

Supreme Court Remains Focused on Intellectual Property, Adds Two Trademark Cases For Next Term

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The Supreme Court granted certiorari in two trademark cases on June 28, 2019, adding them to its docket for next term.

Romag Fasteners, Inc. v. Fossil, Inc., et al. concerns whether, under Section 35 of the Lanham Act, 15 U.S.C. § 1117(a), willful infringement is a prerequisite for an award of infringer's profits. Section 35 of the Lanham Act governs damages and provides:

"When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 1125(a) or (d) of this title, or a willful violation under section 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action."

A circuit split has been brewing on this topic for quite some time. In the First, Second, Eighth, Ninth, Tenth and D.C. circuits, a finding of willful infringement is a prerequisite to recovering an award of the profits of the infringer. The Third, Fourth, Fifth, Sixth, Seventh and Eleventh circuits, however, merely include willfulness as a factor to be considered—not a predicative requirement—to awarding profits.

There is also a question in the petition regarding timeliness. But, because the Supreme Court does not give reasons as to why it grants a petition, we cannot know for certain whether the Supreme Court will take this opportunity to clarify the law surrounding the timeliness of an appeal or whether the Supreme Court will limit its decision to resolve the circuit split as it currently exists.

Lucky Brand Dungarees, Inc. v. Marcel Fashions Group, Inc. concerns whether a defendant is barred from raising defenses that were not actually litigated and resolved in any prior case between the parties when a plaintiff asserts new claims.

The history of trademark litigation between these two parties spans more than 18 years. The petition arises from an appeal following a motion to dismiss whereby the Second Circuit held that Lucky was precluded from raising defenses in a second action that it could have raised in a first case but did not. The Supreme Court will need to determine whether the doctrine of res judicata—the principle that a cause of action may not be relitigated once it has been judged on the merits—prohibits litigants from raising defenses that they *could* have raised in a prior case between the parties when the trademark infringement claims span a different time period.

These two trademark cases join two patent cases that the Supreme Court will hear during its next term:

- *Iancu v. NantKwest Inc.*: Whether the phrase "[a]ll the expenses of the proceedings" in 35 U.S.C. § 145 encompasses the personnel expenses the United States Patent and Trademark Office incurs when its employees, including attorneys, defend the agency in Section 145 litigation.
- *Dex Media Inc. v. Click-To-Call Technologies, LP.*: Whether 35 U.S.C. § 314(d) permits appeal of the Patent Trial and Appeal Board's decision to institute an inter partes review upon finding that 35 U.S.C. § 315(b)'s time bar did not

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apply.

These cases will be decided next term while Congress continues to sort out the fallout from the Supreme Court's decision in *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208 (2014) with its reform of Section 101 of the Patent Act. Two Senators and three Representatives have released a bipartisan bicameral draft bill that would largely reform Section 101 of the Patent Act. Those wishing to submit feedback regarding the proposal can email IntellectualProperty@tillis.senate.gov.

Please contact the authors or your Miller Canfield attorney to discuss the impact of these developments.