technical trademark infringement. *See Prest-O-Lite Co. v. Bournonville*, 260 F. 442, 444 (D.N.J. 1915) (awarding infringer's profits under a trademark-infringement theory after rejecting profits for unfair competition). In the trademark context, a profits award was "incident to and a part of" the mark holder's property right. *P.E. Sharpless*, 213 F. at 426. With unfair competition, by contrast, a profits award was "*generally* made on the ground that the unfair competition is adjudged to have been willful and fraudulent." *Id.* (emphasis added).

But even in the unfair-competition context, there was "conflict in the decisions" about the role of mental state in the infringers'-profits analysis. *Regis v. Jaynes*, 77 N.E. 774, 776 (Mass. 1906). One leading treatise states that an accounting remedy in cases of unfair competition is "a matter within the discretion of the trial court." Pomeroy, *supra*, § 2012. And courts retained the power to award infringers' profits "upon what seems to them sufficient grounds." *P.E. Sharpless Co.*, 213 F. at 427.

* * *

Even if background principles of law could overcome the plain text as a general matter—and for the reasons explained above, they cannot—there are no background principles sufficiently clear to warrant that result here.

C. A Willfulness Requirement Conflicts with the Lanham Act's Purposes and with Other Intellectual-Property Contexts

Two policy rationales animate the Lanham Act: protecting the public from deception and protecting mark holders' investment in their businesses' goodwill. H.R. Rep. No. 79-219, at 2 (1945); *see also* S. Rep. No. 79-1333, at 3 (1946). Romag's interpretation promotes those twin purposes by ensuring that mark holders have recourse to meaningful remedies for trademark infringement in an increasingly global economy, protecting the public. For similar reasons, courts have eschewed bright-line rules restricting profits awards under federal copyright and patent law. The Court should do the same here.

1. Federal trademark law protects mark holders and the public by making "relief against infringement prompt and effective." H.R. Rep. No. 79-219, at 2 (1945); *see also* H.R. Rep. No. 58-3147, at 9 (1904) (federal trademark law should provide "full and complete redress for violation of [trademark owners'] rights"). The Lanham Act provides mark holders with potential remedies, including actual damages, statutory damages, awards of infringers' profits, injunctions, and attorneys' fees. As a practical matter, however, awards of infringers' profits will often be mark holders' only meaningful remedy. Imposing an extra-statutory requirement that makes that remedy more difficult to obtain severely undercuts the Lanham Act's protections.

Trademark damages are often "almost impossible" to prove. *Hearings on H.R. 102, H.R. 5461, and S. 895 Before the Subcomm. on TradeMarks of the House Comm. on Patents*, 77th Cong., 1st Sess. 204 (1941). The mark holder has to establish both "that some consumers were actually confused or deceived" and that the confusion or deception caused a quantifiable amount of harm. 5 McCarthy, *supra,* § 30.74; *see also, e.g.*, *Int'l Star Class Yacht Racing Ass'n*, 80 F.3d at 753.

The practical problems of proving those elements often make the damages remedy functionally unavailable in trademark cases. Keith M. Stolte, *Remedying Judicial Limitations on Trademark Remedies: Monetary Relief Should Not Require Proof of Actual Confusion*, 75 Denver U.L. Rev. 229, 245-50 (1997). Finding consumers who were confused—and who recognized their confusion—is rare; obtaining admissible testimony from them is rarer still. *Id.* at 246-47. Surveys can provide a costly and unreliable alternative, but survey results may be inadmissible for many reasons. *See Ramdass v. Angelone*, 530 U.S. 156, 173 (2000). Proving actual damages in a trademark case, in short, is an uncertain and burdensome task.

That is especially true where component manufacturers like Romag are concerned. A component does not compete directly with the product that incorporates it. Here, for example, a Romag snap does not compete directly with a Fossil handbag. So a component manufacturer cannot rely on the "most straightforward" theory of trademark damages: namely, "that the infringement had diverted specific sales away from" the mark holder by confusing customers into buying the competing product. *See Fishman Transducers, Inc. v. Paul*, 684 F.3d 187, 194 (1st Cir. 2012). The component manufacturer must, instead, attempt to prove that the infringement somehow diverted sales of the composite product, ultimately resulting in economic harm to the component manufacturer. *Id.* That showing presents a severe "problem . . . [of] proof," effectively precluding component manufacturers from recovering damages in most trademark-infringement cases. *Id.*

Statutory damages, moreover, are capped at $200,000 "per counterfeit mark per type of goods or services sold, offered for sale, or distributed," absent a showing of willfulness. 15 U.S.C. § 1117(c)(1); *see* p. 10, *supra*. That sum, while not insignificant, pales in comparison to the monetary and non-monetary costs of complex trademark litigation. A real risk exists that, absent the prospect of a profit award, mark holders will forego enforcement altogether. *See* Warren F. Schwartz & Gordon Tullock, *The Costs of a Legal System*, 4 J. Legal Studs. 75, 76-77 (1975) (describing how parties consider enforcement costs and risks). And statutory damages are available only for certain kinds of infringement. *See* 15 U.S.C. § 1117(c).

Moreover, in the wake of *eBay*, *supra* p. 32, lower courts have abandoned the notion that an injunction is virtually automatic upon a showing of trademark infringement. *See generally* Mark A. Lemley, *Did* eBay *Irreparably Injure Trademark Law?*, 92 Notre Dame L. Rev. 1795 (2017). As with damages, difficulties of proof often make the showing for an injunction impossible. The upshot is that an award of profits will often be the only meaningful remedy—monetary or not—available to victims of infringement.

Fossil erroneously posits that a willfulness requirement is necessary to prevent windfall recoveries. Br. in Opp. 29. Courts can decline to award profits when doing so would be unjust. Awarding courts discretion protects against windfall recoveries just as effectively as Fossil's inflexible bright-line rule, with none of the downsides of a rule barring any profit award even where the circumstances otherwise justify such an award. The Lanham Act, moreover, charges courts with ensuring that the amount of any profits award is "just, according to the circumstances of the case" and that it functions as "compensation and not a penalty." 15 U.S.C. § 1117(a). And it instructs courts to increase or decrease profits awards to achieve that result. *Id.*

2. The realities of today's global economy underscore the need for courts to have flexibility to decide whether to award profits. Companies like Fossil often hire foreign manufacturers to make their goods. *See, e.g.*, Nat'l Inst. Standards & Tech. & Mfg. USA, *2017 Annual Report* 1-2 (2018).[4] Those entities are usually beyond the reach of United States trademark law. American mark holders—particularly small companies such as Romag—cannot effectively obtain relief against foreign manufacturers in their home countries. *See, e.g.*, Office of the U.S. Trade Representative, *2018 Special 301 Report* (2018).[5] China, for example, "remains a hazardous and uncertain environment for U.S. right holders hoping to protect and enforce their [intellectual property] rights." *Id.* at 38. A mark holder's only recourse, therefore, will ordinarily be against the company that hired the foreign manufacturer and brought the infringing product to the American market.

Under the rule adopted below, however, a company that fails adequately to monitor its supply chain is immune from a profits award—even if its lack of care harms mark holders and the public. This case illustrates the point. Fossil knew that counterfeiting in China was a problem. App. 104a. It knew that its supplier had lied about the authenticity of other handbag components. App. 112a-113a. And it knew how to train its employees to detect

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[4] https://nvlpubs.nist.gov/nistpubs/ams/NIST.AMS.600-3.pdf.

[5] https://ustr.gov/sites/default/files/files/Press/Reports/2018%20Special%20301.pdf.

counterfeiting when it cared to do so. App. 114a (noting that Fossil employees in China were trained to identify counterfeit YKK zippers). Taking all of that into account, the jury found that Fossil acted with "callous disregard" for Romag's trademark rights.

3. Finally, neither copyright nor patent law conditions awards of infringers' profits on the infringer's state of mind. The Copyright Act provides for a number of remedies, including infringers' profits. 17 U.S.C. § 504(a)(1), (b). As in the trademark context, copyright cases referred to recovery of infringers' profits as an accounting. *See Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 402 (1940). Courts interpreting the Copyright Act have never suggested that plaintiffs must make a threshold showing of willfulness to recover awards of infringers' profits. *See generally* 4 Melville B. & David Nimmer, *Nimmer on Copyright* § 14.03(A)(1) (2019).

Infringers' profits are also available for infringement of design patents. 35 U.S.C. § 289. Courts considered that remedy, like the trademark and copyright infringers'-profits remedies, to be an accounting. *See Dobson v. Dornan*, 118 U.S. 10, 12 (1886). Awards of infringers' profits do not require any threshold showing of mental state. *See, e.g.*, *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295 F.3d 1277, 1290-91 (Fed. Cir. 2002). No basis exists for rendering the Lanham Act's remedial provisions an outlier among intellectual property regimes by implying a willfulness requirement into section 1117(a).

CONCLUSION

The judgment of the Federal Circuit should be vacated and the case remanded for further proceedings.

Respectfully submitted,

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SEPTEMBER 13, 2019

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