

SUPREME COURT OF THE UNITED STATES

IN THE SUPREME COURT OF THE UNITED STATES

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

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

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.

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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

1 background willfulness requirement.

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

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

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

24 Conversely, greater culpability
25 justifies a profit award that deters future

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

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

14 Today the Lanham Act contains eight
15 provisions tying monetary relief to a heightened
16 mental state. That's a lot of provisions. The
17 provision that dictates monetary relief, Section
18 117(a), is the provision that controls this
19 case. That case -- that provision, excuse me,
20 requires a willful violation for trademark
21 dilution under 1125(c), but no such mental state
22 requirement appears for infringement violations
23 under Section 1125(a) or any other cause of
24 action under the Lanham Act.

25 We think the inference is particularly

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

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

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

24 JUSTICE SOTOMAYOR: But how?

25 MS. BLATT: -- the earlier case, you

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

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

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

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

1 Now, they say that there's the
2 statutory damages, you can always opt for the
3 \$200,000 statutory damages, which is certainly
4 nice, but the problem with that is multifold.
5 One is that it's not even available unless the
6 mark is both registered and counterfeit, so
7 countless trademark plaintiffs aren't even
8 eligible for this.

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

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

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

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

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

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

9 MS. BLATT: Yes.

10 JUSTICE KAVANAUGH: Yeah.

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

13 JUSTICE KAVANAUGH: Yes.

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

16 JUSTICE KAVANAUGH: Right.

17 MS. BLATT: You didn't award profits,
18 but the -- the district court did. The second
19 was the Oakes case, which is, I don't know,
20 1888. It was from Alabama. Nothing wrong with
21 Alabama. It counts as a case.

22 (Laughter.)

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

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

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

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

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

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

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

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

8 JUSTICE BREYER: Is it --

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

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

20 Then I see this sentence in 1117, it
21 says, "if the court shall find that the amount
22 of recovery based on profits is either
23 inadequate or excessive, the court may in its
24 discretion enter judgment for such sum as the
25 court shall find to be just, according to the

1 circumstances of the case."

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

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

11 JUSTICE BREYER: In this case --

12 MS. BLATT: -- absent willfulness.

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

18 MS. BLATT: Right.

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

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

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

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

7 MS. BLATT: No --

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

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

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

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

24 MS. BLATT: So --

25 JUSTICE BREYER: Now why isn't that

1 what that sentence does? I just want to --

2 MS. BLATT: I think this sentence --

3 JUSTICE BREYER: -- know what it does.

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

8 JUSTICE BREYER: No matter how
9 appealing the case?

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

12 JUSTICE BREYER: Has anybody argued
13 about this sentence?

14 MS. BLATT: Yes.

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

17 MS. BLATT: Yes.

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

20 (Laughter.)

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

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

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

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

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

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

5 MS. BLATT: So --

6 JUSTICE BREYER: Now, you say still
7 this is very bad because don't you know, that
8 the trademark is owned by some widows and
9 orphans and terribly suffering people and --
10 and -- and you should certainly give them some
11 money or goodness knows what'll happen, you know
12 --

13 MS. BLATT: Right, so --

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

17 MS. BLATT: Yeah.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 heavy.

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

4 JUSTICE BREYER: Let me do this.

5 MS. BLATT: Sure.

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

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

18 MS. BLATT: It's also not true.

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

23 MS. BLATT: Sure.

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

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

2 MS. BLATT: No.

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

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

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

25 So I would be very happy with an

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

12 The only other choice would be an
13 injunction, and an injunction in some cases is
14 either hard to get or it just doesn't work.
15 Otherwise, there's no incentive for negligence.
16 You might as well just take your -- you might as
17 well just see what happens if you put some
18 counterfeit stuff on. If it's negligent, you're
19 probably not going to have to pay. It wasn't
20 willful; it was just negligent. Who cares? And
21 so it seems like you should at least have
22 something to deter infringement when -- just
23 look at the statute. The -- Congress obviously
24 --

25 JUSTICE BREYER: I have that part.

1 MS. BLATT: -- cares about trademark
2 infringement.

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

6 MS. BLATT: Yes.

7 JUSTICE BREYER: Is the equitable
8 thing to do?

9 MS. BLATT: Yes.

10 JUSTICE BREYER: Yes, so we could say
11 that?

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

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

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

1 complicated.

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

9 CHIEF JUSTICE ROBERTS: Oh, sure.

10 MS. BLATT: That --

11 CHIEF JUSTICE ROBERTS: Well, that's a
12 --

13 MS. BLATT: That --

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

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

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

20 MS. BLATT: No.

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

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

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

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

24 MS. BLATT: So --

25 JUSTICE BREYER: -- on -- on three

1 purchases.

2 MS. BLATT: So --

3 JUSTICE BREYER: -- or maybe --

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

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

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

1 and it can't be a penalty or compensatory.

2 I don't think that relates to equity.

3 I think that's just a legal thing that the --

4 that the statute gives the courts discretion.

5 If I can make -- make one other thing.

6 The statute actually says you can go up to three

7 times damages. So --

8 CHIEF JUSTICE ROBERTS: Thank you.

9 Thank you, counsel.

10 Mr. Katyal.

11 ORAL ARGUMENT OF NEAL K. KATYAL

12 ON BEHALF OF THE RESPONDENTS

13 MR. KATYAL: Thank you, Mr. Chief

14 Justice, and may it please the Court:

15 My friend tries to make this case seem

16 easy, but to do that, she has to sweep both

17 Congress's words and two centuries of history

18 under the rug. We're here today because

19 Congress expressly made that Lanham Act's

20 monetary awards principles subject to the --

21 monetary awards subject to the "principles of

22 equity," and over many decades courts developed

23 a principle that governs cases like this one.

24 They required willfulness for the equitable

25 remedy of profits awards, unlike for

1 injunctions.

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

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

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

25 Congress legislated against the

1 backdrop of that practice, which is why even the
2 1905 Act was interpreted to have a willfulness
3 requirement, and that requirement is now
4 expressed in the Lanham Act's reference to the
5 principles of equity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 Here that gate is the same thing. In
7 1946, she has --

8 JUSTICE SOTOMAYOR: Go --

9 MR. KATYAL: -- not a case --

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

13 MR. KATYAL: All right.

14 JUSTICE SOTOMAYOR: And where is there
15 a universal definition?

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

21 JUSTICE SOTOMAYOR: Common denominator
22 --

23 MR. KATYAL: Yeah --

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

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

10 JUSTICE KAVANAUGH: Why should --

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

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

18 And --

19 JUSTICE GINSBURG: Mr. Katyal --

20 JUSTICE KAVANAUGH: Why should --

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

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

3 MR. KATYAL: So, Justice Ginsburg, as
4 our brief explains, every time Congress -- and
5 they certainly didn't use willfulness in the
6 1946 act. Every time they added to it later on,
7 there was a reason for it.

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

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

1 '46 Act says laches is available to contest
2 inter partes determinations.

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

5 JUSTICE GORSUCH: No, no, no --

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

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

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

15 JUSTICE KAVANAUGH: But there --

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

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

23 MR. KATYAL: Because --

24 JUSTICE KAVANAUGH: -- exclude
25 reckless?

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

7 JUSTICE KAVANAUGH: What would be --

8 MR. KATYAL: -- and not recklessness.

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

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

15 JUSTICE KAVANAUGH: I agree -- I --

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

18 JUSTICE KAVANAUGH: I understand that
19 --

20 MR. KATYAL: But --

21 JUSTICE KAVANAUGH: But can you answer
22 --

23 MR. KATYAL: -- the policy --

24 JUSTICE KAVANAUGH: Yeah.

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

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

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

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

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

19 The Moet case, which this Court
20 referred to twice as stating the rule both in
21 1877 and McLean and in 1900 in Saxel, Henner is
22 a perfect example of this because in Moet what
23 happened -- Moet, what happened is you had a
24 champagne dealer who imported some bottles not
25 knowing they were spurious.

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

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

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

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

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

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

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

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

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

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

1 interpret it. So that's certainly there.

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

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

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

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

25 Now she says, well, this is hard,

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

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

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

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

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

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

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

9 (Laughter.)

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

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

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

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

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

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

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

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

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

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

1 MR. KATYAL: Well --

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

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

7 JUSTICE BREYER: Yeah, all right.
8 Fine.

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

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

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

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

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

10 MR. KATYAL: Justice Breyer --

11 JUSTICE BREYER: And so we want more
12 money.

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

16 JUSTICE BREYER: Yeah.

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

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

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

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

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

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

17 MR. KATYAL: Yes. The reason --

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

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

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

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

15 CHIEF JUSTICE ROBERTS: Well,
16 counsel --

17 MR. KATYAL: That's the danger.

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

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

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

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

14 And so in a world in which you have
15 injunctions and damages and all the attendant
16 consequences of pulling inventory, would
17 Congress really have intended to disrupt a
18 200-year-long tradition in order to -- to do
19 this? And --

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

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

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

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

25 And that's what we're saying here.

1 You've had a long-standing practice for 200
2 years, and, yes, Justice Kagan, those three
3 cases do not stand up. Even if she had three
4 cases, we don't think an outlier three cases in
5 200 years is going to get her where she needs to
6 go.

7 But taking them in turn, one,
8 Mishawaka Rubber. This is the Sixth Circuit's
9 determination, at 119 Federal Second 323. The
10 rule prevails in Michigan that an account of
11 profits will not be taken where the wrongful use
12 of a trademark has been merely accidental. And
13 then saying this rule is in harmony with the
14 rule prevailing in the federal courts. And,
15 indeed, in Mishawaka Rubber, the Court limited
16 the profits award to the period after May 19th,
17 1933, which was when they were on notice.

18 So that's --

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

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

3 JUSTICE SOTOMAYOR: But it also --

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

7 JUSTICE SOTOMAYOR: Why don't you --

8 MR. KATYAL: -- which doesn't.

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

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

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

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

23 JUSTICE SOTOMAYOR: Lexis and Westlaw,
24 but --

25 MR. KATYAL: But, Justice Sotomayor, I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 No other questions?

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

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

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

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

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

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

1 example.

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

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

13 Third, no case that we found under the
14 1905 Act applied a mental state requirement. I
15 don't -- I didn't hear him say a case.

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

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

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

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

14 MS. BLATT: So --

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

18 MS. BLATT: Right.

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

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

1 intent was also required for damages.

2 So it's a --

3 JUSTICE BREYER: All of those cases
4 say that --

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

7 JUSTICE BREYER: All of the treatises.

8 MS. BLATT: One of the cases.

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

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

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

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

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

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

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

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

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

3 (Laughter.)

4 MS. BLATT: Thank you.

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

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

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1 IN THE SUPREME COURT OF THE UNITED STATES	1 P R O C E E D I N G S
2 -----	2 (11:13 a.m.)
3 ROMAG FASTENERS, INC.,)	3 CHIEF JUSTICE ROBERTS: We'll hear
4 Petitioner,)	4 argument next in Case 18-1233, Romag Fasteners
5 v.) No. 18-1233	5 versus Fossil, Inc.
6 FOSSIL, INC., ET AL.,)	6 Ms. Blatt.
7 Respondents.)	7 ORAL ARGUMENT OF LISA S. BLATT
8 -----	8 ON BEHALF OF THE PETITIONER
9 Washington, D.C.	9 MS. BLATT: Thank you, Mr. Chief
10 Tuesday, January 14, 2020	10 Justice, and may it please the Court:
11	11 The Lanham Act authorizes courts to
12 The above-entitled matter came on for	12 remedy trademark violations by awarding
13 oral argument before the Supreme Court of the	13 infringers profits subject to the principles of
14 United States at 11:13 a.m.	14 equity. The question presented here is whether
15	15 the phrase "principles of equity" requires
16 APPEARANCES:	16 trademark owners to prove willfulness as an
17	17 absolute precondition to profit awards.
18 LISA S. BLATT, Washington, D.C.;	18 The answer is no for three reasons.
19 on behalf of the Petitioner.	19 First, the phrase "principles of equity"
20	20 signifies a multifactor analysis where no one
21 NEAL K. KATYAL, Washington, D.C.;	21 factor is controlling.
22 on behalf of the Respondents.	22 Second, the phrase -- excuse me. The
23	23 statutory text and structure supersede any
24	24 settled willfulness requirement.
25	25 And, third, there was no such settled
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2	4
1 C O N T E N T S	1 background willfulness requirement.
2 ORAL ARGUMENT OF: PAGE:	2 First, the phrase "principles of
3 LISA S. BLATT, ESQ. 3	3 equity" refers to the familiar equitable
4 On behalf of the Petitioner	4 principles that courts have long applied in
5 ORAL ARGUMENT OF:	5 determining whether to award profits in
6 NEAL K. KATYAL, ESQ. 30	6 trademark cases. A defendant's culpability is a
7 On behalf of the Respondents	7 weighty factor, but it should not be
8 REBUTTAL ARGUMENT OF:	8 controlling. Other traditional equitable
9 LISA S. BLATT, ESQ. 59	9 factors are also important to further the
10 On behalf of the Petitioner	10 landmark -- the Lanham Act's purposes to protect
11	11 consumers and trademark owners' goodwill.
12	12 Such traditional factors include
13	13 whether other relief adequately compensates the
14	14 plaintiff and whether the defendant is enriched
15	15 by his violation of law.
16	16 And these factors can all exist along
17	17 a spectrum. For instance, culpability can range
18	18 from fraudulent to innocent and everything in
19	19 between, including callous disregard and
20	20 negligence. So in a case where a defendant is
21	21 completely innocent, courts should require a
22	22 greater showing of other factors before awarding
23	23 profits.
24	24 Conversely, greater culpability
25	25 justifies a profit award that deters future

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<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">5</p> <p>1 infringement. And courts can be trusted to use 2 their discretion to balance the equities for the 3 cases in between. The statute also requires the 4 amount of any award to be compensatory and not a 5 penalty and just according to the circumstances. 6 Second, even assuming a settled 7 willfulness requirement before the Lanham Act, 8 the statutory text and structure reflect a 9 congressional intent to supersede it. From the 10 Act's inception, i.e., from 1946, Congress has 11 expressly distinguished and protected defendants 12 and which defendants from awards of monetary 13 relief based on a heightened mental state. 14 Today the Lanham Act contains eight 15 provisions tying monetary relief to a heightened 16 mental state. That's a lot of provisions. The 17 provision that dictates monetary relief, Section 18 117(a), is the provision that controls this 19 case. That case -- that provision, excuse me, 20 requires a willful violation for trademark 21 dilution under 1125(c), but no such mental state 22 requirement appears for infringement violations 23 under Section 1125(a) or any other cause of 24 action under the Lanham Act. 25 We think the inference is particularly</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">7</p> <p>1 would need a greater showing of the other 2 purposes or the other equitable factors. And 3 those are two. The first and foremost is 4 whether if no other relief could adequately 5 compensate the plaintiff. 6 And even in a case of a completely 7 innocent defendant, damages are notoriously hard 8 to prove. They're almost never recovered in 9 trademark cases. And they're particularly 10 impossible to prove in component cases. 11 The other equitable factor -- so 12 that's one, is that even a dollar, that they 13 would rule that out the instant case, even 14 though there's no other relief, but the second 15 equitable factor is the basic principle of 16 equity, which is just you don't get to hold on 17 to profits that don't correctly belong to you if 18 you violated the law to get them. 19 And, again, here, let's just take the 20 example, the other side says, at a minimum, we 21 concede \$900. That's their argument. All we're 22 entitled to for profits is \$900. Their view is 23 we can't even get \$900 unless you show 24 willfulness, and you, otherwise, you just walk 25 away with nothing.</p>
<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">6</p> <p>1 strong that the omission of a willfulness 2 requirement is intentional. The same Congress 3 in 1999 that amended the statute to add a 4 willfulness requirement for trademark dilution 5 cases under subsection (c) affirmatively 6 distinguished this type of infringement case 7 under subsection (a) because the amendment 8 simultaneously struck out the word "violation" 9 of Sections 1125(a) and then reinserted that 10 same phrase, violation of subsection (a), and 11 then added a willful infringement form. 12 JUSTICE SOTOMAYOR: Ms. Blatt, could 13 you concentrate on the word "equity"? Do you 14 think equity would sustain an award for innocent 15 or good-faith infringement without a more 16 culpable state of mind? Because there's a wide 17 swath of behavior between truly innocent, truly 18 good faith, and willful. There could be 19 reckless. There could be callous disregard. 20 Would equity consonance an award for negligence 21 or good faith? 22 MS. BLATT: Yes. And as I said in the 23 earlier -- 24 JUSTICE SOTOMAYOR: But how? 25 MS. BLATT: -- the earlier case, you</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">8</p> <p>1 Now, they say that there's the 2 statutory damages, you can always opt for the 3 \$200,000 statutory damages, which is certainly 4 nice, but the problem with that is multifold. 5 One is that it's not even available unless the 6 mark is both registered and counterfeit, so 7 countless trademark plaintiffs aren't even 8 eligible for this. 9 And, second, it's supposed to be a 10 floor and an alternative. So in a hypothetical 11 case, that is our position. Now, in this case 12 we have a little more. The parties on a remand 13 have lots of arguments why the amount should be 14 closer to 900. We have arguments why it should 15 be higher because this is not only just a small 16 business, but the manufacturer set up its 17 operations in China, where counterfeiting is 18 rampant and there's no incentive -- if all you 19 have to pay is nothing, there's just really not 20 that much incentive to prevent counterfeiting. 21 So those would be the arguments on 22 remand. And let me just say, at the common law, 23 we did cite examples, they're not voluminous, 24 but there are examples, both pre-Lanham Act and 25 post-Lanham Act, where courts in cases of</p>

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<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">9</p> <p>1 innocent infringement did award profits. It's 2 just not routine. 3 JUSTICE KAVANAUGH: Pre- -- pre-Lanham 4 Act, that's not much, right? 5 MS. BLATT: Three? Well, sure. Sure, 6 three's a lot when -- 7 JUSTICE KAVANAUGH: Pre- -- pre-Lanham 8 Act, I said. 9 MS. BLATT: Yes. 10 JUSTICE KAVANAUGH: Yeah. 11 MS. BLATT: Yeah. So the one of them 12 was the Mishawaka. 13 JUSTICE KAVANAUGH: Yes. 14 MS. BLATT: And that was a Supreme 15 Court case. 16 JUSTICE KAVANAUGH: Right. 17 MS. BLATT: You didn't award profits, 18 but the -- the district court did. The second 19 was the Oakes case, which is, I don't know, 20 1888. It was from Alabama. Nothing wrong with 21 Alabama. It counts as a case. 22 (Laughter.) 23 MS. BLATT: So -- and then we had a 24 third case that -- the third case is 25 Prest-O-Lite, and that's from New Jersey. So I</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">11</p> <p>1 those levels. It's closer on the recklessness 2 spectrum. So generally in your case law, 3 willfulness is defined usually to include 4 reckless, but here the parties, meaning our 5 side, did not object to recklessness being taken 6 out so that the jury was only instructed on 7 willfulness and not recklessness. 8 JUSTICE BREYER: Is it -- 9 MS. BLATT: But they're similar 10 because callous disregard under Second Circuit 11 case law was a function of willfulness, it just 12 wasn't willful blindness. 13 JUSTICE BREYER: I can't work out, 14 there's maybe an obvious answer to this that 15 I've missed, but in reading the statute, I 16 thought, well, suppose you do have to have 17 willfulness in order to get profits, and there 18 would be a certain number of cases you don't get 19 profits, right, okay. Think of those cases. 20 Then I see this sentence in 1117, it 21 says, "if the court shall find that the amount 22 of recovery based on profits is either 23 inadequate or excessive, the court may in its 24 discretion enter judgment for such sum as the 25 court shall find to be just, according to the</p>
<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">10</p> <p>1 don't know why these cases don't count just 2 because there are other cases that say we're 3 going to award profits. 4 So if you just look at the -- the 5 common law, and the most significant aspect of 6 the common law, of course, is that the very 7 cases from the common law that articulate a 8 willfulness requirement say in the very same 9 sentence: But there was some conflict in the 10 decision. 11 So a conflict is a conflict is a 12 conflict. It's not a -- the kind of clear rule 13 that you could say would always rule it out. 14 JUSTICE GINSBURG: How is willfulness 15 defined? I mean, here the jury found callous 16 disregard, but not willfulness. Did the judge 17 charge on what those terms meant? 18 MS. BLATT: Yes. Yes. So the -- the 19 charge on willfulness was -- it includes 20 intentional conduct and willful blindness, which 21 is awareness of a high probability of harm and 22 you take affirmative steps to avoid learning 23 about it. 24 Callous disregard is a rubric of 25 willfulness, but it doesn't rise to either of</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">12</p> <p>1 circumstances of the case." 2 So if you did have to have 3 willfulness, but all these things in China and 4 so forth were -- were -- were right there in the 5 case, the -- the -- the court could give the -- 6 the -- the plaintiff more money, couldn't they, 7 under that sentence? 8 MS. BLATT: Maybe I don't understand 9 the question. The other side is no, we don't 10 get any money -- 11 JUSTICE BREYER: In this case -- 12 -- absent willfulness. 13 JUSTICE BREYER: -- they did that, but 14 I want to know why. And even if we were arguing 15 about willfulness, so I say suppose they're 16 right that willfulness does apply, you think it 17 doesn't apply, right? 18 MS. BLATT: Right. 19 JUSTICE BREYER: But suppose they win. 20 Suppose you produce your instance which you just 21 did, that in China they'll go around and, 22 dah-dah-dah, and we won't be able to get any 23 significant amount of money, why wouldn't you 24 say to the judge, read that sentence, Judge, 25 they weren't willful, we agree but we're giving</p>

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<p>Official - Subject to Final Review</p> <p>13</p> <p>1 you reasons why in this case we should get more relief.</p> <p>2</p> <p>3 MS. BLATT: Well, if you're saying you</p> <p>4 should read willfulness into the --</p> <p>5 JUSTICE BREYER: No, I'm not -- I'm</p> <p>6 saying --</p> <p>7 MS. BLATT: No --</p> <p>8 JUSTICE BREYER: -- it's what you do,</p> <p>9 yeah.</p> <p>10 MS. BLATT: Yeah, so if your view is</p> <p>11 that you read it into it but then courts can</p> <p>12 read it out --</p> <p>13 JUSTICE BREYER: They did not say they</p> <p>14 can read it out. They can say it's there, they</p> <p>15 weren't willful but we have a sentence here</p> <p>16 which gives us total discretion in the interest</p> <p>17 of justice to give the damages that we think are</p> <p>18 just and fair.</p> <p>19 So nobody is going to be hurt by</p> <p>20 accepting their side. All it's going to do is</p> <p>21 give this -- more discretion to the district</p> <p>22 court to award as much money or as little as he</p> <p>23 thinks is fair.</p> <p>24 MS. BLATT: So --</p> <p>25 JUSTICE BREYER: Now why isn't that</p>	<p>Official - Subject to Final Review</p> <p>15</p> <p>1 MS. BLATT: I don't know the page. I</p> <p>2 mean, it's definitely -- the gestalt of the</p> <p>3 cases going our way is, look, we'd like to see</p> <p>4 willfulness, but if we don't see it, it's not</p> <p>5 controlling, and it's just one of these weighty</p> <p>6 factors but there's always been a list of</p> <p>7 traditional factors, before the Lanham Act and</p> <p>8 after he Lanham Act. The culpability is one and</p> <p>9 the two that I ever -- the two that I mentioned</p> <p>10 are the other ones that are critical, whether</p> <p>11 there's some form of compensation and whether</p> <p>12 there's just a sense of unjust enrichment. But</p> <p>13 yes, you can go down or above.</p> <p>14 But I think that we use that sentence</p> <p>15 to say, there's no harm, there's no risk of a</p> <p>16 windfall because no matter where you come up</p> <p>17 with your award, the Court can always reduce it</p> <p>18 or raise it, depending on the circumstances. So</p> <p>19 I don't -- maybe I just don't understand your</p> <p>20 question.</p> <p>21 JUSTICE BREYER: Well, I was trying to</p> <p>22 understand the significance of the case. And</p> <p>23 you're saying, unless we read willfulness out of</p> <p>24 it, there are going to be some terrible cases</p> <p>25 where, in fact, the -- the infringer did it</p>
<p>Official - Subject to Final Review</p> <p>14</p> <p>1 what that sentence does? I just want to --</p> <p>2 MS. BLATT: I think this sentence --</p> <p>3 JUSTICE BREYER: -- know what it does.</p> <p>4 MS. BLATT: -- helps us. Here's just</p> <p>5 my concerns. Six circuits read that sentence as</p> <p>6 saying they cannot award profits if willfulness</p> <p>7 is not shown.</p> <p>8 JUSTICE BREYER: No matter how</p> <p>9 appealing the case?</p> <p>10 MS. BLATT: Yes, that's why we're here</p> <p>11 on a petition.</p> <p>12 JUSTICE BREYER: Has anybody argued</p> <p>13 about this sentence?</p> <p>14 MS. BLATT: Yes.</p> <p>15 JUSTICE BREYER: In our brief -- in</p> <p>16 your brief you put that?</p> <p>17 MS. BLATT: Yes.</p> <p>18 JUSTICE BREYER: Good. Where -- what</p> <p>19 -- where can I read it?</p> <p>20 (Laughter.)</p> <p>21 MS. BLATT: I mean, it's -- it's in</p> <p>22 the intro and it's in the --</p> <p>23 JUSTICE BREYER: Fine. Will you just</p> <p>24 tell me. I obviously, you know, sometimes I</p> <p>25 read these fast.</p>	<p>Official - Subject to Final Review</p> <p>16</p> <p>1 totally by accident, totally by accident. He</p> <p>2 had a dream with this symbol appeared to him and</p> <p>3 he put it on his thing not knowing that somebody</p> <p>4 else had it, a total accident.</p> <p>5 MS. BLATT: So --</p> <p>6 JUSTICE BREYER: Now, you say still</p> <p>7 this is very bad because don't you know, that</p> <p>8 the trademark is owned by some widows and</p> <p>9 orphans and terribly suffering people and --</p> <p>10 and -- and you should certainly give them some</p> <p>11 money or goodness knows what'll happen, you know</p> <p>12 --</p> <p>13 MS. BLATT: Right, so --</p> <p>14 JUSTICE BREYER: -- very appealing</p> <p>15 case. But you're worried about, therefore you</p> <p>16 say --</p> <p>17 MS. BLATT: Yeah.</p> <p>18 JUSTICE BREYER: -- read willfulness</p> <p>19 out of it. I say why do you need to do that?</p> <p>20 Why not just point to the sentence?</p> <p>21 MS. BLATT: So we're not reading it</p> <p>22 out. We're just saying that it's not a</p> <p>23 precondition in step one. It is -- no question,</p> <p>24 I mean, our view is that it's a sliding scale,</p> <p>25 all of these traditional equitable factors are</p>

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<p>Official - Subject to Final Review</p> <p style="text-align: right;">17</p> <p>1 appropriate and then when you get to the amount, 2 you can adjust it.</p> <p>3 So it just would seem odd to write an 4 opinion that says, even though it's not in the 5 statute, even though it wasn't a clearly stated 6 rule, just because the other side asked for it, 7 we want to read it in because we want to be nice 8 to the Respondent. I don't think that's a good 9 way to write an opinion.</p> <p>10 CHIEF JUSTICE ROBERTS: Ms. -- 11 Ms. Blatt, your -- your lead argument, of 12 course, is the phrase willful violation under 13 Section 1125(c) and the willfulness is not -- 14 doesn't appear in the other part, but 1125(c) 15 includes willfulness, it's about willfulness.</p> <p>16 So, I gather this is the argument on 17 the other side. Saying willful violation under 18 -- that's kind of like just the label, this is 19 what it is. And so when you just stick the 20 label in, it's about a willful violation, that 21 shouldn't have the same sort of exprocionias -- 22 whatever it is, argue -- impact as you suggest.</p> <p>23 MS. BLATT: Right. And that's a -- 24 that's a fair argument. The argument is it is 25 just mirroring the cause of action. And so that</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">19</p> <p>1 So, in other words, take section -- 2 the -- the -- the original Trademark Act of -- 3 the original 1946 act has 1114, which is the 4 violation for registered trademarks. So it's 5 very similar, like 1125(c), it says, here's 6 going to be a class of cases where we don't want 7 monetary relief.</p> <p>8 So innocent printers and innocent 9 publishers, no damages, no profits. And any 10 defendant who preprints -- or excuse me, who 11 prints an infringe mark without knowing that the 12 infringement was intended to confuse, can't get 13 profits or damages.</p> <p>14 The other side says, well, it's not 15 superfluous because it at least applies to 16 damages. And our point is, well, it's at least 17 superfluous as to profits. Congress is taking 18 its care in eight provisions to keep saying no 19 profits here, no profits there, no profits left 20 and right, based under these heightened 21 scienter.</p> <p>22 So whatever you think principles of 23 equity means, the one thing it can't mean is a 24 heightened scienter because the statutory 25 structure is so overwhelming that Congress had</p>
<p>Official - Subject to Final Review</p> <p style="text-align: right;">18</p> <p>1 just begs the question of why did they even need 2 to put willfulness in the trademark dilution as 3 a protection against profits and damages in the 4 first place. That's our whole argument about it 5 appearing eight times.</p> <p>6 The underlying 1125(c), when it was 7 passed, says you need a willful violation for a 8 cause of action to collect monetary relief. And 9 our point is simply it is not the most natural 10 inference or the most natural inference is if 11 they didn't think that there was already an 12 omnibus willfulness requirement for all profit 13 awards because they took such care in 1125(c), 14 in the statutory damages, and in the treble 15 damages and profits. They basically say you 16 can't get monetary relief, damages, and profits 17 absent these heightened scienter. And the other 18 side says: Well, but those apply to damages 19 too.</p> <p>20 And our point is, sure, but it seems 21 odd that Congress went out of its way to protect 22 from the beginning in 1125(c) against profits 23 when, under their view you didn't need it 24 because it was already read into the statute as 25 a principle of equity in all cases.</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">20</p> <p>1 this carefully calibrated scheme where they're 2 spelling out when willfulness is required.</p> <p>3 JUSTICE ALITO: Of the cases where the 4 courts have said that willfulness is a necessary 5 condition, which one would you cite as being -- 6 as leading to the most unjust result?</p> <p>7 The case where -- where a court said 8 we're not going to award profits because there 9 wasn't any willfulness and that's very unjust 10 based on the facts of the case, is there one you 11 would cite as an example?</p> <p>12 MS. BLATT: No, they don't say, like 13 their -- the leading case, that Regis case by 14 the highest court in Massachusetts, it just 15 says, we're not going to -- although the law is 16 conflicted, we're not going to allow profits, 17 and they're mostly relating to a fraud-based 18 tort. So the underlying tort at the common law 19 is one of fraud.</p> <p>20 And so I'm not sure they see it as 21 particularly unjust if you're suing for fraud 22 that you don't get relief if there's no fraud. 23 But in the technical trademark cases where most 24 of our cases come from, they are including the 25 three cases -- well, the Hamilton-Brown case,</p>

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<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">21</p> <p>1 they're saying you -- this property, your 2 property was infringed so there's a pot of money 3 that's going to rightfully belongs to you. 4 And by the time you get around to your 5 three cases, the Champion Sparkplug case and the 6 Mishawaka case, the Court is balancing the 7 circumstances. It's saying, the willfulness is 8 relevant but it also said, look, we don't think 9 the plaintiff is really hurt, we don't think the 10 defendant really benefitted. You know, you get 11 an injunction and go home. 12 And so I just haven't seen cases where 13 there was a mean court saying: Looks like you 14 deserve it but I'm constrained by this 15 willfulness requirement. I don't know if that 16 answers your question. 17 JUSTICE KAGAN: Do you think it's open 18 to us, Ms. Blatt, to pick a position someplace 19 between you and Mr. Katyal? In other words, Mr. 20 Katyal says, never under any circumstances can 21 you get profits without willfulness and you say, 22 well, willfulness is just one factor among the 23 things that you think about. 24 But I -- I would think that there's 25 some kind of intermediate position, which is</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">23</p> <p>1 heavy. 2 I think all the courts recognize, and 3 I said, it's a weighty and important factor. 4 JUSTICE BREYER: Let me do this. 5 MS. BLATT: Sure. 6 JUSTICE BREYER: I think -- I guess 7 your view is there's no willfulness requirement. 8 But what it says is the plaintiff shall be 9 entitled to recover defendant's profits, 10 damages, and the cost of the action -- okay, it 11 says that -- subject to principles of equity. 12 Okay? 13 Now, we have a problem. One thing to 14 say is equity has always held that willfulness 15 is necessary. Good, we're finished with this 16 case. But that's not your position. Your 17 position -- 18 MS. BLATT: It's also not true. 19 JUSTICE BREYER: No, well, I -- I -- I 20 understand. I understand. Okay. Can we say 21 anything about what principles of equity 22 require? 23 MS. BLATT: Sure. 24 JUSTICE BREYER: All right. Now, I 25 notice the Sixth Circuit uses the word</p>
<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">22</p> <p>1 based on the history and -- and a general sense 2 of it, which is that willfulness might not be a 3 -- an absolute necessity but it certainly should 4 be entitled to very significant weight. 5 You know, you could say like a 6 presumption of a kind. 7 MS. BLATT: No, I would not say a 8 presumption unless you're going to give us the 9 same presumption, the presumption of 10 compensation when other remedies aren't adequate 11 and a presumption against unjust enrichment. 12 And here's why we sort of used the Kirtsaeng 13 case as an -- as an example in terms of 14 fashioning our rule, is that I do think it's a 15 sliding scale. The more innocent the defendant, 16 you better have a greater justification for 17 compensation; and the more guilty the defendant 18 is -- and then you might have some cases in 19 between. 20 But you could have a negligent or a 21 reckless defendant, and I don't know where the 22 presumption would fit. And the Court should 23 just balance it, should the plaintiff get at 24 least one dollar in that case? And so a 25 presumption just puts the -- the scales too</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">24</p> <p>1 "wrongful." Do you want us to use that word? 2 MS. BLATT: No. 3 JUSTICE BREYER: How do you want us to 4 write that sentence? What principles of equity 5 require? 6 MS. BLATT: So -- and I think it helps 7 to say that all of the courts have agreed on 8 what the principles of equity mean. They're the 9 factors that start from the English cases up and 10 through your cases. The ones I said. The 11 defendant's culpability, the need that other 12 relief doesn't adequately compensate the 13 plaintiff, and the theory or are there profits 14 that are -- is there just a -- you're holding on 15 to profits that don't rightfully belong. Those 16 are the three. Now, the Fifth Circuit and the 17 Second Circuit has articulated this maybe in a 18 six-factor test, but they're all getting at 19 those three things. 20 So the factors are clearly defined 21 already in the case law. The courts are all 22 happy. The only thing they're disagreeing about 23 is whether willfulness is a gateway on/off 24 switch. 25 So I would be very happy with an</p>

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<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">25</p> <p>1 opinion -- and this, if you want to advance the 2 case law further away from where it is on our 3 side, it's perfectly -- I think it's appropriate 4 to say, because the defendant's culpability is a 5 weighty factor, you should have other reasons. 6 But part of the purposes where I would turn to 7 in terms of -- you know, there is no other 8 relief in almost all of these cases. And the 9 whole point of this is not only to -- it' not 10 just giving the -- the mark owner some money; it 11 is protecting consumers. 12 The only other choice would be an 13 injunction, and an injunction in some cases is 14 either hard to get or it just doesn't work. 15 Otherwise, there's no incentive for negligence. 16 You might as well just take your -- you might as 17 well just see what happens if you put some 18 counterfeit stuff on. If it's negligent, you're 19 probably not going to have to pay. It wasn't 20 willful; it was just negligent. Who cares? And 21 so it seems like you should at least have 22 something to deter infringement when -- just 23 look at the statute. The -- ^ Overlap with 24 Breyer Congress obviously cares about trademark 25 infringement.</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">27</p> <p>1 this is a different, separate issue that I was 2 referring to, not just profits, but there's a 3 debate in this case whether you get profits that 4 are attributable to the infringement. So 5 because this is a purse and a snap, there's 6 the -- 7 CHIEF JUSTICE ROBERTS: Oh, sure. 8 MS. BLATT: That -- 9 CHIEF JUSTICE ROBERTS: Well, that's a 10 -- 11 MS. BLATT: That -- 12 CHIEF JUSTICE ROBERTS: -- different 13 legal basis. It's not the -- 14 MS. BLATT: That's all I was talking 15 about, yes. 16 CHIEF JUSTICE ROBERTS: In response to 17 Justice Breyer, you didn't -- 18 MS. BLATT: No. 19 CHIEF JUSTICE ROBERTS: -- didn't say, 20 okay, profits are \$100,000, you take 50; I'll 21 take 50. 22 MS. BLATT: No, so the profits that 23 are attributable to the infringement, at least 24 the other side would say, you know, you don't 25 even get your \$900. Now, the only reason courts</p>
<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">26</p> <p>1 JUSTICE BREYER: Is it all right to 2 say this, that there could be cases where some 3 profits but not all profits? 4 MS. BLATT: Yes. 5 JUSTICE BREYER: Is the equitable 6 thing to do? 7 MS. BLATT: Yes. 8 JUSTICE BREYER: Yes, so we could say 9 that? 10 MS. BLATT: Yes. Yes. And the 11 parties on remand are actually, you know, going 12 to debate about how much profits, and the 13 ranges, you know, can be as low as \$900 and they 14 go all the way up from there. 15 CHIEF JUSTICE ROBERTS: Well, that's a 16 little strange. I mean, equity either includes 17 profits or it doesn't. I don't know why you 18 would just sort of split the baby and so each 19 side is a little happy. It's a principle of -- 20 of equity. And -- and you either get them or 21 you don't. 22 I mean, equity is not -- doesn't mean 23 what seems fair. It -- it's a little more 24 complicated. 25 MS. BLATT: Sorry, I was -- yeah, and</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">28</p> <p>1 have lowered them would be laches. You know, 2 there are -- or unclean hands. So there are 3 principles. Or for some reason you thought, I 4 don't know, that -- it can't be a penalty, so 5 for some reason you thought it was a penalty or 6 excessive. I could probably think of some 7 hypotheticals where you might want to lower it, 8 like say you thought the plaintiff was no longer 9 going to be in business or who cared about the 10 -- the goodwill. But, yeah, the -- you're 11 entitled to your profits and then -- but the 12 court does allow an adjustment. But -- 13 JUSTICE BREYER: Profits on the purse 14 of -- of -- are \$4 million. The infringer did 15 put in a copy of the trademark in a tiny little 16 inside purse that nobody ever saw. So now he's 17 entitled to profits, \$4 million, when it's 18 unlikely that anybody or maybe only three people 19 were lured into buying his purse because -- so 20 that's what I was thinking of. Maybe what he is 21 entitled to is the purse -- is the profits on -- 22 MS. BLATT: So -- 23 JUSTICE BREYER: -- on -- on three 24 purchases. 25 MS. BLATT: So --</p>

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<p>Official - Subject to Final Review</p> <p>29</p> <p>1 JUSTICE BREYER: -- or maybe -- 2 MS. BLATT: -- there's a separate 3 legal issue which the parties haven't briefed 4 and there's no dispute in the case law, but it's 5 just an amount, whether you're either limited to 6 the attribution or -- and, if not, what kind of 7 mental state would go over that. I can make a 8 very good argument -- 9 CHIEF JUSTICE ROBERTS: Yeah, but it's 10 still -- I mean, it's unlikely that there will 11 be \$4 million in profits attributable to this 12 little thing that nobody could see, and that's a 13 question. But -- but I don't think that -- 14 well, maybe it's right, maybe equity allows you 15 of there -- you know, it just seems like too 16 much, you say, well, I'm going to just give you 17 less. 18 MS. BLATT: I would say that the 19 equity -- the traditional factors are -- are the 20 equity ones I talked about. The -- the statute 21 does allow, the provision that Justice Breyer 22 was focusing on, an adjustment for -- because 23 you either think it's inadequate or excessive 24 and it can't be a penalty or compensatory. 25 I don't think that relates to equity.</p>	<p>Official - Subject to Final Review</p> <p>31</p> <p>1 kick up about the cases in her brief, here's the 2 bottom line on all the cited cases: Not one of 3 them, none, actually awarded profits without 4 willfulness in two centuries, either here or in 5 the U.K., and in response to Justice Alito, she 6 hasn't been able to give you a single example of 7 an unjust result as a result of this long 8 tradition. 9 Now, trademark infringement isn't some 10 newfangled violation like cyber-squatting. It's 11 one of the oldest violations in the book. And 12 that book, both before 1946 and after, required 13 willfulness before a defendant could be forced 14 to go through the burdensome process of 15 accounting for its profits and risking a 16 windfall. 17 Five different treatises set out this 18 rule. Many cases speak of this categorical 19 rule. The remainder demonstrate a long-standing 20 practice that -- which is, to use Judge Friendly 21 and the Court's phrase in Halo, has narrowed the 22 channel of discretion for awarding profits. 23 Congress legislated against the 24 backdrop of that practice, which is why even the 25 1905 Act was interpreted to have a willfulness</p>
<p>Official - Subject to Final Review</p> <p>30</p> <p>1 I think that's just a legal thing that the -- 2 that the statute gives the courts discretion. 3 If I can make -- make one other thing. 4 The statute actually says you can go up to three 5 times damages. So -- 6 CHIEF JUSTICE ROBERTS: Thank you. 7 Thank you, counsel. 8 Mr. Katyal. 9 ORAL ARGUMENT OF NEAL K. KATYAL 10 ON BEHALF OF THE RESPONDENTS 11 MR. KATYAL: Thank you, Mr. Chief 12 Justice, and may it please the Court: 13 My friend tries to make this case seem 14 easy, but to do that, she has to sweep both 15 Congress's words and two centuries of history 16 under the rug. We're here today because 17 Congress expressly made that Lanham Act's 18 monetary awards principles subject to the -- 19 monetary awards subject to the "principles of 20 equity," and over many decades courts developed 21 a principle that governs cases like this one. 22 They required willfulness for the equitable 23 remedy of profits awards, unlike for 24 injunctions. 25 For all the dust my friend tries to</p>	<p>Official - Subject to Final Review</p> <p>32</p> <p>1 requirement, and that requirement is now 2 expressed in the Lanham Act's reference to the 3 principles of equity. 4 With respect to my friend's textual 5 arguments, she's asking you to believe that 6 Congress, by implication in the '90s, invited -- 7 intended to invite Congress -- the courts to do 8 something they had never done in practice. If 9 Congress wanted to take that step, that would be 10 huge news. They would have said so. 11 Her best argument is the 1999 12 amendment changes things, which is what she 13 walked away from in her brief but is now 14 resurrecting here. And that has four problems: 15 First, Congress in 1999 didn't repeal 16 the textual hook for the willfulness 17 requirement, which was the phrase "principles of 18 equity." That's the way court after court had 19 interpreted it, including the Tenth Circuit just 20 the year before in the Bishop case. Congress 21 left that phrase untouched. 22 Second, Congress never indicated 23 anywhere in this -- in the 1999 Act that they 24 were trying to modify the willfulness 25 requirement in any way, which is what Judge Dyk</p>

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<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">33</p> <p>1 said below, what the law professor's, Lemley, 2 brief says here.</p> <p>3 Third, the 1999 amendment did 4 something unique. It was newfangled. It 5 introduced a new cause of action, trademark 6 dilution, one which had no historical analogue. 7 It didn't have a customer confusion element.</p> <p>8 JUSTICE SOTOMAYOR: Mr. Katyal, my 9 basic problem is that as I'm looking at these 10 cases, the term "willfulness" over the centuries 11 has been differently defined by different 12 people. Some people have included recklessness. 13 Others haven't.</p> <p>14 McCarthy, if you read his definition 15 of willfulness, it does include recklessness and 16 callous disregard and a whole bunch of 17 blameworthy features. There was a circuit split 18 on this very issue when Congress acted in 1999.</p> <p>19 You don't think they count for much. 20 You try to distinguish them. But there are 21 cases -- not many, I grant you -- where 22 something less than willfulness was the basis 23 for a recovery.</p> <p>24 Given the uncertainty of what 25 willfulness means, the fact that there were</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">35</p> <p>1 harm. You said it must be shown, even though 2 equity is generally flexible, you've got to go 3 through the gate.</p> <p>4 Here that gate is the same thing. In 5 1946, she has --</p> <p>6 JUSTICE SOTOMAYOR: Go -- 7 MR. KATYAL: -- not a case -- 8 JUSTICE SOTOMAYOR: -- go to the more 9 important part of my question, which is: What 10 does willfulness mean -- 11 MR. KATYAL: All right. 12 JUSTICE SOTOMAYOR: And where is there 13 a universal definition? 14 MR. KATYAL: Yes, we think there is a 15 universal lowest common denominator of 16 willfulness at least meaning what exactly the 17 district court charged here, the petition 18 appendix page 43A which is -- 19 JUSTICE SOTOMAYOR: Common denominator 20 -- 21 MR. KATYAL: Yeah -- 22 JUSTICE SOTOMAYOR: -- to say it was 23 the only -- 24 MR. KATYAL: -- which is the 25 defendants must be actually aware of the</p>
<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">34</p> <p>1 exceptions to the common law rule, whether you 2 recognize them as significant or not, how do we 3 write an opinion that says you need willfulness 4 a -- a la what you mean, willfulness being just 5 conscious avoidance, not recklessness, not 6 callous disregard, not this, not that?</p> <p>7 MR. KATYAL: Justice Sotomayor, at the 8 time of the --</p> <p>9 JUSTICE SOTOMAYOR: How do we do that 10 in light of 117(a), which doesn't have an equity 11 limitation. It says -- 117(a) says you can 12 award profits. If you think it's too much or 13 too little, use your discretion.</p> <p>14 MR. KATYAL: Absolutely, Justice 15 Sotomayor. That's what Congress said. Once you 16 pass the threshold of getting a profits award, 17 which is of course in 117(a), quote, "subject 18 to the principles of equity," then we absolutely 19 agree there's discretion at the back end. 20 That's where those equitable principles come in.</p> <p>21 But Congress at the front end did here 22 exactly when it did in the injunction context 23 and what this Court said in eBay, which is, 24 there's a hard and fast requirement for 25 principles of equity to show their irreparable</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">36</p> <p>1 infringing activity. So there are five separate 2 treatises that set that out as a hard and fast 3 requirement, Nims and Ludlow and Jenkins and 4 Heseltine, which, by the way, she misstates 5 because she cites the wrong provision about 6 Heseltine about injunctions, but page 305 with 7 respect to profits says willfulness is required.</p> <p>8 JUSTICE KAVANAUGH: Why should -- 9 MR. KATYAL: Case after case says 10 willfulness meaning knowledge is -- is required. 11 And my basic point is, she's got no 12 case on the other side that disagrees with this 13 with except the possible hypothetical of Oakes 14 in 1883, which, again, didn't actually award 15 profits in the absence of willfulness.</p> <p>16 And -- 17 JUSTICE GINSBURG: Mr. Katyal -- 18 JUSTICE KAVANAUGH: Why should -- 19 JUSTICE GINSBURG: -- you say that 20 principle of equity means willfulness, but in 21 many cases, as Ms. Blatt pointed out, the 22 statute uses the word willfulness, so you say 23 plain text, principles of equity. I would say 24 if it said willfulness, that would be plain 25 text, but principles of equity?</p>

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<p>Official - Subject to Final Review</p> <p style="text-align: right;">37</p> <p>1 MR. KATYAL: So, Justice Ginsburg, as 2 our brief explains, every time Congress -- and 3 they certainly didn't use willfulness in the 4 1946 act. Every time they added to it later on, 5 there was a reason for it. 6 So for example, in 1999, the reason 7 they added to it is because you couldn't look to 8 principles of equity to determine what was 9 trademark dilution because that was a brand 10 newfangled defense which didn't have consumer 11 confusion as a element. So -- but here we're 12 talking about the oldest violation in the book, 13 trademark law. 14 And I'd say, Justice Ginsburg, if you 15 adopted that reading, which is -- she's trying 16 to do, which is, oh, if Congress says the word 17 in some other places by negative implication, 18 then it's -- then it's out in other places, that 19 would be a dangerous cannonball to the statute. 20 So, for example, Section 1115(b)(9), which you 21 can look at Joint Appendix page 135, that has 22 that, that says that laches is available to 23 fight incontestability and Section 1069 from the 24 '46 Act says laches is available to contest 25 inter partes determinations.</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">39</p> <p>1 There's no doubt, cases like Ratzlaf say 2 willfulness means different things in different 3 contexts, but here it is always meant at least 4 actual knowledge, subjective knowledge -- 5 JUSTICE KAVANAUGH: What would be -- 6 MR. KATYAL: -- and not recklessness. 7 JUSTICE KAVANAUGH: What would be the 8 policy objective achieved by excluding reckless 9 infringement? 10 MR. KATYAL: So we do think they are 11 there, but we think Congress used this phrase 12 and your job is to interpret the phrase -- 13 JUSTICE KAVANAUGH: I agree -- I -- 14 MR. KATYAL: -- and to essentially get 15 to it. But -- 16 JUSTICE KAVANAUGH: I understand that 17 -- 18 MR. KATYAL: But -- 19 JUSTICE KAVANAUGH: But can you answer 20 -- 21 MR. KATYAL: -- the policy -- 22 JUSTICE KAVANAUGH: Yeah. 23 MR. KATYAL: -- objectives are -- are, 24 I think, incredibly strong, that is, the 25 tradition of profits comes from equity and the</p>
<p>Official - Subject to Final Review</p> <p style="text-align: right;">38</p> <p>1 If you adopted her reading, you'd be 2 saying, well -- 3 JUSTICE GORSUCH: No, no, no -- 4 MR. KATYAL: -- laches isn't anywhere 5 else in the statute. 6 JUSTICE KAVANAUGH: Why should -- why 7 should we assume that Congress wanted to exclude 8 reckless infringement? 9 MR. KATYAL: Because Congress in 1946 10 acted against the backdrop of long-standing, 11 consistent practice. There is not a single 12 example -- 13 JUSTICE KAVANAUGH: But there -- 14 MR. KATYAL: -- she is able to give 15 you in which there was an award given. 16 JUSTICE KAVANAUGH: But as Justice 17 Sotomayor points out, willfulness is a -- a 18 vague word, ambiguous word, sometimes covered 19 what we would consider recklessness. So why 20 would you, therefore -- 21 MR. KATYAL: Because -- 22 JUSTICE KAVANAUGH: -- exclude 23 reckless? 24 MR. KATYAL: -- here, Justice 25 Kavanaugh, there's a more specific tradition.</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">40</p> <p>1 idea that damages weren't -- weren't at that 2 point in time available in courts of equity. 3 And so courts looked to profits. 4 Then there was a separate rationale of 5 unjust enrichment but that was all about moral 6 blameworthiness, about wrongdoing. And someone 7 who was innocent is not wrongdoing, which is why 8 this Court in Saxel, Henner, and in McLean which 9 states -- 10 JUSTICE KAVANAUGH: But if you're 11 reckless, you're -- there is some wrongdoing. 12 MR. KATYAL: But I -- it's always been 13 more than that. The courts have always said you 14 actually have to be subjectively knowing what 15 you're doing -- subjectively on knowledge of 16 what you're doing. 17 The Moet case, which this Court 18 referred to twice as stating the rule both in 19 1877 and McLean and in 1900 in Saxel, Henner is 20 a perfect example of this because in Moet what 21 happened -- Moet, what happened is you had a 22 champagne dealer who imported some bottles not 23 knowing they were spurious. 24 And what the Court said in England and 25 this Court cited with approval twice before the</p>

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<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">41</p> <p>1 Lanham Act was, that's someone who's innocent, 2 they're not engaged in wrongdoing. You can even 3 have situations in which they're reckless. For 4 example, the Gorham case in 1912 was one in 5 which you had a silverware dealer who was 6 reckless, who blew off the fact that the -- that 7 there was a stamp used on the -- on the 8 silverware, which was really the -- a mark of a 9 famous silverware company.</p> <p>10 But what this Court said is: No -- 11 excuse me, what the southern district said is, 12 no, you need more than that. You need actual 13 knowledge, and that --</p> <p>14 JUSTICE GORSUCH: Mr. Katyal, can we 15 return to Justice Ginsburg's question for just a 16 moment on the statutory text and whether 17 principles of equity might be an unusual way of 18 saying willfulness?</p> <p>19 As I understood your response to 20 Justice Ginsburg, that we would -- we would 21 perhaps read out laches as a defense, and -- and 22 I -- I just -- my problem with that is that when 23 we say "principles of equity," we -- we mean 24 laches. Those are -- that is part of the trans- 25 substantive history of equity.</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">43</p> <p>1 principles of equity include will -- include 2 knowledge and willfulness because she's even 3 saying it's a factor. That's how she started 4 her argument, and it's at page 8 of her reply 5 brief.</p> <p>6 So I think everyone agrees that it is 7 a principle of equity, the -- the state of mind, 8 it's just a question of how much weight you give 9 it.</p> <p>10 Our point to you is, Congress in 1946 11 when they used the phrase principles of equity, 12 I don't think just meant trans-substantive 13 principles. After all, it was the bedrock of a 14 profits award. Profits is, after all, an 15 equitable remedy in the first place.</p> <p>16 And so in order to decide whether that 17 equitable remedy should be given, you would look 18 to the tradition of equity. And that tradition 19 has always been -- the long-standing practice 20 for two centuries is that -- is that willfulness 21 has been required. And that's why there's not a 22 single example on the other side.</p> <p>23 Now she says, well, this is hard, 24 you're going to have to read all these cases, 25 but I think that's the dog that didn't bark.</p>
<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">42</p> <p>1 And if I go look at a treaty in 2 equity, I'm going to find laches. What I'm not 3 going to find is a substantive rule about 4 trademark. For that, I have to go look at a 5 trademark treatise, and so that's my problem 6 textually. And I -- I just want to give you a 7 chance to respond to it.</p> <p>8 And I might ask you, really, isn't 9 your argument nothing about principles of equity 10 but about willfulness in the air?</p> <p>11 And why didn't you make an argument 12 that we should, as a background principle, 13 assume some sort of consistency with the common 14 law when Congress was legislating?</p> <p>15 You seem to have disclaimed that and 16 said no, no, there's a textual hook here and 17 it's principles of equity. So that's a long 18 wind-up, but those are my concerns that --</p> <p>19 MR. KATYAL: We certainly made exactly 20 that argument citing Morissette in our brief for 21 the idea, even if there weren't the price -- 22 principles of equity, Congress acts against the 23 backdrop of the common law and is deemed to 24 interpret it. So that's certainly there.</p> <p>25 I think it's common ground that</p>	<p style="text-align: center;">Official - Subject to Final Review</p> <p style="text-align: right;">44</p> <p>1 Every single case that's given profits awards in 2 two centuries has required willfulness, so the 3 question is, is it worth the candle to make it a 4 factor and run into the kind of standardless 5 result that I think should be --</p> <p>6 JUSTICE GINSBURG: But -- but as 7 Justice Sotomayor just pointed out, there wasn't 8 -- there isn't in the cases a uniform agreement 9 on what "willful" means. And Justice Kagan had 10 suggested that maybe it isn't all one way or all 11 the other, so you can say the innocent 12 infringer, no profits when it's innocent. But 13 then there are shades of blameworthiness.</p> <p>14 And we not -- we're not going to make 15 willfulness the essential one. Maybe callous 16 disregard. Maybe reckless.</p> <p>17 MR. KATYAL: Justice Ginsburg, ask her 18 to cite a case in which callous disregard was 19 enough before 1946 to find -- to -- to find a 20 profits award. She won't be able to cite one 21 except for the theoretical possibility of Oakes.</p> <p>22 And my point to you is when you were 23 interpreting the phrase "principles of equity" 24 just as in Halo, just as in eBay, what this 25 Court did is look to the long-standing practice</p>

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<p>Official - Subject to Final Review</p> <p style="text-align: right;">45</p> <p>1 -- Justice -- the Chief Justice's separate 2 opinion in eBay referred to a page of history 3 being worth a volume of logic. And that's 4 exactly what's happened here. 5 CHIEF JUSTICE ROBERTS: That wasn't 6 original with me. 7 (Laughter.) 8 MR. KATYAL: And that's exactly what 9 has happened here, is that you've had two 10 centuries in which this phrase, at equity, has 11 been interpreted by court after court, and it is 12 a fast rule. Indeed, this Court in the McLean 13 case, Justice Ginsburg, in 1877, said courts 14 constantly refuse profits awards without that. 15 And there isn't any tradition, there 16 isn't any example on the other side, and there's 17 treatise after treatise. And, by the way, 18 Justice Gorsuch, the restatement is a general 19 treatise -- the Restatement on Torts, it's not 20 like, you know -- so -- but I do think actually 21 the trademark-specific treatises would be what 22 would be the relevant tradition here, if you're 23 trying to understand. 24 JUSTICE BREYER: Reading all those 25 I'll -- I'll try this again and maybe I should</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">47</p> <p>1 all much ado about nothing? 2 MR. KATYAL: Well, again, I think that 3 the award is subject in the first instance of 4 the gate to principles of equity. 5 JUSTICE BREYER: Yeah, all right. 6 Fine. 7 MR. KATYAL: But there's a much more 8 important answer here, Justice -- Justice 9 Breyer. She can't come up in response to 10 Justice Alito with a single time in which this 11 happened, an unjust result, in two centuries. 12 And the reason for that is trademark 13 law focuses on protection of consumers in which 14 injunctions and damages has always been enough, 15 which is why there isn't an example on the other 16 side. 17 To the extent she has some theoretical 18 argument, it should be one made to Congress. 19 Congress dealt with it actually here, in this 20 idea that -- 21 JUSTICE BREYER: I'm still trying to 22 get the -- it's -- I don't know why I -- I can't 23 get it. I -- I must be missing something. 24 Where it turns out for you having won 25 that there is a case, imaginary, where the</p>
<p>Official - Subject to Final Review</p> <p style="text-align: right;">46</p> <p>1 ask you. All right. Suppose you win. And so 2 the callous disregard person can't get -- don't 3 -- profits doesn't apply. But this is really a 4 rotten infringer. And he behaved very badly. 5 Can the winning trademark owner point 6 to the sentence I read initially and say, Judge, 7 it's not fair that they're not counting profits 8 here, so don't call it profits, but give me a 9 lot more money? 10 MR. KATYAL: Absolutely. The statute 11 -- this is what we say at page 54 of our brief 12 allows treble damages for that -- 13 JUSTICE BREYER: No, I'm not just -- 14 treble, but up to a limit? 15 MR. KATYAL: -- profits, but you can't 16 treble profits -- 17 JUSTICE BREYER: Up to a limit? But a 18 sentence -- 19 MR. KATYAL: You can't just treble 20 profits because that is a harder -- 21 JUSTICE BREYER: Correct. So -- so -- 22 but the sentence I read has no such limitation. 23 That's what's confusing me about it. 24 MR. KATYAL: Well -- 25 JUSTICE BREYER: So I thought is this</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">48</p> <p>1 person does behave badly but doesn't meet the -- 2 the thresh -- the threshold, does this 3 sentence -- do you come across anything that 4 suggests the sentence that I read does any work, 5 where you would say, Judge, I agree, we don't 6 get profits? It wasn't willful what he did, but 7 it was pretty bad. 8 MR. KATYAL: Justice Breyer -- 9 JUSTICE BREYER: And so we want more 10 money. 11 MR. KATYAL: Yes, Justice Breyer, it 12 does work with respect to damages, not with 13 respect to profits, because up above in 1117 -- 14 JUSTICE BREYER: Yeah. 15 MR. KATYAL: -- profits is subject to 16 the principles of equity. And that is a 17 limitation. But -- 18 JUSTICE KAVANAUGH: But damages is 19 notoriously hard to prove, correct? 20 MR. KATYAL: Well, I actually disagree 21 with that. She doesn't cite any study or 22 anything. The only study I'm aware of is the 23 Lex Machina study in 2017, which surveyed 2009 24 to 2017, and every trademark award and found 25 that profits accounted for a total of 13 percent</p>

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<p>Official - Subject to Final Review</p> <p>49</p> <p>1 of profits awards and also 13 percent of the 2 dollars. 3 And so to the extent you think that's 4 somehow, you know -- you know, worth the candle 5 or something and you should bump that up, that's 6 something that I think Congress should be 7 dealing with, but of course here they did. They 8 have a statutory damages provision to deal with 9 low damages awards -- 10 JUSTICE KAVANAUGH: You -- you've 11 mentioned a couple times whether it's worth the 12 candle to not have a willfulness requirement, 13 but is it worth the candle to exclude all 14 reckless cases as Justice Breyer has stated -- 15 MR. KATYAL: Yes. The reason -- 16 JUSTICE KAVANAUGH: -- when -- when 17 willfulness will usually be a key factor in the 18 calculus regardless of who wins here? 19 MR. KATYAL: Right. We don't doubt 20 that -- if we were to lose this case on remand, 21 you should make very clear that willfulness is a 22 key factor, the big kahuna or something like 23 that, but our point to you is that the reason 24 why a -- a reason why the common law rule makes 25 sense is that willfulness cuts off, I think, the</p>	<p>Official - Subject to Final Review</p> <p>51</p> <p>1 requirement is to knock out and block 2 circumstances in which high awards are 3 threatened, and indeed settlements are forced, 4 which happened in this very case. 5 Now, she says, well, that's not going 6 to deter enough and you need to have something 7 extra, which, again, is something for Congress. 8 Again, this is a perfect illustration, just the 9 injunction alone cost us \$4 million. We had to 10 remove all of these bags, right on the eve of 11 Thanksgiving's big sales and the like. 12 And so in a world in which you have 13 injunctions and damages and all the attendant 14 consequences of pulling inventory, would 15 Congress really have intended to disrupt a 16 200-year-long tradition in order to -- to do 17 this? And -- 18 JUSTICE KAGAN: May I ask two 19 questions about that tradition? The first is 20 you've said several times that Ms. Blatt has 21 zero cases, and I believe Ms. Blatt said that 22 she had three cases. So if you would address 23 that. 24 And the second is, although you point 25 to a lot of cases in which the results come out</p>
<p>Official - Subject to Final Review</p> <p>50</p> <p>1 threat of very large profits awards. 2 And this case is a perfect example. 3 She sought \$6 million, every dollar in profits 4 for the sale of these handbags, and that's what 5 she was referring to with this attribution 6 thing. And, indeed, they sought every dollar of 7 Macy's profits, \$7 million. And Macy's is an 8 entity that, you know, nobody is arguing had any 9 knowledge whatsoever, way -- way, shape, or 10 form, or even recklessness with respect to what 11 was going on with these little snaps in the 12 handbags. 13 CHIEF JUSTICE ROBERTS: Well, 14 counsel -- 15 MR. KATYAL: That's the danger. 16 CHIEF JUSTICE ROBERTS: I -- how much 17 would you have asked for? I mean -- I mean, 18 it's -- it doesn't strike me as overreaching to 19 ask for every dollar of the profits if you think 20 you're entitled to profits. 21 MR. KATYAL: Well, that's the down -- 22 that's the downside here. And, indeed, the 23 statute puts the burden on the defendant to 24 disprove any attribution. And so what -- one of 25 the reasons why you have the willfulness</p>	<p>Official - Subject to Final Review</p> <p>52</p> <p>1 your way, there are comparatively few where the 2 court sets out the rule as a categorical one. 3 You know, in many of these cases, the courts do 4 seem to be thinking of willfulness as a factor, 5 a significant factor, but not a gateway 6 requirement. 7 So those results might come out your 8 way, but they don't articulate the rule that you 9 propose, do they? 10 MR. KATYAL: Five -- yes. Five 11 separate treaties -- treatises and 37 of the 50 12 cited cases do set out the rule or say 13 willfulness is the only factor. But I think 14 that's not the test this Court applies. So, for 15 example, in Halo, what this Court did was look 16 to the long practice, and indeed the first case, 17 main case, it cited was a case called Cincinnati 18 Siemens, and it -- which was a case just about 19 the facts of -- of a -- of damage awards and 20 treble damages awards, but from that 21 long-standing practice what the Court did was to 22 -- was to -- was derive a principle. 23 And that's what we're saying here. 24 You've had a long-standing practice for 200 25 years, and, yes, Justice Kagan, those three</p>

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<p>Official - Subject to Final Review</p> <p>53</p> <p>1 cases do not stand up. Even if she had three 2 cases, we don't think an outlier three cases in 3 200 years is going to get her where she needs to 4 go. 5 But taking them in turn, one, 6 Mishawaka Rubber. This is the Sixth Circuit's 7 determination, at 119 Federal Second 323. The 8 rule prevails in Michigan that an account of 9 profits will not be taken where the wrongful use 10 of a trademark has been merely accidental. And 11 then saying this rule is in harmony with the 12 rule prevailing in the federal courts. And, 13 indeed, in Mishawaka Rubber, the Court limited 14 the profits award to the period after May 19th, 15 1933, which was when they were on notice. 16 So that's -- 17 JUSTICE SOTOMAYOR: Mr. Katyal, the 18 problem is, as I read those cases, you do have a 19 handful, a little bit more than a handful, that 20 say you need willful. But a lot of those cases, 21 including the quote you gave me, give the 22 negative. Accidental, good faith, is not 23 enough. That's not the same thing. 24 MR. KATYAL: We -- we agree not every 25 case states the rule, but our --</p>	<p>Official - Subject to Final Review</p> <p>55</p> <p>1 because of a lack of willfulness, citing the 2 English case of Moet, which is the best case. 3 It's on all fours with this. That's the case 4 that, case after case, Liberty Oil, the Nims 5 treatise -- all of them are based on that 6 fundamental root. 7 And her third case was -- was 8 Prest-O-Lite. And, again, Prest-O-Lite -- and 9 this is our -- in our red brief at page 42. In 10 page 444 of Prest-O-Lite is made clear that the 11 conduct in that case was willful and that's why 12 a profits award was given. "What the defendants 13 did was to fill tanks bearing the Complainant's 14 trademark and either sell or distribute them for 15 sale. I have already found the defendant had 16 knowledge of the practice of the dealers" and 17 the like. 18 So every single one of the cases she 19 points to, I think, actually boomerangs. It 20 doesn't say what she says it does. 21 This is true of other language in 22 Romag's brief which makes this look a lot more 23 complicated than it is. McLean and Heseltine 24 and -- and even Draper, she cites Draper but 25 that's -- she -- it's only one judge. She</p>
<p>Official - Subject to Final Review</p> <p>54</p> <p>1 JUSTICE SOTOMAYOR: But it also -- 2 MR. KATYAL: She doesn't have a case 3 on the other side with the exception of the 4 theoretical possibility of Oakes -- 5 JUSTICE SOTOMAYOR: Why don't you -- 6 MR. KATYAL: -- which doesn't. 7 JUSTICE SOTOMAYOR: Why don't you deal 8 with the three cases that she points to. 9 MR. KATYAL: Yeah. So the second case 10 is Oakes, which has never once been cited again 11 for that proposition. We're not saying it's 12 because it's from Alabama or something like 13 that. It's literally never been cited again for 14 that proposition. And, again, there was no 15 award in that case. 16 JUSTICE SOTOMAYOR: Well, it's only 17 the last 20, maybe 30 years that we had Lexis to 18 cite cases like that, but -- 19 MR. KATYAL: Well, I think, you know 20 -- I think -- 21 JUSTICE SOTOMAYOR: Lexis and Westlaw, 22 but -- 23 MR. KATYAL: But, Justice Sotomayor, I 24 think, you know, this Court in the McLean case 25 said courts constantly refuse profits awards</p>	<p>Official - Subject to Final Review</p> <p>56</p> <p>1 doesn't point out the other two judges disagreed 2 with this. 3 So, look, at the end of the day, she's 4 got one case from Alabama in 1883, which was 5 never actually resulted in an award of profits. 6 You have five treatises on the other side. You 7 have 37 of the 50 cases which do state a rule, 8 and 13 cases which are fully consistent with the 9 rule. I think that's at least as good as what 10 the Frag Music case was. 11 JUSTICE KAVANAUGH: In stating the 12 rule in your brief, you consistently say good 13 faith, not willful, innocent, not willful. But 14 there's a huge gray area, maybe not huge, but 15 there is a gray area of behavior that's not good 16 faith or innocent but reckless but nonetheless 17 is not willful. 18 And that -- and that -- your 19 description in the brief consistent also seems 20 consistent as Justice Sotomayor says with the 21 rule. 22 MR. KATYAL: And I should have made 23 this clear with respect to Justice Ginsburg's 24 question. Yes, the cases sometimes say 25 ignorance or accidental or something like that.</p>

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<p>Official - Subject to Final Review</p> <p>57</p> <p>1 And so -- but there's at least a threshold of 2 actual knowledge. 3 There is no case that she's able to 4 cite in which -- outside of the Oakes language 5 in 1883, that you could read to say that 6 something lower than -- something in which 7 there's objective recklessness is enough to 8 sustain a award of profits. They always rely on 9 subjective actual knowledge. 10 JUSTICE KAVANAUGH: How about 11 subjective recklessness, conscious disregard of 12 a substantial risk? 13 MR. KATYAL: Yeah. So, you know, I 14 don't think that -- I don't think the cases have 15 gotten too into that one way or the other, 16 but -- 17 JUSTICE KAVANAUGH: Right. And that's 18 that's key, right? 19 MR. KATYAL: No, I don't think so. 20 Here, I think -- you know, here the question is 21 that, you know, because here the district court 22 here found, this is at page 47A, the evidence at 23 trial at most could support a finding that 24 Fossil was negligent, not that it acted in 25 reckless disregard with willful blindness and</p>	<p>Official - Subject to Final Review</p> <p>59</p> <p>1 is to say that Congress in 1999 put into the 2 statute something that literally had never been 3 done once in practice. She has not a single 4 time it's done. 5 That's why this Court in interpreting 6 the phrase "principles of equity" in the Halo 7 case said, look to the long tradition, look to 8 what actually happened. 9 You don't need an ironclad rule, just 10 look to what happened. Here what happened is 11 one thing in the U.K. and in the U.S., for at 12 least 180 years, which is no profits awards in 13 the absence of willful conduct, at least 14 subjective knowledge that what they were doing 15 was wrong. 16 That is the common denominator in 17 Nims, the restatement, and Ludlow and Jenkins 18 and -- and the 37 cases cited in the brief. 19 No other questions? 20 CHIEF JUSTICE ROBERTS: Thank you, 21 counsel. Ms. Blatt, five minutes. 22 REBUTTAL ARGUMENT OF LISA S. BLATT 23 ON BEHALF OF THE PETITIONER 24 MS. BLATT: You may want to cut me 25 off.</p>
<p>Official - Subject to Final Review</p> <p>58</p> <p>1 the like. So -- 2 JUSTICE GINSBURG: Mr. Katyal, could 3 you explain the features of trademark that make 4 it different from copyright and patent where 5 as -- if I understand correctly, you can get 6 profits without showing willfulness? 7 MR. KATYAL: Yeah. So trademark law 8 is fundamentally different from those. Those 9 are about ownership. Here this is about 10 consumer confusion and protection of consumers. 11 And as our brief explains, once you go 12 down that path, you have to worry -- and this is 13 one of the reasons for the willfulness 14 requirement, that willfulness litigation will be 15 used to browbeat entities like Fossil and to 16 seek massive amounts of profits, every dollar 17 they made, and also downstream, not just the -- 18 you know, not just the designer of the handbags 19 but every entity that sells them, the Macy's of 20 the world to the tune of \$7 million. 21 If Congress really wanted to do that 22 and authorize such a revolutionary change in 23 trademark law, one would think they'd say so and 24 not leave it to negative implication because at 25 the end of the day, what she's asking you to do</p>	<p>Official - Subject to Final Review</p> <p>60</p> <p>1 So I don't know what to say. I didn't 2 go to a fancy law school, but I'm very confident 3 in my representation of the case law. Mishawaka 4 is a case by you guys and you said in there, in 5 the dissent, it was an innocent infringer, 6 profits were awarded. 7 The district court case says, hey, I 8 don't like the assertion that innocent people 9 shouldn't get profits, but you guys can read the 10 case and decide whether our assertion is 11 credible but that is a district court case and 12 it's a Supreme Court case by the dissent that 13 acknowledges innocence. 14 Oakes, it is what it is. You can read 15 it. And Prest-O-Lite is the same. In terms of 16 give me an example of an unjust case, I would 17 start with this case, the argument is we get 18 zero, even though there was callous disregard, 19 even though their snaps were ripped off, even 20 though it's a small business, even though, you 21 know, that's all they make and it was a 22 counterfeit snap, if we get zero or even a 23 quarter, that would be unjust. So that's my 24 example. 25 Second, on the treatises, I hope you</p>

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<p>Official - Subject to Final Review</p> <p style="text-align: right;">61</p> <p>1 read them. Four of them use the word damages. 2 They don't distinguish profits. They say a 3 principal of trademark law is you don't get 4 damages. No damages absent willfulness. He 5 doesn't have a response to that. 6 All of their cases but one say 7 fraudulent intent. So every case that 8 articulates the rule uses the word fraudulent. 9 Not wrongful but fraudulent. And that's not his 10 argument here. 11 Third, no case that we found under the 12 1905 Act applied a mental state requirement. I 13 don't -- I didn't hear him say a case. 14 Four, he did drop the law professor 15 brief, which I'm so glad because I'm going to 16 quote from the leading cite of the law 17 professor's brief, Thurman. 18 The law was "not clear from 1870 19 through 1905. The issue was "unclear when the 20 Lanham Act was enacted. Specifically notes" -- 21 this is my favorite -- "there was a majority and 22 minority rule on the subject and the Supreme 23 Court was in the minority." 24 So you guys had the minority rule 25 because you didn't require willfulness in the</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">63</p> <p>1 JUSTICE BREYER: All of those cases 2 say that -- 3 MS. BLATT: All of the treatises, four 4 out of the five. 5 JUSTICE BREYER: All of the treatises. 6 MS. BLATT: One of the cases. 7 JUSTICE BREYER: Nobody is claiming, 8 are they? No. 9 MS. BLATT: No. No, that's our 10 argument. 11 JUSTICE BREYER: Nobody is claiming 12 that you need willfulness for -- that the 13 client, no matter how poor, no matter how -- he 14 gets his damages, right? 15 MS. BLATT: Right. Our argument is 16 the other side just wants to take you up to 17 where they win this case. The actual common law 18 sources say fraudulent intent and it also 19 extends to damages. 20 This is just another way of saying the 21 law was a mess and it wasn't that clear. When 22 three out of their eight cases say there was a 23 conflict, I just think the whole notion of the 24 Morissette or we cite that Fogerty versus 25 Fantasy cases, if you just have a lack of</p>
<p>Official - Subject to Final Review</p> <p style="text-align: right;">62</p> <p>1 Champion Sparkplug case and then apparently you 2 muddied the waters in Mishawaka. So that -- 3 that's their treatise. Oh. Wait a minute, "the 4 end result is ambiguity." So that's from their 5 treatise. And -- and four out of their five 6 treatises use the word fraud. 7 JUSTICE BREYER: You're quite right 8 that I'll read the treatises and I read the 9 Lemly brief, and I will read the sources, but I 10 don't understand your statement that they would 11 receive no damages. 12 MS. BLATT: So -- 13 JUSTICE BREYER: I thought the statute 14 I have in front of me says that they're entitled 15 to recover profits and any damages sustained. 16 MS. BLATT: Right. 17 JUSTICE BREYER: And so you don't need 18 willfulness to recover any damages sustained, do 19 you, or have am I missed -- 20 MS. BLATT: No. I'm just saying the 21 logic of the Respondent's argument is that the 22 same common law rule that required willfulness 23 for profits in the same breath said fraudulent 24 intent was also required for damages. 25 So it's a --</p>	<p>Official - Subject to Final Review</p> <p style="text-align: right;">64</p> <p>1 clarity on the issue, you don't have a basis to 2 presume that Congress wanted you to read in an 3 unstated requirement. 4 And I think in at least in the -- 5 the -- Justice Scalia and Garner book, it says, 6 when you're talking about clarity, it's 7 something that all the members of the bar had to 8 agree was settled, and if the very case as it's 9 -- that was conflicted, if the treatises say it 10 wasn't clear, and if the cases are all over the 11 map, again, the fact that we have three cases 12 where they award profits is kind of either here 13 nor there when we had eight cases that are just 14 inconsistent with the willfulness requirement, 15 including, I will end with, I will sit down 16 early, this Champion Sparkplug case. It's a 17 case in 1947, it was construing the 1905 Act, 18 said it's relevant. And then it cited two other 19 factors as part of the equities. 20 That's, to me, you know, just -- it 21 would be hard to find a settled rule from 40 22 years of silence under the Lanham Act's 23 predecessor. Thank you. 24 JUSTICE GINSBURG: Ms. Blatt, Texas is 25 a fine law school.</p>

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1 (Laughter.)

2 MS. BLATT: Thank you.

3 CHIEF JUSTICE ROBERTS: Thank you,

4 counsel. The case is submitted.

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

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