SUPREME COURT
OF THE UNITED STATES

IN THE SUPREME COURT OF THE UNITED STATES

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ROMAG FASTENERS, INC.,)

Petitioner,)

v.) No. 18-1233

FOSSIL, INC., ET AL.,)

Respondents.)

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Washington, D.C.

Tuesday, January 14, 2020

The above-entitled matter came on for oral argument before the Supreme Court of the United States at 11:13 a.m.

APPEARANCES:

LISA S. BLATT, Washington, D.C.;

on behalf of the Petitioner.

NEAL K. KATYAL, Washington, D.C.;

on behalf of the Respondents.

C O N T E N T S

P R O C E E D I N G S

(11:13 a.m.)

CHIEF JUSTICE ROBERTS: We'll hear argument next in Case 18-1233, Romag Fasteners versus Fossil, Inc.

Ms. Blatt.

ORAL ARGUMENT OF LISA S. BLATT

ON BEHALF OF THE PETITIONER

MS. BLATT: Thank you, Mr. Chief Justice, and may it please the Court:

The Lanham Act authorizes courts to remedy trademark violations by awarding infringers profits subject to the principles of equity. The question presented here is whether the phrase "principles of equity" requires trademark owners to prove willfulness as an absolute precondition to profit awards.

The answer is no for three reasons. First, the phrase "principles of equity" signifies a multifactor analysis where no one factor is controlling.

Second, the phrase -- excuse me. The statutory text and structure supersede any settled willfulness requirement.

And, third, there was no such settled

background willfulness requirement.

First, the phrase "principles of equity" refers to the familiar equitable principles that courts have long applied in determining whether to award profits in trademark cases. A defendant's culpability is a weighty factor, but it should not be controlling. Other traditional equitable factors are also important to further the landmark -- the Lanham Act's purposes to protect consumers and trademark owners' goodwill.

Such traditional factors include whether other relief adequately compensates the plaintiff and whether the defendant is enriched by his violation of law.

And these factors can all exist along a spectrum. For instance, culpability can range from fraudulent to innocent and everything in between, including callous disregard and negligence. So in a case where a defendant is completely innocent, courts should require a greater showing of other factors before awarding profits.

Conversely, greater culpability justifies a profit award that deters future

infringement. And courts can be trusted to use their discretion to balance the equities for the cases in between. The statute also requires the amount of any award to be compensatory and not a penalty and just according to the circumstances.

Second, even assuming a settled willfulness requirement before the Lanham Act, the statutory text and structure reflect a congressional intent to supersede it. From the Act's inception, i.e., from 1946, Congress has expressly distinguished and protected defendants and which defendants from awards of monetary relief based on a heightened mental state.

Today the Lanham Act contains eight provisions tying monetary relief to a heightened mental state. That's a lot of provisions. The provision that dictates monetary relief, Section 117(a), is the provision that controls this case. That case -- that provision, excuse me, requires a willful violation for trademark dilution under 1125(c), but no such mental state requirement appears for infringement violations under Section 1125(a) or any other cause of action under the Lanham Act.

We think the inference is particularly

strong that the omission of a willfulness requirement is intentional. The same Congress in 1999 that amended the statute to add a willfulness requirement for trademark dilution cases under subsection (c) affirmatively distinguished this type of infringement case under subsection (a) because the amendment simultaneously struck out the word "violation" of Sections 1125(a) and then reinserted that same phrase, violation of subsection (a), and then added a willful infringement form.

JUSTICE SOTOMAYOR: Ms. Blatt, could you concentrate on the word "equity"? Do you think equity would sustain an award for innocent or good-faith infringement without a more culpable state of mind? Because there's a wide swath of behavior between truly innocent, truly good faith, and willful. There could be reckless. There could be callous disregard. Would equity consonance an award for negligence or good faith?

MS. BLATT: Yes. And as I said in the earlier --

JUSTICE SOTOMAYOR: But how?

MS. BLATT: -- the earlier case, you

would need a greater showing of the other purposes or the other equitable factors. And those are two. The first and foremost is whether if no other relief could adequately compensate the plaintiff.

And even in a case of a completely innocent defendant, damages are notoriously hard to prove. They're almost never recovered in trademark cases. And they're particularly impossible to prove in component cases.

The other equitable factor -- so that's one, is that even a dollar, that they would rule that out the instant case, even though there's no other relief, but the second equitable factor is the basic principle of equity, which is just you don't get to hold on to profits that don't correctly belong to you if you violated the law to get them.

And, again, here, let's just take the example, the other side says, at a minimum, we concede $900. That's their argument. All we're entitled to for profits is $900. Their view is we can't even get $900 unless you show willfulness, and you, otherwise, you just walk away with nothing.

Now, they say that there's the statutory damages, you can always opt for the $200,000 statutory damages, which is certainly nice, but the problem with that is multifold. One is that it's not even available unless the mark is both registered and counterfeit, so countless trademark plaintiffs aren't even eligible for this.

And, second, it's supposed to be a floor and an alternative. So in a hypothetical case, that is our position. Now, in this case we have a little more. The parties on a remand have lots of arguments why the amount should be closer to 900. We have arguments why it should be higher because this is not only just a small business, but the manufacturer set up its operations in China, where counterfeiting is rampant and there's no incentive -- if all you have to pay is nothing, there's just really not that much incentive to prevent counterfeiting.

So those would be the arguments on remand. And let me just say, at the common law, we did cite examples, they're not voluminous, but there are examples, both pre-Lanham Act and post-Lanham Act, where courts in cases of

innocent infringement did award profits. It's just not routine.

JUSTICE KAVANAUGH: Pre- -- pre-Lanham Act, that's not much, right?

MS. BLATT: Three? Well, sure. Sure, three's a lot when --

JUSTICE KAVANAUGH: Pre- -- pre-Lanham Act, I said.

MS. BLATT: Yes.

JUSTICE KAVANAUGH: Yeah.

MS. BLATT: Yeah. So the one of them was the Mishawaka.

JUSTICE KAVANAUGH: Yes.

MS. BLATT: And that was a Supreme Court case.

JUSTICE KAVANAUGH: Right.

MS. BLATT: You didn't award profits, but the -- the district court did. The second was the Oakes case, which is, I don't know, 1888. It was from Alabama. Nothing wrong with Alabama. It counts as a case.

(Laughter.)

MS. BLATT: So -- and then we had a third case that -- the third case is Prest-O-Lite, and that's from New Jersey. So I

don't know why these cases don't count just because there are other cases that say we're going to award profits.

So if you just look at the -- the common law, and the most significant aspect of the common law, of course, is that the very cases from the common law that articulate a willfulness requirement say in the very same sentence: But there was some conflict in the decision.

So a conflict is a conflict is a conflict. It's not a -- the kind of clear rule that you could say would always rule it out.

JUSTICE GINSBURG: How is willfulness defined? I mean, here the jury found callous disregard, but not willfulness. Did the judge charge on what those terms meant?

MS. BLATT: Yes. Yes. So the -- the charge on willfulness was -- it includes intentional conduct and willful blindness, which is awareness of a high probability of harm and you take affirmative steps to avoid learning about it.

Callous disregard is a rubric of willfulness, but it doesn't rise to either of

those levels. It's closer on the recklessness spectrum. So generally in your case law, willfulness is defined usually to include reckless, but here the parties, meaning our side, did not object to recklessness being taken out so that the jury was only instructed on willfulness and not recklessness.

JUSTICE BREYER: Is it --

MS. BLATT: But they're similar because callous disregard under Second Circuit case law was a function of willfulness, it just wasn't willful blindness.

JUSTICE BREYER: I can't work out, there's maybe an obvious answer to this that I've missed, but in reading the statute, I thought, well, suppose you do have to have willfulness in order to get profits, and there would be a certain number of cases you don't get profits, right, okay. Think of those cases.

Then I see this sentence in 1117, it says, "if the court shall find that the amount of 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."

So if you did have to have willfulness, but all these things in China and so forth were -- were -- were right there in the case, the -- the -- the court could give the -- the -- the plaintiff more money, couldn't they, under that sentence?

MS. BLATT: Maybe I don't understand the question. The other side is no, we don't get any money --

JUSTICE BREYER: In this case --

MS. BLATT: -- absent willfulness.

JUSTICE BREYER: -- they did that, but I want to know why. And even if we were arguing about willfulness, so I say suppose they're right that willfulness does apply, you think it doesn't apply, right?

MS. BLATT: Right.

JUSTICE BREYER: But suppose they win. Suppose you produce your instance which you just did, that in China they'll go around and, dah-dah-dah, and we won't be able to get any significant amount of money, why wouldn't you say to the judge, read that sentence, Judge, they weren't willful, we agree but we're giving

you reasons why in this case we should get more relief.

MS. BLATT: Well, if you're saying you should read willfulness into the --

JUSTICE BREYER: No, I'm not -- I'm saying --

MS. BLATT: No --

JUSTICE BREYER: -- it's what you do, yeah.

MS. BLATT: Yeah, so if your view is that you read it into it but then courts can read it out --

JUSTICE BREYER: They did not say they can read it out. They can say it's there, they weren't willful but we have a sentence here which gives us total discretion in the interest of justice to give the damages that we think are just and fair.

So nobody is going to be hurt by accepting their side. All it's going to do is give this -- more discretion to the district court to award as much money or as little as he thinks is fair.

MS. BLATT: So --

JUSTICE BREYER: Now why isn't that

what that sentence does? I just want to --

MS. BLATT: I think this sentence --

JUSTICE BREYER: -- know what it does.

MS. BLATT: -- helps us. Here's just my concerns. Six circuits read that sentence as saying they cannot award profits if willfulness is not shown.

JUSTICE BREYER: No matter how appealing the case?

MS. BLATT: Yes, that's why we're here on a petition.

JUSTICE BREYER: Has anybody argued about this sentence?

MS. BLATT: Yes.

JUSTICE BREYER: In our brief -- in your brief you put that?

MS. BLATT: Yes.

JUSTICE BREYER: Good. Where -- what -- where can I read it?

(Laughter.)

MS. BLATT: I mean, it's -- it's in the intro and it's in the --

JUSTICE BREYER: Fine. Will you just tell me. I obviously, you know, sometimes I read these fast.

MS. BLATT: I don't know the page. I mean, it's definitely -- the gestalt of the cases going our way is, look, we'd like to see willfulness, but if we don't see it, it's not controlling, and it's just one of these weighty factors but there's always been a list of traditional factors, before the Lanham Act and after he Lanham Act. The culpability is one and the two that I ever -- the two that I mentioned are the other ones that are critical, whether there's some form of compensation and whether there's just a sense of unjust enrichment. But yes, you can go down or above.

But I think that we use that sentence to say, there's no harm, there's no risk of a windfall because no matter where you come up with your award, the Court can always reduce it or raise it, depending on the circumstances. So I don't -- maybe I just don't understand your question.

JUSTICE BREYER: Well, I was trying to understand the significance of the case. And you're saying, unless we read willfulness out of it, there are going to be some terrible cases where, in fact, the -- the infringer did it

totally by accident, totally by accident. He had a dream with this symbol appeared to him and he put it on his thing not knowing that somebody else had it, a total accident.

MS. BLATT: So --

JUSTICE BREYER: Now, you say still this is very bad because don't you know, that the trademark is owned by some widows and orphans and terribly suffering people and -- and -- and you should certainly give them some money or goodness knows what'll happen, you know --

MS. BLATT: Right, so --

JUSTICE BREYER: -- very appealing case. But you're worried about, therefore you say --

MS. BLATT: Yeah.

JUSTICE BREYER: -- read willfulness out of it. I say why do you need to do that? Why not just point to the sentence?

MS. BLATT: So we're not reading it out. We're just saying that it's not a precondition in step one. It is -- no question, I mean, our view is that it's a sliding scale, all of these traditional equitable factors are

appropriate and then when you get to the amount, you can adjust it.

So it just would seem odd to write an opinion that says, even though it's not in the statute, even though it wasn't a clearly stated rule, just because the other side asked for it, we want to read it in because we want to be nice to the Respondent. I don't think that's a good way to write an opinion.

CHIEF JUSTICE ROBERTS: Ms. -- Ms. Blatt, your -- your lead argument, of course, is the phrase willful violation under Section 1125(c) and the willfulness is not -- doesn't appear in the other part, but 1125(c) includes willfulness, it's about willfulness.

So, I gather this is the argument on the other side. Saying willful violation under -- that's kind of like just the label, this is what it is. And so when you just stick the label in, it's about a willful violation, that shouldn't have the same sort of exprecionias -- whatever it is, argue -- impact as you suggest.

MS. BLATT: Right. And that's a -- that's a fair argument. The argument is it is just mirroring the cause of action. And so that

just begs the question of why did they even need to put willfulness in the trademark dilution as a protection against profits and damages in the first place. That's our whole argument about it appearing eight times.

The underlying 1125(c), when it was passed, says you need a willful violation for a cause of action to collect monetary relief. And our point is simply it is not the most natural inference or the most natural inference is if they didn't think that there was already an omnibus willfulness requirement for all profit awards because they took such care in 1125(c), in the statutory damages, and in the treble damages and profits. They basically say you can't get monetary relief, damages, and profits absent these heightened scienter. And the other side says: Well, but those apply to damages too.

And our point is, sure, but it seems odd that Congress went out of its way to protect from the beginning in 1125(c) against profits when, under their view you didn't need it because it was already read into the statute as a principle of equity in all cases.

So, in other words, take section -- the -- the -- the original Trademark Act of -- the original 1946 act has 1114, which is the violation for registered trademarks. So it's very similar, like 1125(c), it says, here's going to be a class of cases where we don't want monetary relief.

So innocent printers and innocent publishers, no damages, no profits. And any defendant who preprints -- or excuse me, who prints an infringe mark without knowing that the infringement was intended to confuse, can't get profits or damages.

The other side says, well, it's not superfluous because it at least applies to damages. And our point is, well, it's at least superfluous as to profits. Congress is taking its care in eight provisions to keep saying no profits here, no profits there, no profits left and right, based under these heightened scienter.

So whatever you think principles of equity means, the one thing it can't mean is a heightened scienter because the statutory structure is so overwhelming that Congress had

this carefully calibrated scheme where they're spelling out when willfulness is required.

JUSTICE ALITO: Of the cases where the courts have said that willfulness is a necessary condition, which one would you cite as being -- as leading to the most unjust result?

The case where -- where a court said we're not going to award profits because there wasn't any willfulness and that's very unjust based on the facts of the case, is there one you would cite as an example?

MS. BLATT: No, they don't say, like their -- the leading case, that Regis case by the highest court in Massachusetts, it just says, we're not going to -- although the law is conflicted, we're not going to allow profits, and they're mostly relating to a fraud-based tort. So the underlying tort at the common law is one of fraud.

And so I'm not sure they see it as particularly unjust if you're suing for fraud that you don't get relief if there's no fraud. But in the technical trademark cases where most of our cases come from, they are including the three cases -- well, the Hamilton-Brown case,

they're saying you -- this property, your property was infringed so there's a pot of money that's going to rightfully belongs to you.

And by the time you get around to your three cases, the Champion Sparkplug case and the Mishawaka case, the Court is balancing the circumstances. It's saying, the willfulness is relevant but it also said, look, we don't think the plaintiff is really hurt, we don't think the defendant really benefitted. You know, you get an injunction and go home.

And so I just haven't seen cases where there was a mean court saying: Looks like you deserve it but I'm constrained by this willfulness requirement. I don't know if that answers your question.

JUSTICE KAGAN: Do you think it's open to us, Ms. Blatt, to pick a position someplace between you and Mr. Katyal? In other words, Mr. Katyal says, never under any circumstances can you get profits without willfulness and you say, well, willfulness is just one factor among the things that you think about.

But I -- I would think that there's some kind of intermediate position, which is

based on the history and -- and a general sense of it, which is that willfulness might not be a -- an absolute necessity but it certainly should be entitled to very significant weight.

You know, you could say like a presumption of a kind.

MS. BLATT: No, I would not say a presumption unless you're going to give us the same presumption, the presumption of compensation when other remedies aren't adequate and a presumption against unjust enrichment. And here's why we sort of used the Kirtsaeng case as an -- as an example in terms of fashioning our rule, is that I do think it's a sliding scale. The more innocent the defendant, you better have a greater justification for compensation; and the more guilty the defendant is -- and then you might have some cases in between.

But you could have a negligent or a reckless defendant, and I don't know where the presumption would fit. And the Court should just balance it, should the plaintiff get at least one dollar in that case? And so a presumption just puts the -- the scales too

heavy.

I think all the courts recognize, and I said, it's a weighty and important factor.

JUSTICE BREYER: Let me do this.

MS. BLATT: Sure.

JUSTICE BREYER: I think -- I guess your view is there's no willfulness requirement. But what it says is the plaintiff shall be entitled to recover defendant's profits, damages, and the cost of the action -- okay, it says that -- subject to principles of equity. Okay?

Now, we have a problem. One thing to say is equity has always held that willfulness is necessary. Good, we're finished with this case. But that's not your position. Your position --

MS. BLATT: It's also not true.

JUSTICE BREYER: No, well, I -- I -- I understand. I understand. Okay. Can we say anything about what principles of equity require?

MS. BLATT: Sure.

JUSTICE BREYER: All right. Now, I notice the Sixth Circuit uses the word

"wrongful." Do you want us to use that word?

MS. BLATT: No.

JUSTICE BREYER: How do you want us to write that sentence? What principles of equity require?

MS. BLATT: So -- and I think it helps to say that all of the courts have agreed on what the principles of equity mean. They're the factors that start from the English cases up and through your cases. The ones I said. The defendant's culpability, the need that other relief doesn't adequately compensate the plaintiff, and the theory or are there profits that are -- is there just a -- you're holding on to profits that don't rightfully belong. Those are the three. Now, the Fifth Circuit and the Second Circuit has articulated this maybe in a six-factor test, but they're all getting at those three things.

So the factors are clearly defined already in the case law. The courts are all happy. The only thing they're disagreeing about is whether willfulness is a gateway on/off switch.

So I would be very happy with an

opinion -- and this, if you want to advance the case law further away from where it is on our side, it's perfectly -- I think it's appropriate to say, because the defendant's culpability is a weighty factor, you should have other reasons. But part of the purposes where I would turn to in terms of -- you know, there is no other relief in almost all of these cases. And the whole point of this is not only to -- it' not just giving the -- the mark owner some money; it is protecting consumers.

The only other choice would be an injunction, and an injunction in some cases is either hard to get or it just doesn't work. Otherwise, there's no incentive for negligence. You might as well just take your -- you might as well just see what happens if you put some counterfeit stuff on. If it's negligent, you're probably not going to have to pay. It wasn't willful; it was just negligent. Who cares? And so it seems like you should at least have something to deter infringement when -- just look at the statute. The -- Congress obviously --

JUSTICE BREYER: I have that part.

MS. BLATT: -- cares about trademark infringement.

JUSTICE BREYER: But is it all right to say this, that there could be cases where -- some profits but not all profits?

MS. BLATT: Yes.

JUSTICE BREYER: Is the equitable thing to do?

MS. BLATT: Yes.

JUSTICE BREYER: Yes, so we could say that?

MS. BLATT: Yes. Yes. And the parties on remand are actually, you know, going to debate about how much profits, and the ranges, you know, can be as low as $900 and they go all the way up from there.

CHIEF JUSTICE ROBERTS: Well, that's a little strange. I mean, equity either includes profits or it doesn't. I don't know why you would just sort of split the baby and so each side is a little happy. It's a principle of -- of equity. And -- and you either get them or you don't.

I mean, equity is not -- doesn't mean what seems fair. It -- it's a little more

complicated.

MS. BLATT: Sorry, I was -- yeah, and this is a different, separate issue that I was referring to, not just profits, but there's a debate in this case whether you get profits that are attributable to the infringement. So because this is a purse and a snap, there's the --

CHIEF JUSTICE ROBERTS: Oh, sure.

MS. BLATT: That --

CHIEF JUSTICE ROBERTS: Well, that's a --

MS. BLATT: That --

CHIEF JUSTICE ROBERTS: -- different legal basis. It's not the --

MS. BLATT: That's all I was talking about, yes.

CHIEF JUSTICE ROBERTS: In response to Justice Breyer, you didn't --

MS. BLATT: No.

CHIEF JUSTICE ROBERTS: -- didn't say, okay, profits are $100,000, you take 50; I'll take 50.

MS. BLATT: No, so the profits that are attributable to the infringement, at least

the other side would say, you know, you don't even get your $900. Now, the only reason courts have lowered them would be laches. You know, there are -- or unclean hands. So there are principles. Or for some reason you thought, I don't know, that -- it can't be a penalty, so for some reason you thought it was a penalty or excessive. I could probably think of some hypotheticals where you might want to lower it, like say you thought the plaintiff was no longer going to be in business or who cared about the -- the goodwill. But, yeah, the -- you're entitled to your profits and then -- but the court does allow an adjustment. But --

JUSTICE BREYER: Profits on the purse of -- of -- are $4 million. The infringer did put in a copy of the trademark in a tiny little inside purse that nobody ever saw. So now he's entitled to profits, $4 million, when it's unlikely that anybody or maybe only three people were lured into buying his purse because -- so that's what I was thinking of. Maybe what he is entitled to is the purse -- is the profits on --

MS. BLATT: So --

JUSTICE BREYER: -- on -- on three

purchases.

MS. BLATT: So --

JUSTICE BREYER: -- or maybe --

MS. BLATT: -- there's a separate legal issue which the parties haven't briefed and there's no dispute in the case law, but it's just an amount, whether you're either limited to the attribution or -- and, if not, what kind of mental state would go over that. I can make a very good argument --

CHIEF JUSTICE ROBERTS: Yeah, but it's still -- I mean, it's unlikely that there will be $4 million in profits attributable to this little thing that nobody could see, and that's a question. But -- but I don't think that -- well, maybe it's right, maybe equity allows you of there -- you know, it just seems like too much, you say, well, I'm going to just give you less.

MS. BLATT: I would say that the equity -- the traditional factors are -- are the equity ones I talked about. The -- the statute does allow, the provision that Justice Breyer was focusing on, an adjustment for -- because you either think it's inadequate or excessive

and it can't be a penalty or compensatory.

I don't think that relates to equity. I think that's just a legal thing that the -- that the statute gives the courts discretion.

If I can make -- make one other thing. The statute actually says you can go up to three times damages. So --

CHIEF JUSTICE ROBERTS: Thank you. Thank you, counsel.

Mr. Katyal.

ORAL ARGUMENT OF NEAL K. KATYAL

ON BEHALF OF THE RESPONDENTS

MR. KATYAL: Thank you, Mr. Chief Justice, and may it please the Court:

My friend tries to make this case seem easy, but to do that, she has to sweep both Congress's words and two centuries of history under the rug. We're here today because Congress expressly made that Lanham Act's monetary awards principles subject to the -- monetary awards subject to the "principles of equity," and over many decades courts developed a principle that governs cases like this one. They required willfulness for the equitable remedy of profits awards, unlike for

injunctions.

For all the dust my friend tries to kick up about the cases in her brief, here's the bottom line on all the cited cases: Not one of them, none, actually awarded profits without willfulness in two centuries, either here or in the U.K., and in response to Justice Alito, she hasn't been able to give you a single example of an unjust result as a result of this long tradition.

Now, trademark infringement isn't some newfangled violation like cyber-squatting. It's one of the oldest violations in the book. And that book, both before 1946 and after, required willfulness before a defendant could be forced to go through the burdensome process of accounting for its profits and risking a windfall.

Five different treatises set out this rule. Many cases speak of this categorical rule. The remainder demonstrate a long-standing practice that -- which is, to use Judge Friendly and the Court's phrase in Halo, has narrowed the channel of discretion for awarding profits.

Congress legislated against the

backdrop of that practice, which is why even the 1905 Act was interpreted to have a willfulness requirement, and that requirement is now expressed in the Lanham Act's reference to the principles of equity.

With respect to my friend's textual arguments, she's asking you to believe that Congress, by implication in the '90s, invited -- intended to invite Congress -- the courts to do something they had never done in practice. If Congress wanted to take that step, that would be huge news. They would have said so.

Her best argument is the 1999 amendment changes things, which is what she walked away from in her brief but is now resurrecting here. And that has four problems:

First, Congress in 1999 didn't repeal the textual hook for the willfulness requirement, which was the phrase "principles of equity." That's the way court after court had interpreted it, including the Tenth Circuit just the year before in the Bishop case. Congress left that phrase untouched.

Second, Congress never indicated anywhere in this -- in the 1999 Act that they

were trying to modify the willfulness requirement in any way, which is what Judge Dyk said below, what the law professor's, Lemley, brief says here.

Third, the 1999 amendment did something unique. It was newfangled. It introduced a new cause of action, trademark dilution, one which had no historical analogue. It didn't have a customer confusion element.

JUSTICE SOTOMAYOR: Mr. Katyal, my basic problem is that as I'm looking at these cases, the term "willfulness" over the centuries has been differently defined by different people. Some people have included recklessness. Others haven't.

McCarthy, if you read his definition of willfulness, it does include recklessness and callous disregard and a whole bunch of blameworthy features. There was a circuit split on this very issue when Congress acted in 1999.

You don't think they count for much. You try to distinguish them. But there are cases -- not many, I grant you -- where something less than willfulness was the basis for a recovery.

Given the uncertainty of what willfulness means, the fact that there were exceptions to the common law rule, whether you recognize them as significant or not, how do we write an opinion that says you need willfulness a -- a la what you mean, willfulness being just conscious avoidance, not recklessness, not callous disregard, not this, not that?

MR. KATYAL: Justice Sotomayor, at the time of the --

JUSTICE SOTOMAYOR: How do we do that in light of 117(a), which doesn't have an equity limitation. It says -- 117(a) says you can award profits. If you think it's too much or too little, use your discretion.

MR. KATYAL: Absolutely, Justice Sotomayor. That's what Congress said. Once you pass the threshold of getting a profits award, which is of course in 1117(a), quote, "subject to the principles of equity," then we absolutely agree there's discretion at the back end. That's where those equitable principles come in.

But Congress at the front end did here exactly when it did in the injunction context and what this Court said in eBay, which is,

there's a hard and fast requirement for principles of equity to show their irreparable harm. You said it must be shown, even though equity is generally flexible, you've got to go through the gate.

Here that gate is the same thing. In 1946, she has --

JUSTICE SOTOMAYOR: Go --

MR. KATYAL: -- not a case --

JUSTICE SOTOMAYOR: -- go to the more important part of my question, which is: What does willfulness mean --

MR. KATYAL: All right.

JUSTICE SOTOMAYOR: And where is there a universal definition?

MR. KATYAL: Yes, we think there is a universal lowest common denominator of willfulness at least meaning what exactly the district court charged here, the petition appendix page 43A which is --

JUSTICE SOTOMAYOR: Common denominator --

MR. KATYAL: Yeah --

JUSTICE SOTOMAYOR: -- to say it was the only --

MR. KATYAL: -- which is the defendants must be actually aware of the infringing activity. So there are five separate treatises that set that out as a hard and fast requirement, Nims and Ludlow and Jenkins and Heseltine, which, by the way, she misstates because she cites the wrong provision about Heseltine about injunctions, but page 305 with respect to profits says willfulness is required.

JUSTICE KAVANAUGH: Why should --

MR. KATYAL: Case after case says willfulness meaning knowledge is -- is required.

And my basic point is, she's got no case on the other side that disagrees with this with except the possible hypothetical of Oakes in 1883, which, again, didn't actually award profits in the absence of willfulness.

And --

JUSTICE GINSBURG: Mr. Katyal --

JUSTICE KAVANAUGH: Why should --

JUSTICE GINSBURG: -- you say that principle of equity means willfulness, but in many cases, as Ms. Blatt pointed out, the statute uses the word willfulness, so you say plain text, principles of equity. I would say

if it said willfulness, that would be plain text, but principles of equity?

MR. KATYAL: So, Justice Ginsburg, as our brief explains, every time Congress -- and they certainly didn't use willfulness in the 1946 act. Every time they added to it later on, there was a reason for it.

So for example, in 1999, the reason they added to it is because you couldn't look to principles of equity to determine what was trademark dilution because that was a brand newfangled defense which didn't have consumer confusion as a element. So -- but here we're talking about the oldest violation in the book, trademark law.

And I'd say, Justice Ginsburg, if you adopted that reading, which is -- she's trying to do, which is, oh, if Congress says the word in some other places by negative implication, then it's -- then it's out in other places, that would be a dangerous cannonball to the statute. So, for example, Section 1115(b)(9), which you can look at Joint Appendix page 135, that has that, that says that laches is available to fight incontestability and Section 1069 from the

'46 Act says laches is available to contest inter partes determinations.

If you adopted her reading, you'd be saying, well --

JUSTICE GORSUCH: No, no, no --

MR. KATYAL: -- laches isn't anywhere else in the statute.

JUSTICE KAVANAUGH: Why should -- why should we assume that Congress wanted to exclude reckless infringement?

MR. KATYAL: Because Congress in 1946 acted against the backdrop of long-standing, consistent practice. There is not a single example --

JUSTICE KAVANAUGH: But there --

MR. KATYAL: -- she is able to give you in which there was an award given.

JUSTICE KAVANAUGH: But as Justice Sotomayor points out, willfulness is a -- a vague word, ambiguous word, sometimes covered what we would consider recklessness. So why would you, therefore --

MR. KATYAL: Because --

JUSTICE KAVANAUGH: -- exclude reckless?

MR. KATYAL: -- here, Justice Kavanaugh, there's a more specific tradition. There's no doubt, cases like Ratzlaf say willfulness means different things in different contexts, but here it is always meant at least actual knowledge, subjective knowledge --

JUSTICE KAVANAUGH: What would be --

MR. KATYAL: -- and not recklessness.

JUSTICE KAVANAUGH: What would be the policy objective achieved by excluding reckless infringement?

MR. KATYAL: So we do think they are there, but we think Congress used this phrase and your job is to interpret the phrase --

JUSTICE KAVANAUGH: I agree -- I --

MR. KATYAL: -- and to essentially get to it. But --

JUSTICE KAVANAUGH: I understand that --

MR. KATYAL: But --

JUSTICE KAVANAUGH: But can you answer --

MR. KATYAL: -- the policy --

JUSTICE KAVANAUGH: Yeah.

MR. KATYAL: -- objectives are -- are,

I think, incredibly strong, that is, the tradition of profits comes from equity and the idea that damages weren't -- weren't at that point in time available in courts of equity. And so courts looked to profits.

Then there was a separate rationale of unjust enrichment but that was all about moral blameworthiness, about wrongdoing. And someone who was innocent is not wrongdoing, which is why this Court in Saxel, Henner, and in McLean which states --

JUSTICE KAVANAUGH: But if you're reckless, you're -- there is some wrongdoing.

MR. KATYAL: But I -- it's always been more than that. The courts have always said you actually have to be subjectively knowing what you're doing -- subjectively on knowledge of what you're doing.

The Moet case, which this Court referred to twice as stating the rule both in 1877 and McLean and in 1900 in Saxel, Henner is a perfect example of this because in Moet what happened -- Moet, what happened is you had a champagne dealer who imported some bottles not knowing they were spurious.

And what the Court said in England and this Court cited with approval twice before the Lanham Act was, that's someone who's innocent, they're not engaged in wrongdoing. You can even have situations in which they're reckless. For example, the Gorham case in 1912 was one in which you had a silverware dealer who was reckless, who blew off the fact that the -- that there was a stamp used on the -- on the silverware, which was really the -- a mark of a famous silverware company.

But what this Court said is: No -- excuse me, what the southern district said is, no, you need more than that. You need actual knowledge, and that --

JUSTICE GORSUCH: Mr. Katyal, can we return to Justice Ginsburg's question for just a moment on the statutory text and whether principles of equity might be an unusual way of saying willfulness?

As I understood your response to Justice Ginsburg, that we would -- we would perhaps read out laches as a defense, and -- and I -- I just -- my problem with that is that when we say "principles of equity," we -- we mean

laches. Those are -- that is part of the trans-substantive history of equity.

And if I go look at a treaty in equity, I'm going to find laches. What I'm not going to find is a substantive rule about trademark. For that, I have to go look at a trademark treatise, and so that's my problem textually. And I -- I just want to give you a chance to respond to it.

And I might ask you, really, isn't your argument nothing about principles of equity but about willfulness in the air?

And why didn't you make an argument that we should, as a background principle, assume some sort of consistency with the common law when Congress was legislating?

You seem to have disclaimed that and said no, no, there's a textual hook here and it's principles of equity. So that's a long wind-up, but those are my concerns that --

MR. KATYAL: We certainly made exactly that argument citing Morissette in our brief for the idea, even if there weren't the price -- principles of equity, Congress acts against the backdrop of the common law and is deemed to

interpret it. So that's certainly there.

I think it's common ground that principles of equity include will -- include knowledge and willfulness because she's even saying it's a factor. That's how she started her argument, and it's at page 8 of her reply brief.

So I think everyone agrees that it is a principle of equity, the -- the state of mind, it's just a question of how much weight you give it.

Our point to you is, Congress in 1946 when they used the phrase principles of equity, I don't think just meant trans-substantive principles. After all, it was the bedrock of a profits award. Profits is, after all, an equitable remedy in the first place.

And so in order to decide whether that equitable remedy should be given, you would look to the tradition of equity. And that tradition has always been -- the long-standing practice for two centuries is that -- is that willfulness has been required. And that's why there's not a single example on the other side.

Now she says, well, this is hard,

you're going to have to read all these cases, but I think that's the dog that didn't bark. Every single case that's given profits awards in two centuries has required willfulness, so the question is, is it worth the candle to make it a factor and run into the kind of standardless result that I think should be --

JUSTICE GINSBURG: But -- but as Justice Sotomayor just pointed out, there wasn't -- there isn't in the cases a uniform agreement on what "willful" means. And Justice Kagan had suggested that maybe it isn't all one way or all the other, so you can say the innocent infringer, no profits when it's innocent. But then there are shades of blameworthiness.

And we not -- we're not going to make willfulness the essential one. Maybe callous disregard. Maybe reckless.

MR. KATYAL: Justice Ginsburg, ask her to cite a case in which callous disregard was enough before 1946 to find -- to -- to find a profits award. She won't be able to cite one except for the theoretical possibility of Oakes.

And my point to you is when you were interpreting the phrase "principles of equity"

just as in Halo, just as in eBay, what this Court did is look to the long-standing practice -- Justice -- the Chief Justice's separate opinion in eBay referred to a page of history being worth a volume of logic. And that's exactly what's happened here.

CHIEF JUSTICE ROBERTS: That wasn't original with me.

(Laughter.)

MR. KATYAL: And that's exactly what has happened here, is that you've had two centuries in which this phrase, at equity, has been interpreted by court after court, and it is a fast rule. Indeed, this Court in the McLean case, Justice Ginsburg, in 1877, said courts constantly refuse profits awards without that.

And there isn't any tradition, there isn't any example on the other side, and there's treatise after treatise. And, by the way, Justice Gorsuch, the restatement is a general treatise -- the Restatement on Torts, it's not like, you know -- so -- but I do think actually the trademark-specific treatises would be what would be the relevant tradition here, if you're trying to understand.

JUSTICE BREYER: Reading all those I'll -- I'll try this again and maybe I should ask you. All right. Suppose you win. And so the callous disregard person can't get -- don't -- profits doesn't apply. But this is really a rotten infringer. And he behaved very badly.

Can the winning trademark owner point to the sentence I read initially and say, Judge, it's not fair that they're not counting profits here, so don't call it profits, but give me a lot more money?

MR. KATYAL: Absolutely. The statute -- this is what we say at page 54 of our brief allows treble damages for that --

JUSTICE BREYER: No, I'm not just -- treble, but up to a limit?

MR. KATYAL: -- profits, but you can't treble profits --

JUSTICE BREYER: Up to a limit? But a sentence --

MR. KATYAL: You can't just treble profits because that is a harder --

JUSTICE BREYER: Correct. So -- so -- but the sentence I read has no such limitation. That's what's confusing me about it.

MR. KATYAL: Well --

JUSTICE BREYER: So I thought is this all much ado about nothing?

MR. KATYAL: Well, again, I think that the award is subject in the first instance of the gate to principles of equity.

JUSTICE BREYER: Yeah, all right. Fine.

MR. KATYAL: But there's a much more important answer here, Justice -- Justice Breyer. She can't come up in response to Justice Alito with a single time in which this happened, an unjust result, in two centuries.

And the reason for that is trademark law focuses on protection of consumers in which injunctions and damages has always been enough, which is why there isn't an example on the other side.

To the extent she has some theoretical argument, it should be one made to Congress. Congress dealt with it actually here, in this idea that --

JUSTICE BREYER: I'm still trying to get the -- it's -- I don't know why I -- I can't get it. I -- I must be missing something.

Where it turns out for you having won that there is a case, imaginary, where the person does behave badly but doesn't meet the -- the thresh -- the threshold, does this sentence -- do you come across anything that suggests the sentence that I read does any work, where you would say, Judge, I agree, we don't get profits? It wasn't willful what he did, but it was pretty bad.

MR. KATYAL: Justice Breyer --

JUSTICE BREYER: And so we want more money.

MR. KATYAL: Yes, Justice Breyer, it does work with respect to damages, not with respect to profits, because up above in 1117 --

JUSTICE BREYER: Yeah.

MR. KATYAL: -- profits is subject to the principles of equity. And that is a limitation. But --

JUSTICE KAVANAUGH: But damages is notoriously hard to prove, correct?

MR. KATYAL: Well, I actually disagree with that. She doesn't cite any study or anything. The only study I'm aware of is the Lex Machina study in 2017, which surveyed 2009

to 2017, and every trademark award and found that profits accounted for a total of 13 percent of profits awards and also 13 percent of the dollars.

And so to the extent you think that's somehow, you know -- you know, worth the candle or something and you should bump that up, that's something that I think Congress should be dealing with, but of course here they did. They have a statutory damages provision to deal with low damages awards --

JUSTICE KAVANAUGH: You -- you've mentioned a couple times whether it's worth the candle to not have a willfulness requirement, but is it worth the candle to exclude all reckless cases as Justice Breyer has stated --

MR. KATYAL: Yes. The reason --

JUSTICE KAVANAUGH: -- when -- when willfulness will usually be a key factor in the calculus regardless of who wins here?

MR. KATYAL: Right. We don't doubt that -- if we were to lose this case on remand, you should make very clear that willfulness is a key factor, the big kahuna or something like that, but our point to you is that the reason

why a -- a reason why the common law rule makes sense is that willfulness cuts off, I think, the threat of very large profits awards.

And this case is a perfect example. She sought $6 million, every dollar in profits for the sale of these handbags, and that's what she was referring to with this attribution thing. And, indeed, they sought every dollar of Macy's profits, $7 million. And Macy's is an entity that, you know, nobody is arguing had any knowledge whatsoever, way -- way, shape, or form, or even recklessness with respect to what was going on with these little snaps in the handbags.

CHIEF JUSTICE ROBERTS: Well, counsel --

MR. KATYAL: That's the danger.

CHIEF JUSTICE ROBERTS: I -- how much would you have asked for? I mean -- I mean, it's -- it doesn't strike me as overreaching to ask for every dollar of the profits if you think you're entitled to profits.

MR. KATYAL: Well, that's the down -- that's the downside here. And, indeed, the statute puts the burden on the defendant to

disprove any attribution. And so what -- one of the reasons why you have the willfulness requirement is to knock out and block circumstances in which high awards are threatened, and indeed settlements are forced, which happened in this very case.

Now, she says, well, that's not going to deter enough and you need to have something extra, which, again, is something for Congress. Again, this is a perfect illustration, just the injunction alone cost us $4 million. We had to remove all of these bags, right on the eve of Thanksgiving's big sales and the like.

And so in a world in which you have injunctions and damages and all the attendant consequences of pulling inventory, would Congress really have intended to disrupt a 200-year-long tradition in order to -- to do this? And --

JUSTICE KAGAN: May I ask two questions about that tradition? The first is you've said several times that Ms. Blatt has zero cases, and I believe Ms. Blatt said that she had three cases. So if you would address that.

And the second is, although you point to a lot of cases in which the results come out your way, there are comparatively few where the court sets out the rule as a categorical one. You know, in many of these cases, the courts do seem to be thinking of willfulness as a factor, a significant factor, but not a gateway requirement.

So those results might come out your way, but they don't articulate the rule that you propose, do they?

MR. KATYAL: Five -- yes. Five separate treaties -- treatises and 37 of the 50 cited cases do set out the rule or say willfulness is the only factor. But I think that's not the test this Court applies. So, for example, in Halo, what this Court did was look to the long practice, and indeed the first case, main case, it cited was a case called Cincinnati Siemens, and it -- which was a case just about the facts of -- of a -- of damage awards and treble damages awards, but from that long-standing practice what the Court did was to -- was to -- was derive a principle.

And that's what we're saying here.

You've had a long-standing practice for 200 years, and, yes, Justice Kagan, those three cases do not stand up. Even if she had three cases, we don't think an outlier three cases in 200 years is going to get her where she needs to go.

But taking them in turn, one, Mishawaka Rubber. This is the Sixth Circuit's determination, at 119 Federal Second 323. The rule prevails in Michigan that an account of profits will not be taken where the wrongful use of a trademark has been merely accidental. And then saying this rule is in harmony with the rule prevailing in the federal courts. And, indeed, in Mishawaka Rubber, the Court limited the profits award to the period after May 19th, 1933, which was when they were on notice.

So that's --

JUSTICE SOTOMAYOR: Mr. Katyal, the problem is, as I read those cases, you do have a handful, a little bit more than a handful, that say you need willful. But a lot of those cases, including the quote you gave me, give the negative. Accidental, good faith, is not enough. That's not the same thing.

MR. KATYAL: We -- we agree not every case states the rule, but our --

JUSTICE SOTOMAYOR: But it also --

MR. KATYAL: She doesn't have a case on the other side with the exception of the theoretical possibility of Oakes --

JUSTICE SOTOMAYOR: Why don't you --

MR. KATYAL: -- which doesn't.

JUSTICE SOTOMAYOR: Why don't you deal with the three cases that she points to.

MR. KATYAL: Yeah. So the second case is Oakes, which has never once been cited again for that proposition. We're not saying it's because it's from Alabama or something like that. It's literally never been cited again for that proposition. And, again, there was no award in that case.

JUSTICE SOTOMAYOR: Well, it's only the last 20, maybe 30 years that we had Lexis to cite cases like that, but --

MR. KATYAL: Well, I think, you know -- I think --

JUSTICE SOTOMAYOR: Lexis and Westlaw, but --

MR. KATYAL: But, Justice Sotomayor, I

think, you know, this Court in the McLean case said courts constantly refuse profits awards because of a lack of willfulness, citing the English case of Moet, which is the best case. It's on all fours with this. That's the case that, case after case, Liberty Oil, the Nims treatise -- all of them are based on that fundamental root.

And her third case was -- was Prest-O-Lite. And, again, Prest-O-Lite -- and this is our -- in our red brief at page 42. In page 444 of Prest-O-Lite is made clear that the conduct in that case was willful and that's why a profits award was given. "What the defendants did was to fill tanks bearing the Complainant's trademark and either sell or distribute them for sale. I have already found the defendant had knowledge of the practice of the dealers" and the like.

So every single one of the cases she points to, I think, actually boomerangs. It doesn't say what she says it does.

This is true of other language in Romag's brief which makes this look a lot more complicated than it is. McLean and Heseltine

and -- and even Draper, she cites Draper but that's -- she -- it's only one judge. She doesn't point out the other two judges disagreed with this.

So, look, at the end of the day, she's got one case from Alabama in 1883, which was never actually resulted in an award of profits. You have five treatises on the other side. You have 37 of the 50 cases which do state a rule, and 13 cases which are fully consistent with the rule. I think that's at least as good as what the Frag Music case was.

JUSTICE KAVANAUGH: In stating the rule in your brief, you consistently say good faith, not willful, innocent, not willful. But there's a huge gray area, maybe not huge, but there is a gray area of behavior that's not good faith or innocent but reckless but nonetheless is not willful.

And that -- and that -- your description in the brief consistent also seems consistent as Justice Sotomayor says with the rule.

MR. KATYAL: And I should have made this clear with respect to Justice Ginsburg's

question. Yes, the cases sometimes say ignorance or accidental or something like that. And so -- but there's at least a threshold of actual knowledge.

There is no case that she's able to cite in which -- outside of the Oakes language in 1883, that you could read to say that something lower than -- something in which there's objective recklessness is enough to sustain a award of profits. They always rely on subjective actual knowledge.

JUSTICE KAVANAUGH: How about subjective recklessness, conscious disregard of a substantial risk?

MR. KATYAL: Yeah. So, you know, I don't think that -- I don't think the cases have gotten too into that one way or the other, but --

JUSTICE KAVANAUGH: Right. And that's that's key, right?

MR. KATYAL: No, I don't think so. Here, I think -- you know, here the question is that, you know, because here the district court here found, this is at page 47A, the evidence at trial at most could support a finding that

Fossil was negligent, not that it acted in reckless disregard with willful blindness and the like. So --

JUSTICE GINSBURG: Mr. Katyal, could you explain the features of trademark that make it different from copyright and patent where as -- if I understand correctly, you can get profits without showing willfulness?

MR. KATYAL: Yeah. So trademark law is fundamentally different from those. Those are about ownership. Here this is about consumer confusion and protection of consumers.

And as our brief explains, once you go down that path, you have to worry -- and this is one of the reasons for the willfulness requirement, that willfulness litigation will be used to browbeat entities like Fossil and to seek massive amounts of profits, every dollar they made, and also downstream, not just the -- you know, not just the designer of the handbags but every entity that sells them, the Macy's of the world to the tune of $7 million.

If Congress really wanted to do that and authorize such a revolutionary change in trademark law, one would think they'd say so and

not leave it to negative implication because at the end of the day, what she's asking you to do is to say that Congress in 1999 put into the statute something that literally had never been done once in practice. She has not a single time it's done.

That's why this Court in interpreting the phrase "principles of equity" in the Halo case said, look to the long tradition, look to what actually happened.

You don't need an ironclad rule, just look to what happened. Here what happened is one thing in the U.K. and in the U.S., for at least 180 years, which is no profits awards in the absence of willful conduct, at least subjective knowledge that what they were doing was wrong.

That is the common denominator in Nims, the restatement, and Ludlow and Jenkins and -- and the 37 cases cited in the brief.

No other questions?

CHIEF JUSTICE ROBERTS: Thank you, counsel. Ms. Blatt, five minutes.

REBUTTAL ARGUMENT OF LISA S. BLATT

ON BEHALF OF THE PETITIONER

MS. BLATT: You may want to cut me off.

So I don't know what to say. I didn't go to a fancy law school, but I'm very confident in my representation of the case law. Mishawaka is a case by you guys and you said in there, in the dissent, it was an innocent infringer, profits were awarded.

The district court case says, hey, I don't like the assertion that innocent people shouldn't get profits, but you guys can read the case and decide whether our assertion is credible but that is a district court case and it's a Supreme Court case by the dissent that acknowledges innocence.

Oakes, it is what it is. You can read it. And Prest-O-Lite is the same. In terms of give me an example of an unjust case, I would start with this case, the argument is we get zero, even though there was callous disregard, even though their snaps were ripped off, even though it's a small business, even though, you know, that's all they make and it was a counterfeit snap, if we get zero or even a quarter, that would be unjust. So that's my

example.

Second, on the treatises, I hope you read them. Four of them use the word damages. They don't distinguish profits. They say a principal of trademark law is you don't get damages. No damages absent willfulness. He doesn't have a response to that.

All of their cases but one say fraudulent intent. So every case that articulates the rule uses the word fraudulent. Not wrongful but fraudulent. And that's not his argument here.

Third, no case that we found under the 1905 Act applied a mental state requirement. I don't -- I didn't hear him say a case.

Four, he did drop the law professor brief, which I'm so glad because I'm going to quote from the leading cite of the law professor's brief, Thurman.

The law was "not clear from 1870 through 1905. The issue was "unclear when the Lanham Act was enacted. Specifically notes" -- this is my favorite -- "there was a majority and minority rule on the subject and the Supreme Court was in the minority."

So you guys had the minority rule because you didn't require willfulness in the Champion Sparkplug case and then apparently you muddied the waters in Mishawaka. So that -- that's their treatise. Oh. Wait a minute, "the end result is ambiguity." So that's from their treatise. And -- and four out of their five treatises use the word fraud.

JUSTICE BREYER: You're quite right that I'll read the treatises and I read the Lemly brief, and I will read the sources, but I don't understand your statement that they would receive no damages.

MS. BLATT: So --

JUSTICE BREYER: I thought the statute I have in front of me says that they're entitled to recover profits and any damages sustained.

MS. BLATT: Right.

JUSTICE BREYER: And so you don't need willfulness to recover any damages sustained, do you, or have am I missed --

MS. BLATT: No. I'm just saying the logic of the Respondent's argument is that the same common law rule that required willfulness for profits in the same breath said fraudulent

intent was also required for damages.

So it's a --

JUSTICE BREYER: All of those cases say that --

MS. BLATT: All of the treatises, four out of the five.

JUSTICE BREYER: All of the treatises.

MS. BLATT: One of the cases.

JUSTICE BREYER: Nobody is claiming, are they? No.

MS. BLATT: No. No, that's our argument.

JUSTICE BREYER: Nobody is claiming that you need willfulness for -- that the client, no matter how poor, no matter how -- he gets his damages, right?

MS. BLATT: Right. Our argument is the other side just wants to take you up to where they win this case. The actual common law sources say fraudulent intent and it also extends to damages.

This is just another way of saying the law was a mess and it wasn't that clear. When three out of their eight cases say there was a conflict, I just think the whole notion of the

Morissette or we cite that Fogerty versus Fantasy cases, if you just have a lack of clarity on the issue, you don't have a basis to presume that Congress wanted you to read in an unstated requirement.

And I think in at least in the -- the -- Justice Scalia and Garner book, it says, when you're talking about clarity, it's something that all the members of the bar had to agree was settled, and if the very case as it's -- that was conflicted, if the treatises say it wasn't clear, and if the cases are all over the map, again, the fact that we have three cases where they award profits is kind of either here nor there when we had eight cases that are just inconsistent with the willfulness requirement, including, I will end with, I will sit down early, this Champion Sparkplug case. It's a case in 1947, it was construing the 1905 Act, said it's relevant. And then it cited two other factors as part of the equities.

That's, to me, you know, just -- it would be hard to find a settled rule from 40 years of silence under the Lanham Act's predecessor. Thank you.

JUSTICE GINSBURG: Ms. Blatt, Texas is a fine law school.

(Laughter.)

MS. BLATT: Thank you.

CHIEF JUSTICE ROBERTS: Thank you, counsel. The case is submitted.

(Whereupon, at 12:11 p.m. , the case was submitted.)

IN THE SUPREME COURT OF THE UNITED STATES

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ROMAG FASTENERS, INC.,)
Petitioner,)
v.) No. 18-1233
FOSSIL, INC., ET AL.,)
Respondents.)

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Washington, D.C.
Tuesday, January 14, 2020

The above-entitled matter came on for oral argument before the Supreme Court of the United States at 11:13 a.m.

APPEARANCES:

LISA S. BLATT, Washington, D.C.;
on behalf of the Petitioner.

NEAL K. KATYAL, Washington, D.C.;
on behalf of the Respondents.

C O N T E N T S

P R O C E E D I N G S

(11:13 a.m.)

CHIEF JUSTICE ROBERTS: We'll hear argument next in Case 18-1233, Romag Fasteners versus Fossil, Inc.

Ms. Blatt.

ORAL ARGUMENT OF LISA S. BLATT
ON BEHALF OF THE PETITIONER

MS. BLATT: Thank you, Mr. Chief Justice, and may it please the Court:

The Lanham Act authorizes courts to remedy trademark violations by awarding infringers profits subject to the principles of equity. The question presented here is whether the phrase "principles of equity" requires trademark owners to prove willfulness as an absolute precondition to profit awards.

The answer is no for three reasons. First, the phrase "principles of equity" signifies a multifactor analysis where no one factor is controlling.

Second, the phrase -- excuse me. The statutory text and structure supersede any settled willfulness requirement.

And, third, there was no such settled

background willfulness requirement.

First, the phrase "principles of equity" refers to the familiar equitable principles that courts have long applied in determining whether to award profits in trademark cases. A defendant's culpability is a weighty factor, but it should not be controlling. Other traditional equitable factors are also important to further the landmark -- the Lanham Act's purposes to protect consumers and trademark owners' goodwill.

Such traditional factors include whether other relief adequately compensates the plaintiff and whether the defendant is enriched by his violation of law.

And these factors can all exist along a spectrum. For instance, culpability can range from fraudulent to innocent and everything in between, including callous disregard and negligence. So in a case where a defendant is completely innocent, courts should require a greater showing of other factors before awarding profits.

Conversely, greater culpability justifies a profit award that deters future

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infringement. And courts can be trusted to use their discretion to balance the equities for the cases in between. The statute also requires the amount of any award to be compensatory and not a penalty and just according to the circumstances.

Second, even assuming a settled willfulness requirement before the Lanham Act, the statutory text and structure reflect a congressional intent to supersede it. From the Act's inception, i.e., from 1946, Congress has expressly distinguished and protected defendants and which defendants from awards of monetary relief based on a heightened mental state.

Today the Lanham Act contains eight provisions tying monetary relief to a heightened mental state. That's a lot of provisions. The provision that dictates monetary relief, Section 117(a), is the provision that controls this case. That case -- that provision, excuse me, requires a willful violation for trademark dilution under 1125(c), but no such mental state requirement appears for infringement violations under Section 1125(a) or any other cause of action under the Lanham Act.

We think the inference is particularly

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strong that the omission of a willfulness requirement is intentional. The same Congress in 1999 that amended the statute to add a willfulness requirement for trademark dilution cases under subsection (c) affirmatively distinguished this type of infringement case under subsection (a) because the amendment simultaneously struck out the word "violation" of Sections 1125(a) and then reinserted that same phrase, violation of subsection (a), and then added a willful infringement form.

JUSTICE SOTOMAYOR: Ms. Blatt, could you concentrate on the word "equity"? Do you think equity would sustain an award for innocent or good-faith infringement without a more culpable state of mind? Because there's a wide swath of behavior between truly innocent, truly good faith, and willful. There could be reckless. There could be callous disregard. Would equity consonance an award for negligence or good faith?

MS. BLATT: Yes. And as I said in the earlier --

JUSTICE SOTOMAYOR: But how?

MS. BLATT: -- the earlier case, you

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would need a greater showing of the other purposes or the other equitable factors. And those are two. The first and foremost is whether if no other relief could adequately compensate the plaintiff.

And even in a case of a completely innocent defendant, damages are notoriously hard to prove. They're almost never recovered in trademark cases. And they're particularly impossible to prove in component cases.

The other equitable factor -- so that's one, is that even a dollar, that they would rule that out the instant case, even though there's no other relief, but the second equitable factor is the basic principle of equity, which is just you don't get to hold on to profits that don't correctly belong to you if you violated the law to get them.

And, again, here, let's just take the example, the other side says, at a minimum, we concede $900. That's their argument. All we're entitled to for profits is $900. Their view is we can't even get $900 unless you show willfulness, and you, otherwise, you just walk away with nothing.

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Now, they say that there's the statutory damages, you can always opt for the $200,000 statutory damages, which is certainly nice, but the problem with that is multifold. One is that it's not even available unless the mark is both registered and counterfeit, so countless trademark plaintiffs aren't even eligible for this.

And, second, it's supposed to be a floor and an alternative. So in a hypothetical case, that is our position. Now, in this case we have a little more. The parties on a remand have lots of arguments why the amount should be closer to 900. We have arguments why it should be higher because this is not only just a small business, but the manufacturer set up its operations in China, where counterfeiting is rampant and there's no incentive -- if all you have to pay is nothing, there's just really not that much incentive to prevent counterfeiting.

So those would be the arguments on remand. And let me just say, at the common law, we did cite examples, they're not voluminous, but there are examples, both pre-Lanham Act and post-Lanham Act, where courts in cases of

innocent infringement did award profits. It's just not routine.

JUSTICE KAVANAUGH: Pre- -- pre-Lanham Act, that's not much, right?

MS. BLATT: Three? Well, sure. Sure, three's a lot when --

JUSTICE KAVANAUGH: Pre- -- pre-Lanham Act, I said.

MS. BLATT: Yes.

JUSTICE KAVANAUGH: Yeah.

MS. BLATT: Yeah. So the one of them was the Mishawaka.

JUSTICE KAVANAUGH: Yes.

MS. BLATT: And that was a Supreme Court case.

JUSTICE KAVANAUGH: Right.

MS. BLATT: You didn't award profits, but the -- the district court did. The second was the Oakes case, which is, I don't know, 1888. It was from Alabama. Nothing wrong with Alabama. It counts as a case.

(Laughter.)

MS. BLATT: So -- and then we had a third case that -- the third case is Prest-O-Lite, and that's from New Jersey. So I

don't know why these cases don't count just because there are other cases that say we're going to award profits.

So if you just look at the -- the common law, and the most significant aspect of the common law, of course, is that the very cases from the common law that articulate a willfulness requirement say in the very same sentence: But there was some conflict in the decision.

So a conflict is a conflict is a conflict. It's not a -- the kind of clear rule that you could say would always rule it out.

JUSTICE GINSBURG: How is willfulness defined? I mean, here the jury found callous disregard, but not willfulness. Did the judge charge on what those terms meant?

MS. BLATT: Yes. Yes. So the -- the charge on willfulness was -- it includes intentional conduct and willful blindness, which is awareness of a high probability of harm and you take affirmative steps to avoid learning about it.

Callous disregard is a rubric of willfulness, but it doesn't rise to either of

those levels. It's closer on the recklessness spectrum. So generally in your case law, willfulness is defined usually to include reckless, but here the parties, meaning our side, did not object to recklessness being taken out so that the jury was only instructed on willfulness and not recklessness.

JUSTICE BREYER: Is it --

MS. BLATT: But they're similar because callous disregard under Second Circuit case law was a function of willfulness, it just wasn't willful blindness.

JUSTICE BREYER: I can't work out, there's maybe an obvious answer to this that I've missed, but in reading the statute, I thought, well, suppose you do have to have willfulness in order to get profits, and there would be a certain number of cases you don't get profits, right, okay. Think of those cases.

Then I see this sentence in 1117, it says, "if the court shall find that the amount of 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."

So if you did have to have willfulness, but all these things in China and so forth were -- were -- were right there in the case, the -- the -- the court could give the -- the -- the plaintiff more money, couldn't they, under that sentence?

MS. BLATT: Maybe I don't understand the question. The other side is no, we don't get any money --

JUSTICE BREYER: In this case --

-- absent willfulness.

JUSTICE BREYER: -- they did that, but I want to know why. And even if we were arguing about willfulness, so I say suppose they're right that willfulness does apply, you think it doesn't apply, right?

MS. BLATT: Right.

JUSTICE BREYER: But suppose they win. Suppose you produce your instance which you just did, that in China they'll go around and, dah-dah-dah, and we won't be able to get any significant amount of money, why wouldn't you say to the judge, read that sentence, Judge, they weren't willful, we agree but we're giving

you reasons why in this case we should get more relief.

MS. BLATT: Well, if you're saying you should read willfulness into the --

JUSTICE BREYER: No, I'm not -- I'm saying --

MS. BLATT: No --

JUSTICE BREYER: -- it's what you do, yeah.

MS. BLATT: Yeah, so if your view is that you read it into it but then courts can read it out --

JUSTICE BREYER: They did not say they can read it out. They can say it's there, they weren't willful but we have a sentence here which gives us total discretion in the interest of justice to give the damages that we think are just and fair.

So nobody is going to be hurt by accepting their side. All it's going to do is give this -- more discretion to the district court to award as much money or as little as he thinks is fair.

MS. BLATT: So --

JUSTICE BREYER: Now why isn't that

what that sentence does? I just want to --

MS. BLATT: I think this sentence --

JUSTICE BREYER: -- know what it does.

MS. BLATT: -- helps us. Here's just my concerns. Six circuits read that sentence as saying they cannot award profits if willfulness is not shown.

JUSTICE BREYER: No matter how appealing the case?

MS. BLATT: Yes, that's why we're here on a petition.

JUSTICE BREYER: Has anybody argued about this sentence?

MS. BLATT: Yes.

JUSTICE BREYER: In our brief -- in your brief you put that?

MS. BLATT: Yes.

JUSTICE BREYER: Good. Where -- what -- where can I read it?

(Laughter.)

MS. BLATT: I mean, it's -- it's in the intro and it's in the --

JUSTICE BREYER: Fine. Will you just tell me. I obviously, you know, sometimes I read these fast.

MS. BLATT: I don't know the page. I mean, it's definitely -- the gestalt of the cases going our way is, look, we'd like to see willfulness, but if we don't see it, it's not controlling, and it's just one of these weighty factors but there's always been a list of traditional factors, before the Lanham Act and after he Lanham Act. The culpability is one and the two that I ever -- the two that I mentioned are the other ones that are critical, whether there's some form of compensation and whether there's just a sense of unjust enrichment. But yes, you can go down or above.

But I think that we use that sentence to say, there's no harm, there's no risk of a windfall because no matter where you come up with your award, the Court can always reduce it or raise it, depending on the circumstances. So I don't -- maybe I just don't understand your question.

JUSTICE BREYER: Well, I was trying to understand the significance of the case. And you're saying, unless we read willfulness out of it, there are going to be some terrible cases where, in fact, the -- the infringer did it

totally by accident, totally by accident. He had a dream with this symbol appeared to him and he put it on his thing not knowing that somebody else had it, a total accident.

MS. BLATT: So --

JUSTICE BREYER: Now, you say still this is very bad because don't you know, that the trademark is owned by some widows and orphans and terribly suffering people and -- and -- and you should certainly give them some money or goodness knows what'll happen, you know --

MS. BLATT: Right, so --

JUSTICE BREYER: -- very appealing case. But you're worried about, therefore you say --

MS. BLATT: Yeah.

JUSTICE BREYER: -- read willfulness out of it. I say why do you need to do that? Why not just point to the sentence?

MS. BLATT: So we're not reading it out. We're just saying that it's not a precondition in step one. It is -- no question, I mean, our view is that it's a sliding scale, all of these traditional equitable factors are

appropriate and then when you get to the amount, you can adjust it.

So it just would seem odd to write an opinion that says, even though it's not in the statute, even though it wasn't a clearly stated rule, just because the other side asked for it, we want to read it in because we want to be nice to the Respondent. I don't think that's a good way to write an opinion.

CHIEF JUSTICE ROBERTS: Ms. -- Ms. Blatt, your -- your lead argument, of course, is the phrase willful violation under Section 1125(c) and the willfulness is not -- doesn't appear in the other part, but 1125(c) includes willfulness, it's about willfulness.

So, I gather this is the argument on the other side. Saying willful violation under -- that's kind of like just the label, this is what it is. And so when you just stick the label in, it's about a willful violation, that shouldn't have the same sort of exprecionias -- whatever it is, argue -- impact as you suggest.

MS. BLATT: Right. And that's a -- that's a fair argument. The argument is it is just mirroring the cause of action. And so that

just begs the question of why did they even need to put willfulness in the trademark dilution as a protection against profits and damages in the first place. That's our whole argument about it appearing eight times.

The underlying 1125(c), when it was passed, says you need a willful violation for a cause of action to collect monetary relief. And our point is simply it is not the most natural inference or the most natural inference is if they didn't think that there was already an omnibus willfulness requirement for all profit awards because they took such care in 1125(c), in the statutory damages, and in the treble damages and profits. They basically say you can't get monetary relief, damages, and profits absent these heightened scienter. And the other side says: Well, but those apply to damages too.

And our point is, sure, but it seems odd that Congress went out of its way to protect from the beginning in 1125(c) against profits when, under their view you didn't need it because it was already read into the statute as a principle of equity in all cases.

So, in other words, take section -- the -- the -- the original Trademark Act of -- the original 1946 act has 1114, which is the violation for registered trademarks. So it's very similar, like 1125(c), it says, here's going to be a class of cases where we don't want monetary relief.

So innocent printers and innocent publishers, no damages, no profits. And any defendant who preprints -- or excuse me, who prints an infringe mark without knowing that the infringement was intended to confuse, can't get profits or damages.

The other side says, well, it's not superfluous because it at least applies to damages. And our point is, well, it's at least superfluous as to profits. Congress is taking its care in eight provisions to keep saying no profits here, no profits there, no profits left and right, based under these heightened scienter.

So whatever you think principles of equity means, the one thing it can't mean is a heightened scienter because the statutory structure is so overwhelming that Congress had

this carefully calibrated scheme where they're spelling out when willfulness is required.

JUSTICE ALITO: Of the cases where the courts have said that willfulness is a necessary condition, which one would you cite as being -- as leading to the most unjust result?

The case where -- where a court said we're not going to award profits because there wasn't any willfulness and that's very unjust based on the facts of the case, is there one you would cite as an example?

MS. BLATT: No, they don't say, like their -- the leading case, that Regis case by the highest court in Massachusetts, it just says, we're not going to -- although the law is conflicted, we're not going to allow profits, and they're mostly relating to a fraud-based tort. So the underlying tort at the common law is one of fraud.

And so I'm not sure they see it as particularly unjust if you're suing for fraud that you don't get relief if there's no fraud. But in the technical trademark cases where most of our cases come from, they are including the three cases -- well, the Hamilton-Brown case,

they're saying you -- this property, your property was infringed so there's a pot of money that's going to rightfully belongs to you.

And by the time you get around to your three cases, the Champion Sparkplug case and the Mishawaka case, the Court is balancing the circumstances. It's saying, the willfulness is relevant but it also said, look, we don't think the plaintiff is really hurt, we don't think the defendant really benefitted. You know, you get an injunction and go home.

And so I just haven't seen cases where there was a mean court saying: Looks like you deserve it but I'm constrained by this willfulness requirement. I don't know if that answers your question.

JUSTICE KAGAN: Do you think it's open to us, Ms. Blatt, to pick a position someplace between you and Mr. Katyal? In other words, Mr. Katyal says, never under any circumstances can you get profits without willfulness and you say, well, willfulness is just one factor among the things that you think about.

But I -- I would think that there's some kind of intermediate position, which is

based on the history and -- and a general sense of it, which is that willfulness might not be a -- an absolute necessity but it certainly should be entitled to very significant weight.

You know, you could say like a presumption of a kind.

MS. BLATT: No, I would not say a presumption unless you're going to give us the same presumption, the presumption of compensation when other remedies aren't adequate and a presumption against unjust enrichment. And here's why we sort of used the Kirtsaeng case as an -- as an example in terms of fashioning our rule, is that I do think it's a sliding scale. The more innocent the defendant, you better have a greater justification for compensation; and the more guilty the defendant is -- and then you might have some cases in between.

But you could have a negligent or a reckless defendant, and I don't know where the presumption would fit. And the Court should just balance it, should the plaintiff get at least one dollar in that case? And so a presumption just puts the -- the scales too

heavy.

I think all the courts recognize, and I said, it's a weighty and important factor.

JUSTICE BREYER: Let me do this.

MS. BLATT: Sure.

JUSTICE BREYER: I think -- I guess your view is there's no willfulness requirement. But what it says is the plaintiff shall be entitled to recover defendant's profits, damages, and the cost of the action -- okay, it says that -- subject to principles of equity. Okay?

Now, we have a problem. One thing to say is equity has always held that willfulness is necessary. Good, we're finished with this case. But that's not your position. Your position --

MS. BLATT: It's also not true.

JUSTICE BREYER: No, well, I -- I -- I understand. I understand. Okay. Can we say anything about what principles of equity require?

MS. BLATT: Sure.

JUSTICE BREYER: All right. Now, I notice the Sixth Circuit uses the word

"wrongful." Do you want us to use that word?

MS. BLATT: No.

JUSTICE BREYER: How do you want us to write that sentence? What principles of equity require?

MS. BLATT: So -- and I think it helps to say that all of the courts have agreed on what the principles of equity mean. They're the factors that start from the English cases up and through your cases. The ones I said. The defendant's culpability, the need that other relief doesn't adequately compensate the plaintiff, and the theory or are there profits that are -- is there just a -- you're holding on to profits that don't rightfully belong. Those are the three. Now, the Fifth Circuit and the Second Circuit has articulated this maybe in a six-factor test, but they're all getting at those three things.

So the factors are clearly defined already in the case law. The courts are all happy. The only thing they're disagreeing about is whether willfulness is a gateway on/off switch.

So I would be very happy with an

opinion -- and this, if you want to advance the case law further away from where it is on our side, it's perfectly -- I think it's appropriate to say, because the defendant's culpability is a weighty factor, you should have other reasons. But part of the purposes where I would turn to in terms of -- you know, there is no other relief in almost all of these cases. And the whole point of this is not only to -- it' not just giving the -- the mark owner some money; it is protecting consumers.

The only other choice would be an injunction, and an injunction in some cases is either hard to get or it just doesn't work. Otherwise, there's no incentive for negligence. You might as well just take your -- you might as well just see what happens if you put some counterfeit stuff on. If it's negligent, you're probably not going to have to pay. It wasn't willful; it was just negligent. Who cares? And so it seems like you should at least have something to deter infringement when -- just look at the statute. The -- ^ Overlap with Breyer Congress obviously cares about trademark infringement.

JUSTICE BREYER: Is it all right to say this, that there could be cases where some profits but not all profits?

MS. BLATT: Yes.

JUSTICE BREYER: Is the equitable thing to do?

MS. BLATT: Yes.

JUSTICE BREYER: Yes, so we could say that?

MS. BLATT: Yes. Yes. And the parties on remand are actually, you know, going to debate about how much profits, and the ranges, you know, can be as low as $900 and they go all the way up from there.

CHIEF JUSTICE ROBERTS: Well, that's a little strange. I mean, equity either includes profits or it doesn't. I don't know why you would just sort of split the baby and so each side is a little happy. It's a principle of -- of equity. And -- and you either get them or you don't.

I mean, equity is not -- doesn't mean what seems fair. It -- it's a little more complicated.

MS. BLATT: Sorry, I was -- yeah, and

this is a different, separate issue that I was referring to, not just profits, but there's a debate in this case whether you get profits that are attributable to the infringement. So because this is a purse and a snap, there's the --

CHIEF JUSTICE ROBERTS: Oh, sure.

MS. BLATT: That --

CHIEF JUSTICE ROBERTS: Well, that's a --

MS. BLATT: That --

CHIEF JUSTICE ROBERTS: -- different legal basis. It's not the --

MS. BLATT: That's all I was talking about, yes.

CHIEF JUSTICE ROBERTS: In response to Justice Breyer, you didn't --

MS. BLATT: No.

CHIEF JUSTICE ROBERTS: -- didn't say, okay, profits are $100,000, you take 50; I'll take 50.

MS. BLATT: No, so the profits that are attributable to the infringement, at least the other side would say, you know, you don't even get your $900. Now, the only reason courts

have lowered them would be laches. You know, there are -- or unclean hands. So there are principles. Or for some reason you thought, I don't know, that -- it can't be a penalty, so for some reason you thought it was a penalty or excessive. I could probably think of some hypotheticals where you might want to lower it, like say you thought the plaintiff was no longer going to be in business or who cared about the -- the goodwill. But, yeah, the -- you're entitled to your profits and then -- but the court does allow an adjustment. But --

JUSTICE BREYER: Profits on the purse of -- of -- are $4 million. The infringer did put in a copy of the trademark in a tiny little inside purse that nobody ever saw. So now he's entitled to profits, $4 million, when it's unlikely that anybody or maybe only three people were lured into buying his purse because -- so that's what I was thinking of. Maybe what he is entitled to is the purse -- is the profits on --

MS. BLATT: So --

JUSTICE BREYER: -- on -- on three purchases.

MS. BLATT: So --

JUSTICE BREYER: -- or maybe --
MS. BLATT: -- there's a separate legal issue which the parties haven't briefed and there's no dispute in the case law, but it's just an amount, whether you're either limited to the attribution or -- and, if not, what kind of mental state would go over that. I can make a very good argument --
CHIEF JUSTICE ROBERTS: Yeah, but it's still -- I mean, it's unlikely that there will be $4 million in profits attributable to this little thing that nobody could see, and that's a question. But -- but I don't think that -- well, maybe it's right, maybe equity allows you of there -- you know, it just seems like too much, you say, well, I'm going to just give you less.
MS. BLATT: I would say that the equity -- the traditional factors are -- are the equity ones I talked about. The -- the statute does allow, the provision that Justice Breyer was focusing on, an adjustment for -- because you either think it's inadequate or excessive and it can't be a penalty or compensatory.
I don't think that relates to equity.

I think that's just a legal thing that the -- that the statute gives the courts discretion.
If I can make -- make one other thing. The statute actually says you can go up to three times damages. So --
CHIEF JUSTICE ROBERTS: Thank you. Thank you, counsel.
Mr. Katyal.

ORAL ARGUMENT OF NEAL K. KATYAL
ON BEHALF OF THE RESPONDENTS

MR. KATYAL: Thank you, Mr. Chief Justice, and may it please the Court:
My friend tries to make this case seem easy, but to do that, she has to sweep both Congress's words and two centuries of history under the rug. We're here today because Congress expressly made that Lanham Act's monetary awards principles subject to the -- monetary awards subject to the "principles of equity," and over many decades courts developed a principle that governs cases like this one. They required willfulness for the equitable remedy of profits awards, unlike for injunctions.
For all the dust my friend tries to

kick up about the cases in her brief, here's the bottom line on all the cited cases: Not one of them, none, actually awarded profits without willfulness in two centuries, either here or in the U.K., and in response to Justice Alito, she hasn't been able to give you a single example of an unjust result as a result of this long tradition.
Now, trademark infringement isn't some newfangled violation like cyber-squatting. It's one of the oldest violations in the book. And that book, both before 1946 and after, required willfulness before a defendant could be forced to go through the burdensome process of accounting for its profits and risking a windfall.
Five different treatises set out this rule. Many cases speak of this categorical rule. The remainder demonstrate a long-standing practice that -- which is, to use Judge Friendly and the Court's phrase in Halo, has narrowed the channel of discretion for awarding profits.
Congress legislated against the backdrop of that practice, which is why even the 1905 Act was interpreted to have a willfulness

requirement, and that requirement is now expressed in the Lanham Act's reference to the principles of equity.
With respect to my friend's textual arguments, she's asking you to believe that Congress, by implication in the '90s, invited -- intended to invite Congress -- the courts to do something they had never done in practice. If Congress wanted to take that step, that would be huge news. They would have said so.
Her best argument is the 1999 amendment changes things, which is what she walked away from in her brief but is now resurrecting here. And that has four problems:
First, Congress in 1999 didn't repeal the textual hook for the willfulness requirement, which was the phrase "principles of equity." That's the way court after court had interpreted it, including the Tenth Circuit just the year before in the Bishop case. Congress left that phrase untouched.
Second, Congress never indicated anywhere in this -- in the 1999 Act that they were trying to modify the willfulness requirement in any way, which is what Judge Dyk

said below, what the law professor's, Lemley, brief says here.

Third, the 1999 amendment did something unique. It was newfangled. It introduced a new cause of action, trademark dilution, one which had no historical analogue. It didn't have a customer confusion element.

JUSTICE SOTOMAYOR: Mr. Katyal, my basic problem is that as I'm looking at these cases, the term "willfulness" over the centuries has been differently defined by different people. Some people have included recklessness. Others haven't.

McCarthy, if you read his definition of willfulness, it does include recklessness and callous disregard and a whole bunch of blameworthy features. There was a circuit split on this very issue when Congress acted in 1999.

You don't think they count for much. You try to distinguish them. But there are cases -- not many, I grant you -- where something less than willfulness was the basis for a recovery.

Given the uncertainty of what willfulness means, the fact that there were

exceptions to the common law rule, whether you recognize them as significant or not, how do we write an opinion that says you need willfulness a -- a la what you mean, willfulness being just conscious avoidance, not recklessness, not callous disregard, not this, not that?

MR. KATYAL: Justice Sotomayor, at the time of the --

JUSTICE SOTOMAYOR: How do we do that in light of 117(a), which doesn't have an equity limitation. It says -- 117(a) says you can award profits. If you think it's too much or too little, use your discretion.

MR. KATYAL: Absolutely, Justice Sotomayor. That's what Congress said. Once you pass the threshold of getting a profits award, which is of course in 1117(a), quote, "subject to the principles of equity," then we absolutely agree there's discretion at the back end. That's where those equitable principles come in.

But Congress at the front end did here exactly when it did in the injunction context and what this Court said in eBay, which is, there's a hard and fast requirement for principles of equity to show their irreparable

harm. You said it must be shown, even though equity is generally flexible, you've got to go through the gate.

Here that gate is the same thing. In 1946, she has --

JUSTICE SOTOMAYOR: Go --

MR. KATYAL: -- not a case --

JUSTICE SOTOMAYOR: -- go to the more important part of my question, which is: What does willfulness mean --

MR. KATYAL: All right.

JUSTICE SOTOMAYOR: And where is there a universal definition?

MR. KATYAL: Yes, we think there is a universal lowest common denominator of willfulness at least meaning what exactly the district court charged here, the petition appendix page 43A which is --

JUSTICE SOTOMAYOR: Common denominator --

MR. KATYAL: Yeah --

JUSTICE SOTOMAYOR: -- to say it was the only --

MR. KATYAL: -- which is the defendants must be actually aware of the

infringing activity. So there are five separate treatises that set that out as a hard and fast requirement, Nims and Ludlow and Jenkins and Heseltine, which, by the way, she misstates because she cites the wrong provision about Heseltine about injunctions, but page 305 with respect to profits says willfulness is required.

JUSTICE KAVANAUGH: Why should --

MR. KATYAL: Case after case says willfulness meaning knowledge is -- is required.

And my basic point is, she's got no case on the other side that disagrees with this with except the possible hypothetical of Oakes in 1883, which, again, didn't actually award profits in the absence of willfulness.

And --

JUSTICE GINSBURG: Mr. Katyal --

JUSTICE KAVANAUGH: Why should --

JUSTICE GINSBURG: -- you say that principle of equity means willfulness, but in many cases, as Ms. Blatt pointed out, the statute uses the word willfulness, so you say plain text, principles of equity. I would say if it said willfulness, that would be plain text, but principles of equity?

MR. KATYAL: So, Justice Ginsburg, as our brief explains, every time Congress -- and they certainly didn't use willfulness in the 1946 act. Every time they added to it later on, there was a reason for it.

So for example, in 1999, the reason they added to it is because you couldn't look to principles of equity to determine what was trademark dilution because that was a brand newfangled defense which didn't have consumer confusion as a element. So -- but here we're talking about the oldest violation in the book, trademark law.

And I'd say, Justice Ginsburg, if you adopted that reading, which is -- she's trying to do, which is, oh, if Congress says the word in some other places by negative implication, then it's -- then it's out in other places, that would be a dangerous cannonball to the statute. So, for example, Section 1115(b)(9), which you can look at Joint Appendix page 135, that has that, that says that laches is available to fight incontestability and Section 1069 from the '46 Act says laches is available to contest inter partes determinations.

If you adopted her reading, you'd be saying, well --

JUSTICE GORSUCH: No, no, no --

MR. KATYAL: -- laches isn't anywhere else in the statute.

JUSTICE KAVANAUGH: Why should -- why should we assume that Congress wanted to exclude reckless infringement?

MR. KATYAL: Because Congress in 1946 acted against the backdrop of long-standing, consistent practice. There is not a single example --

JUSTICE KAVANAUGH: But there --

MR. KATYAL: -- she is able to give you in which there was an award given.

JUSTICE KAVANAUGH: But as Justice Sotomayor points out, willfulness is a -- a vague word, ambiguous word, sometimes covered what we would consider recklessness. So why would you, therefore --

MR. KATYAL: Because --

JUSTICE KAVANAUGH: -- exclude reckless?

MR. KATYAL: -- here, Justice Kavanaugh, there's a more specific tradition.

There's no doubt, cases like Ratzlaf say willfulness means different things in different contexts, but here it is always meant at least actual knowledge, subjective knowledge --

JUSTICE KAVANAUGH: What would be --

MR. KATYAL: -- and not recklessness.

JUSTICE KAVANAUGH: What would be the policy objective achieved by excluding reckless infringement?

MR. KATYAL: So we do think they are there, but we think Congress used this phrase and your job is to interpret the phrase --

JUSTICE KAVANAUGH: I agree -- I --

MR. KATYAL: -- and to essentially get to it. But --

JUSTICE KAVANAUGH: I understand that --

MR. KATYAL: But --

JUSTICE KAVANAUGH: But can you answer --

MR. KATYAL: -- the policy --

JUSTICE KAVANAUGH: Yeah.

MR. KATYAL: -- objectives are -- are, I think, incredibly strong, that is, the tradition of profits comes from equity and the

idea that damages weren't -- weren't at that point in time available in courts of equity. And so courts looked to profits.

Then there was a separate rationale of unjust enrichment but that was all about moral blameworthiness, about wrongdoing. And someone who was innocent is not wrongdoing, which is why this Court in Saxel, Henner, and in McLean which states --

JUSTICE KAVANAUGH: But if you're reckless, you're -- there is some wrongdoing.

MR. KATYAL: But I -- it's always been more than that. The courts have always said you actually have to be subjectively knowing what you're doing -- subjectively on knowledge of what you're doing.

The Moet case, which this Court referred to twice as stating the rule both in 1877 and McLean and in 1900 in Saxel, Henner is a perfect example of this because in Moet what happened -- Moet, what happened is you had a champagne dealer who imported some bottles not knowing they were spurious.

And what the Court said in England and this Court cited with approval twice before the

Lanham Act was, that's someone who's innocent, they're not engaged in wrongdoing. You can even have situations in which they're reckless. For example, the Gorham case in 1912 was one in which you had a silverware dealer who was reckless, who blew off the fact that the -- that there was a stamp used on the -- on the silverware, which was really the -- a mark of a famous silverware company.

But what this Court said is: No -- excuse me, what the southern district said is, no, you need more than that. You need actual knowledge, and that --

JUSTICE GORSUCH: Mr. Katyal, can we return to Justice Ginsburg's question for just a moment on the statutory text and whether principles of equity might be an unusual way of saying willfulness?

As I understood your response to Justice Ginsburg, that we would -- we would perhaps read out laches as a defense, and -- and I -- I just -- my problem with that is that when we say "principles of equity," we -- we mean laches. Those are -- that is part of the trans-substantive history of equity.

And if I go look at a treaty in equity, I'm going to find laches. What I'm not going to find is a substantive rule about trademark. For that, I have to go look at a trademark treatise, and so that's my problem textually. And I -- I just want to give you a chance to respond to it.

And I might ask you, really, isn't your argument nothing about principles of equity but about willfulness in the air?

And why didn't you make an argument that we should, as a background principle, assume some sort of consistency with the common law when Congress was legislating?

You seem to have disclaimed that and said no, no, there's a textual hook here and it's principles of equity. So that's a long wind-up, but those are my concerns that --

MR. KATYAL: We certainly made exactly that argument citing Morissette in our brief for the idea, even if there weren't the price -- principles of equity, Congress acts against the backdrop of the common law and is deemed to interpret it. So that's certainly there.

I think it's common ground that

principles of equity include will -- include knowledge and willfulness because she's even saying it's a factor. That's how she started her argument, and it's at page 8 of her reply brief.

So I think everyone agrees that it is a principle of equity, the -- the state of mind, it's just a question of how much weight you give it.

Our point to you is, Congress in 1946 when they used the phrase principles of equity, I don't think just meant trans-substantive principles. After all, it was the bedrock of a profits award. Profits is, after all, an equitable remedy in the first place.

And so in order to decide whether that equitable remedy should be given, you would look to the tradition of equity. And that tradition has always been -- the long-standing practice for two centuries is that -- is that willfulness has been required. And that's why there's not a single example on the other side.

Now she says, well, this is hard, you're going to have to read all these cases, but I think that's the dog that didn't bark.

Every single case that's given profits awards in two centuries has required willfulness, so the question is, is it worth the candle to make it a factor and run into the kind of standardless result that I think should be --

JUSTICE GINSBURG: But -- but as Justice Sotomayor just pointed out, there wasn't -- there isn't in the cases a uniform agreement on what "willful" means. And Justice Kagan had suggested that maybe it isn't all one way or all the other, so you can say the innocent infringer, no profits when it's innocent. But then there are shades of blameworthiness.

And we not -- we're not going to make willfulness the essential one. Maybe callous disregard. Maybe reckless.

MR. KATYAL: Justice Ginsburg, ask her to cite a case in which callous disregard was enough before 1946 to find -- to -- to find a profits award. She won't be able to cite one except for the theoretical possibility of Oakes.

And my point to you is when you were interpreting the phrase "principles of equity" just as in Halo, just as in eBay, what this Court did is look to the long-standing practice

-- Justice -- the Chief Justice's separate opinion in eBay referred to a page of history being worth a volume of logic. And that's exactly what's happened here.

CHIEF JUSTICE ROBERTS: That wasn't original with me.

(Laughter.)

MR. KATYAL: And that's exactly what has happened here, is that you've had two centuries in which this phrase, at equity, has been interpreted by court after court, and it is a fast rule. Indeed, this Court in the McLean case, Justice Ginsburg, in 1877, said courts constantly refuse profits awards without that.

And there isn't any tradition, there isn't any example on the other side, and there's treatise after treatise. And, by the way, Justice Gorsuch, the restatement is a general treatise -- the Restatement on Torts, it's not like, you know -- so -- but I do think actually the trademark-specific treatises would be what would be the relevant tradition here, if you're trying to understand.

JUSTICE BREYER: Reading all those I'll -- I'll try this again and maybe I should

ask you. All right. Suppose you win. And so the callous disregard person can't get -- don't -- profits doesn't apply. But this is really a rotten infringer. And he behaved very badly.

Can the winning trademark owner point to the sentence I read initially and say, Judge, it's not fair that they're not counting profits here, so don't call it profits, but give me a lot more money?

MR. KATYAL: Absolutely. The statute -- this is what we say at page 54 of our brief allows treble damages for that --

JUSTICE BREYER: No, I'm not just -- treble, but up to a limit?

MR. KATYAL: -- profits, but you can't treble profits --

JUSTICE BREYER: Up to a limit? But a sentence --

MR. KATYAL: You can't just treble profits because that is a harder --

JUSTICE BREYER: Correct. So -- so -- but the sentence I read has no such limitation. That's what's confusing me about it.

MR. KATYAL: Well --

JUSTICE BREYER: So I thought is this

all much ado about nothing?

MR. KATYAL: Well, again, I think that the award is subject in the first instance of the gate to principles of equity.

JUSTICE BREYER: Yeah, all right. Fine.

MR. KATYAL: But there's a much more important answer here, Justice -- Justice Breyer. She can't come up in response to Justice Alito with a single time in which this happened, an unjust result, in two centuries.

And the reason for that is trademark law focuses on protection of consumers in which injunctions and damages has always been enough, which is why there isn't an example on the other side.

To the extent she has some theoretical argument, it should be one made to Congress. Congress dealt with it actually here, in this idea that --

JUSTICE BREYER: I'm still trying to get the -- it's -- I don't know why I -- I can't get it. I -- I must be missing something.

Where it turns out for you having won that there is a case, imaginary, where the

person does behave badly but doesn't meet the -- the thresh -- the threshold, does this sentence -- do you come across anything that suggests the sentence that I read does any work, where you would say, Judge, I agree, we don't get profits? It wasn't willful what he did, but it was pretty bad.

MR. KATYAL: Justice Breyer --

JUSTICE BREYER: And so we want more money.

MR. KATYAL: Yes, Justice Breyer, it does work with respect to damages, not with respect to profits, because up above in 1117 --

JUSTICE BREYER: Yeah.

MR. KATYAL: -- profits is subject to the principles of equity. And that is a limitation. But --

JUSTICE KAVANAUGH: But damages is notoriously hard to prove, correct?

MR. KATYAL: Well, I actually disagree with that. She doesn't cite any study or anything. The only study I'm aware of is the Lex Machina study in 2017, which surveyed 2009 to 2017, and every trademark award and found that profits accounted for a total of 13 percent

of profits awards and also 13 percent of the dollars.

And so to the extent you think that's somehow, you know -- you know, worth the candle or something and you should bump that up, that's something that I think Congress should be dealing with, but of course here they did. They have a statutory damages provision to deal with low damages awards --

JUSTICE KAVANAUGH: You -- you've mentioned a couple times whether it's worth the candle to not have a willfulness requirement, but is it worth the candle to exclude all reckless cases as Justice Breyer has stated --

MR. KATYAL: Yes. The reason --

JUSTICE KAVANAUGH: -- when -- when willfulness will usually be a key factor in the calculus regardless of who wins here?

MR. KATYAL: Right. We don't doubt that -- if we were to lose this case on remand, you should make very clear that willfulness is a key factor, the big kahuna or something like that, but our point to you is that the reason why a -- a reason why the common law rule makes sense is that willfulness cuts off, I think, the

threat of very large profits awards.

And this case is a perfect example. She sought $6 million, every dollar in profits for the sale of these handbags, and that's what she was referring to with this attribution thing. And, indeed, they sought every dollar of Macy's profits, $7 million. And Macy's is an entity that, you know, nobody is arguing had any knowledge whatsoever, way -- way, shape, or form, or even recklessness with respect to what was going on with these little snaps in the handbags.

CHIEF JUSTICE ROBERTS: Well, counsel --

MR. KATYAL: That's the danger.

CHIEF JUSTICE ROBERTS: I -- how much would you have asked for? I mean -- I mean, it's -- it doesn't strike me as overreaching to ask for every dollar of the profits if you think you're entitled to profits.

MR. KATYAL: Well, that's the down -- that's the downside here. And, indeed, the statute puts the burden on the defendant to disprove any attribution. And so what -- one of the reasons why you have the willfulness

requirement is to knock out and block circumstances in which high awards are threatened, and indeed settlements are forced, which happened in this very case.

Now, she says, well, that's not going to deter enough and you need to have something extra, which, again, is something for Congress. Again, this is a perfect illustration, just the injunction alone cost us $4 million. We had to remove all of these bags, right on the eve of Thanksgiving's big sales and the like.

And so in a world in which you have injunctions and damages and all the attendant consequences of pulling inventory, would Congress really have intended to disrupt a 200-year-long tradition in order to -- to do this? And --

JUSTICE KAGAN: May I ask two questions about that tradition? The first is you've said several times that Ms. Blatt has zero cases, and I believe Ms. Blatt said that she had three cases. So if you would address that.

And the second is, although you point to a lot of cases in which the results come out

your way, there are comparatively few where the court sets out the rule as a categorical one. You know, in many of these cases, the courts do seem to be thinking of willfulness as a factor, a significant factor, but not a gateway requirement.

So those results might come out your way, but they don't articulate the rule that you propose, do they?

MR. KATYAL: Five -- yes. Five separate treaties -- treatises and 37 of the 50 cited cases do set out the rule or say willfulness is the only factor. But I think that's not the test this Court applies. So, for example, in Halo, what this Court did was look to the long practice, and indeed the first case, main case, it cited was a case called Cincinnati Siemens, and it -- which was a case just about the facts of -- of a -- of damage awards and treble damages awards, but from that long-standing practice what the Court did was to -- was to -- was derive a principle.

And that's what we're saying here. You've had a long-standing practice for 200 years, and, yes, Justice Kagan, those three

cases do not stand up. Even if she had three cases, we don't think an outlier three cases in 200 years is going to get her where she needs to go.

But taking them in turn, one, Mishawaka Rubber. This is the Sixth Circuit's determination, at 119 Federal Second 323. The rule prevails in Michigan that an account of profits will not be taken where the wrongful use of a trademark has been merely accidental. And then saying this rule is in harmony with the rule prevailing in the federal courts. And, indeed, in Mishawaka Rubber, the Court limited the profits award to the period after May 19th, 1933, which was when they were on notice.

So that's --

JUSTICE SOTOMAYOR: Mr. Katyal, the problem is, as I read those cases, you do have a handful, a little bit more than a handful, that say you need willful. But a lot of those cases, including the quote you gave me, give the negative. Accidental, good faith, is not enough. That's not the same thing.

MR. KATYAL: We -- we agree not every case states the rule, but our --

JUSTICE SOTOMAYOR: But it also --

MR. KATYAL: She doesn't have a case on the other side with the exception of the theoretical possibility of Oakes --

JUSTICE SOTOMAYOR: Why don't you --

MR. KATYAL: -- which doesn't.

JUSTICE SOTOMAYOR: Why don't you deal with the three cases that she points to.

MR. KATYAL: Yeah. So the second case is Oakes, which has never once been cited again for that proposition. We're not saying it's because it's from Alabama or something like that. It's literally never been cited again for that proposition. And, again, there was no award in that case.

JUSTICE SOTOMAYOR: Well, it's only the last 20, maybe 30 years that we had Lexis to cite cases like that, but --

MR. KATYAL: Well, I think, you know -- I think --

JUSTICE SOTOMAYOR: Lexis and Westlaw, but --

MR. KATYAL: But, Justice Sotomayor, I think, you know, this Court in the McLean case said courts constantly refuse profits awards

because of a lack of willfulness, citing the English case of Moet, which is the best case. It's on all fours with this. That's the case that, case after case, Liberty Oil, the Nims treatise -- all of them are based on that fundamental root.

And her third case was -- was Prest-O-Lite. And, again, Prest-O-Lite -- and this is our -- in our red brief at page 42. In page 444 of Prest-O-Lite is made clear that the conduct in that case was willful and that's why a profits award was given. "What the defendants did was to fill tanks bearing the Complainant's trademark and either sell or distribute them for sale. I have already found the defendant had knowledge of the practice of the dealers" and the like.

So every single one of the cases she points to, I think, actually boomerangs. It doesn't say what she says it does.

This is true of other language in Romag's brief which makes this look a lot more complicated than it is. McLean and Heseltine and -- and even Draper, she cites Draper but that's -- she -- it's only one judge. She

doesn't point out the other two judges disagreed with this.

So, look, at the end of the day, she's got one case from Alabama in 1883, which was never actually resulted in an award of profits. You have five treatises on the other side. You have 37 of the 50 cases which do state a rule, and 13 cases which are fully consistent with the rule. I think that's at least as good as what the Frag Music case was.

JUSTICE KAVANAUGH: In stating the rule in your brief, you consistently say good faith, not willful, innocent, not willful. But there's a huge gray area, maybe not huge, but there is a gray area of behavior that's not good faith or innocent but reckless but nonetheless is not willful.

And that -- and that -- your description in the brief consistent also seems consistent as Justice Sotomayor says with the rule.

MR. KATYAL: And I should have made this clear with respect to Justice Ginsburg's question. Yes, the cases sometimes say ignorance or accidental or something like that.

And so -- but there's at least a threshold of actual knowledge.

There is no case that she's able to cite in which -- outside of the Oakes language in 1883, that you could read to say that something lower than -- something in which there's objective recklessness is enough to sustain a award of profits. They always rely on subjective actual knowledge.

JUSTICE KAVANAUGH: How about subjective recklessness, conscious disregard of a substantial risk?

MR. KATYAL: Yeah. So, you know, I don't think that -- I don't think the cases have gotten too into that one way or the other, but --

JUSTICE KAVANAUGH: Right. And that's that's key, right?

MR. KATYAL: No, I don't think so. Here, I think -- you know, here the question is that, you know, because here the district court here found, this is at page 47A, the evidence at trial at most could support a finding that Fossil was negligent, not that it acted in reckless disregard with willful blindness and

the like. So --

JUSTICE GINSBURG: Mr. Katyal, could you explain the features of trademark that make it different from copyright and patent where as -- if I understand correctly, you can get profits without showing willfulness?

MR. KATYAL: Yeah. So trademark law is fundamentally different from those. Those are about ownership. Here this is about consumer confusion and protection of consumers.

And as our brief explains, once you go down that path, you have to worry -- and this is one of the reasons for the willfulness requirement, that willfulness litigation will be used to browbeat entities like Fossil and to seek massive amounts of profits, every dollar they made, and also downstream, not just the -- you know, not just the designer of the handbags but every entity that sells them, the Macy's of the world to the tune of $7 million.

If Congress really wanted to do that and authorize such a revolutionary change in trademark law, one would think they'd say so and not leave it to negative implication because at the end of the day, what she's asking you to do

is to say that Congress in 1999 put into the statute something that literally had never been done once in practice. She has not a single time it's done.

That's why this Court in interpreting the phrase "principles of equity" in the Halo case said, look to the long tradition, look to what actually happened.

You don't need an ironclad rule, just look to what happened. Here what happened is one thing in the U.K. and in the U.S., for at least 180 years, which is no profits awards in the absence of willful conduct, at least subjective knowledge that what they were doing was wrong.

That is the common denominator in Nims, the restatement, and Ludlow and Jenkins and -- and the 37 cases cited in the brief.

No other questions?

CHIEF JUSTICE ROBERTS: Thank you, counsel. Ms. Blatt, five minutes.

REBUTTAL ARGUMENT OF LISA S. BLATT
ON BEHALF OF THE PETITIONER

MS. BLATT: You may want to cut me off.

So I don't know what to say. I didn't go to a fancy law school, but I'm very confident in my representation of the case law. Mishawaka is a case by you guys and you said in there, in the dissent, it was an innocent infringer, profits were awarded.

The district court case says, hey, I don't like the assertion that innocent people shouldn't get profits, but you guys can read the case and decide whether our assertion is credible but that is a district court case and it's a Supreme Court case by the dissent that acknowledges innocence.

Oakes, it is what it is. You can read it. And Prest-O-Lite is the same. In terms of give me an example of an unjust case, I would start with this case, the argument is we get zero, even though there was callous disregard, even though their snaps were ripped off, even though it's a small business, even though, you know, that's all they make and it was a counterfeit snap, if we get zero or even a quarter, that would be unjust. So that's my example.

Second, on the treatises, I hope you

read them. Four of them use the word damages. They don't distinguish profits. They say a principal of trademark law is you don't get damages. No damages absent willfulness. He doesn't have a response to that.

All of their cases but one say fraudulent intent. So every case that articulates the rule uses the word fraudulent. Not wrongful but fraudulent. And that's not his argument here.

Third, no case that we found under the 1905 Act applied a mental state requirement. I don't -- I didn't hear him say a case.

Four, he did drop the law professor brief, which I'm so glad because I'm going to quote from the leading cite of the law professor's brief, Thurman.

The law was "not clear from 1870 through 1905. The issue was "unclear when the Lanham Act was enacted. Specifically notes" -- this is my favorite -- "there was a majority and minority rule on the subject and the Supreme Court was in the minority."

So you guys had the minority rule because you didn't require willfulness in the

Champion Sparkplug case and then apparently you muddied the waters in Mishawaka. So that -- that's their treatise. Oh. Wait a minute, "the end result is ambiguity." So that's from their treatise. And -- and four out of their five treatises use the word fraud.

JUSTICE BREYER: You're quite right that I'll read the treatises and I read the Lemly brief, and I will read the sources, but I don't understand your statement that they would receive no damages.

MS. BLATT: So --

JUSTICE BREYER: I thought the statute I have in front of me says that they're entitled to recover profits and any damages sustained.

MS. BLATT: Right.

JUSTICE BREYER: And so you don't need willfulness to recover any damages sustained, do you, or have am I missed --

MS. BLATT: No. I'm just saying the logic of the Respondent's argument is that the same common law rule that required willfulness for profits in the same breath said fraudulent intent was also required for damages.

So it's a --

JUSTICE BREYER: All of those cases say that --

MS. BLATT: All of the treatises, four out of the five.

JUSTICE BREYER: All of the treatises.

MS. BLATT: One of the cases.

JUSTICE BREYER: Nobody is claiming, are they? No.

MS. BLATT: No. No, that's our argument.

JUSTICE BREYER: Nobody is claiming that you need willfulness for -- that the client, no matter how poor, no matter how -- he gets his damages, right?

MS. BLATT: Right. Our argument is the other side just wants to take you up to where they win this case. The actual common law sources say fraudulent intent and it also extends to damages.

This is just another way of saying the law was a mess and it wasn't that clear. When three out of their eight cases say there was a conflict, I just think the whole notion of the Morissette or we cite that Fogerty versus Fantasy cases, if you just have a lack of

clarity on the issue, you don't have a basis to presume that Congress wanted you to read in an unstated requirement.

And I think in at least in the -- the -- Justice Scalia and Garner book, it says, when you're talking about clarity, it's something that all the members of the bar had to agree was settled, and if the very case as it's -- that was conflicted, if the treatises say it wasn't clear, and if the cases are all over the map, again, the fact that we have three cases where they award profits is kind of either here nor there when we had eight cases that are just inconsistent with the willfulness requirement, including, I will end with, I will sit down early, this Champion Sparkplug case. It's a case in 1947, it was construing the 1905 Act, said it's relevant. And then it cited two other factors as part of the equities.

That's, to me, you know, just -- it would be hard to find a settled rule from 40 years of silence under the Lanham Act's predecessor. Thank you.

JUSTICE GINSBURG: Ms. Blatt, Texas is a fine law school.

Official - Subject to Final Review

(Laughter.)
MS. BLATT: Thank you.
CHIEF JUSTICE ROBERTS: Thank you, counsel. The case is submitted.
(Whereupon, at 12:11 p.m. , the case was submitted.)