ROMAG FASTENERS, INC. v. FOSSIL, INC., Appeal No. 2014-1856 (Fed. Cir. March 31, 2016). Before Dyk, Wallach, and Hughes. Appealed from D. Conn. (Judge Bond Arterton).

Background:

In 2002, Romag and Fossil entered into an agreement to use Romag magnetic snap fasteners in certain Fossil products, such as handbags and small leather goods. In 2010, Romag discovered that some Fossil products contained counterfeit fasteners. Romag sued Fossil for patent and trademark infringement. At the trial, the jury found that Fossil's trademark infringement was not willful, and thus the district court found that Romag was not entitled to an award of Fossil's profits.

Issue/Holding:

Did the district court err in finding that a trademark owner must prove that the infringer acted willfully to recover the infringing defendant's profits. No, affirmed.

Discussion:

The Federal Circuit examined the legislative history of a 1999 amendment to the Lanham Act and noted a circuit split, both before and after the amendment, on the willfulness requirement for a profits award. The Federal Circuit applied the Second Circuit's precedent and found that Romag is not entitled to Fossil's profits because Romag did not prove that Fossil's trademark infringement was willful. The Federal Circuit found it critical that the Second Circuit, whose law governs this case, reaffirmed its adherence to the willfulness requirement in 2014.

The Federal Circuit also determined that the limited purpose of the 1999 amendment was to correct a drafting error in a 1996 amendment to the Lanham Act. The 1996 amendment added a cause of action for trademark dilution, but failed to include language which would make monetary remedies available in such cases. The Federal Circuit found that in providing for monetary relief in cases of "willful" dilution, Congress showed no intent to change the willfulness requirement for cases of infringement. The Federal Circuit reasoned that if Congress had intended to resolve the circuit split on the issue, the legislative history would clearly reflect such intention. The Federal Circuit further reasoned that Congress' insertion of "willfulness" language in the provision of the statute relating to dilution cases but not in the provision relating to infringement cases does not create an inference that Congress rejected a willfulness requirement for infringement cases. Such an inference is more appropriately drawn where two provisions are enacted at the same time, which is not the case here.