Willfulness™
By David Welkowitz¹

"When I use a word," Humpty Dumpty said, in rather a scornful tone, "it means just what I choose it to mean—neither more nor less."
"The question is," said Alice, "whether you can make words mean so many different things."
"The question is," said Humpty Dumpty, "which is to be master—that's all."²

And the word is willfulness. A chameleon-like term, dreaded by the likes of Learned Hand,³ willfulness is used in trademark law for many purposes, usually without a comprehensible definition. In this article, I propose to demonstrate that the term willfulness (or willful) not only has a shifting meaning, but that by loosely defining it, courts have encouraged expansion of trademark remedies to an extent that should at least give us pause. Moreover, in some cases the remedial decisions are delegated to lay juries with a decided lack of guidance or restraint, leading to even more expansive remedial possibilities. These expansions feed on themselves. As others have shown, expanding the realm of liability and remedies leads to more expansive claims of right, not only through lawsuits, but through cease-and-desist letters (and possible licensing). Since, as will be seen, some measures of willfulness incorporate those same cease-and-desist letters, the expanding cycle begins again. This may be a welcome result for trademark owners; whether it is a boon to consumers and others who would use trademarks in various unauthorized but socially useful ways is not so clear.

A. Willfulness in the Trademark Statute

¹ Professor of Law, Whittier Law School.
² Lewis Carroll, Through the Looking Glass.
³ [Quote dialogue in footnote]
The word “willful” only appears a few times in the federal trademark statute. It appears most prominently in the trademark counterfeiting provisions. Section 35(c) of the Lanham Act permits a plaintiff to choose statutory damages for counterfeiting. It contemplates different levels of culpability, which should correspond to different quantities of damages: (1) The “standard” range for statutory damages is between $1000 and $200,000 “per counterfeit mark per type of goods or services sold;” and (2) if “the use of the counterfeit mark was willful” then the upper range is increased to $2 million “per mark per type of goods or services.” This is a truly breathtaking range: $1000 to $2 million or 2000 times the minimum. Even the "standard" range is large: the maximum is 200 times the minimum range, with no guidance except "as the court considers just."

Interestingly, the word "willful" does not appear in the criminal counterfeiting statute. That statute applies to one who "knowingly uses a counterfeit mark" and/or "intentionally" does various things, including "traffic[ing] in labels [and other items] knowing that a counterfeit mark has been applied thereto."

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5 Id. §1117(c)(1).
6 Id. §1117(c)(2).
7 Id. §1117(c)(1). The same "guidance" appears in the section governing willful violations.
The term "willful" also does not appear in the first of the civil counterfeiting remedies sections. Section 35(b) requires (absent "extenuating circumstances") a trebling of damages if the violation consists of—

(1) intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 1116(b) of this title), in connection with the sale, offering for sale, or distribution of goods or services; or

(2) providing goods or services necessary to the commission of a violation specified in paragraph (1), with the intent that the recipient of the goods or services would put the goods or services to use in committing the violation.

Thus, depending on how the terms "intentionally," "knowing," "with the intent," and "willful" are interpreted, it is possible that a "willful" violation would lead to the most significant award of damages for the least culpable conduct.\(^9\)

Section 35 contains one other reference to "willful," in Section 35 (e). That section provides

In the case of a violation referred to in this section, it shall be a rebuttable presumption that the violation is willful for purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly

\(^9\) See infra for a discussion.
This is a curious provision. It applies to any violation "referred to" in Section 35, which would include virtually any Lanham Act violation. Yet the most logical part of the Lanham Act for which it would apply is Section 43(d), cybersquatting, and it's accompanying damage provisions in Section 35(d). How failure to give accurate information to a domain name registrar creates a presumption of "willful" trademark infringement of any kind, other than cybersquatting, is a mystery. Moreover, Section 35(d), providing statutory damages for cybersquatting, does not give any extra measure of damage for "willful" cybersquatting. Given the wide range of damages available under Section 35(d) ($1000 to $100,000 per domain name) willfulness – whatever it may mean – could be relevant to the damages decision. But the general applicability of this presumption is curious.\textsuperscript{11}

Another place in the Lanham Act in which the word "willful" appears is the dilution provision, Section 43(c). In order to obtain non-injunctive relief for dilution a plaintiff must show [if the claim is]

\textsuperscript{10} 15 U.S.C. § 1115(e).
\textsuperscript{11} How one rebuts the presumption is far less than obvious as well. The section does not limit willfulness to this presumption. “Nothing in this subsection limits what may be considered a willful violation under this section.” \textit{Id.}
(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

The concept of "willful intent" is an odd one; more will be said about this shortly. But the "willfulness" aspect of dilution also affects Section 35(a), the general monetary remedies section of the Lanham Act. Section 35(a) allows monetary remedies for violations of Sections 32 (registered marks), 43(a) (unregistered marks and false advertising), 43(d) (cybersquatting), and "a willful violation under section 1125(c)" [i.e., Section 43(c)]. This provision apparently is intended to implement the above-quoted requirements of Section 43(c)(5). However, it is an inaccurate representation of Section 43(c)(5)'s requirements. It refers simply to a "willful violation" of Section 43(c), while Section 43(c)(5) is much more specific, requiring both "willful intent" and specific objectives of that intent. (Neither section defines willfulness.) Moreover, the addition of "willful violation of section 1125(c)" caused interpretive issues with the rest of the section. Prior to this addition, courts generally agreed that recovery of defendant's profits required some element of bad faith; after the language was added, courts disagreed on the proper interpretation of the rest of the section.12

12 [Cite McCarthy here.]
But nowhere in the Lanham Act is the term “willful” defined, despite an extensive definitions section, Section 45.\(^{13}\)

### B. Willfulness Implied by Judicial Construction

In addition to the statutory provisions expressly incorporating willfulness, there are situations in which willfulness is made a part of the analysis by judicial interpretation. I am large these situations involve remedies, rather than liability. One situation involves awards of defendant’s profits. Section 35(a) permits the award of profits with no explicit requirement of willfulness. Nevertheless, a number of courts (perhaps using the "subject to the principles of equity" language in the statute) have made awards of defendant’s profits contingent on one of a number of "fault" items, including willful behavior on the part of defendant.\(^{14}\)

Another situation is attorney’s fees. Section 35(a) allows awards of attorney’s fees "in exceptional cases." However, "exceptional" is not defined. Many courts have cited the legislative history of this provision, which indicated that exceptional cases involve "'malicious,' 'fraudulent,' 'deliberate,' or 'willful'" conduct.\(^{15}\) Unfortunately, that was the extent of the edification from the history. In particular, on its face the history left open the question of the difference between "deliberate" and "willful" conduct.

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\(^{13}\) There is the presumption of Section 35(e), but it does not explain the term.

\(^{14}\) [cite cases – especially George Basch in the Second Circuit].

\(^{15}\) Cite legislative history from footnote 169 of article.
Furthermore, willfulness is a factor used by courts to exercise their discretion under Section 35(a) to award enhanced damages (even though the statute requires it to be "compensation and not a penalty"), and when awarding statutory damages for cybersquatting under Section 35(d). Neither provision expressly incorporates willfulness, but courts have used willfulness as a factor in exercising their discretion.

C. But What Does Willful Mean?

Although willfulness may not be an element of a trademark infringement or dilution claim, it plays an important role in determining the remedy. But what do we really mean by willfulness? As to that issue, there is considerable doctrinal disarray.

One might think that "willful" means "intentional," or "knowing." That would be consistent with the way, for example, the trademark counterfeiting criminal...
statute defines violations. ¹⁹ But even using terms like intentional or knowing can be question begging, and using those terms to define willfulness is belied by both statutory and judicial pronouncements. The question it begs is, intent to do what? Alternatively, knowledge of what? Intent to infringe or merely intent to do the act that causes infringement? Knowledge that the act is infringing or something less (such as knowledge that the plaintiff believes it is infringing)?

1. What Can We Learn from Jury Instructions?

One way to address the question is to look at what we tell jurors. Hopefully we would try to be clear to jurors about what willful means. But that appears to be a vain hope. The American Bar Association has promulgated model jury instructions for copyright, trademark, and trade dress litigation, as have several circuits. ²⁰ As discussed above, willful behavior is expressly required when damages are sought in dilution cases. The ABA’s model instruction acknowledges this requirement. Unfortunately, it provides no guidance to a jury other than to say “Only if you find such willful dilution²¹ should you award damages.” ²² The

¹⁹ For a discussion of the criminal counterfeiting statute, see generally [Mark McKenna’s paper].
²⁰ Model Jury Instructions: Copyright, Trademark and Trade Dress Litigation (ABA Section of Litigation 2008).
²¹ This in itself is somewhat misleading, since the statute does not say “willful dilution” but instead specifies “willfully intended to trade on the reputation of the famous mark” [for blurring] or “willfully intended to harm the reputation of the famous mark” [for tarnishment]. The instruction does begin with this language but then lapses into the less specific willful dilution language.
²² ABA Model Jury Instructions, Instruction 2.6.8.
instructions nowhere define “willful” nor do they explain what “willful intent” means. The comment to the instruction references another group of instructions, dealing with awards of defendant’s profits. The most relevant of that group states, unhelpfully:

If you find that defendant infringed plaintiff’s trademark, you must also determine whether defendant intentionally or willfully used the trademark to trade on the goodwill and/or reputation of plaintiff.23

It seems that “intentional” and “willful” are related, though perhaps not identical, but the instruction does not elaborate. The comment equally unhelpfully advises that “[a] finding of whether defendant willfully infringed plaintiff’s trademark may be relevant in determining the appropriate monetary relief.”24 It goes on to discuss profits and to note that “willfulness will be relevant to a court’s decision on whether to avoid enhanced damages, … and on whether a case is ‘exceptional’ so as to justify an award of attorney’s fees.”25 It suggests that a jury’s input may be helpful (these are ultimately issues for the court, but it may allow the jury to give advice26). But a jury can hardly be helpful if it does not understand the legal terminology.

23 Id. Instruction 2.8.5.
24 Id. Comment to Instruction 2.8.5.
25 Id.
26 Cites.
A more helpful instruction is included in the Seventh Circuit’s model jury instructions. It contains an instruction on Intentional [Trademark] Infringement that reads as follows:

If you find that Defendant [infringed Plaintiff’s [trademark; trade dress]] [engaged in false advertising], you must also determine whether Plaintiff has proven that, at the time Defendant [used the trademark; trade dress] [engaged in the false advertising] Defendant acted willfully. Defendant acted willfully if it knew that [it was infringing Plaintiff’s [trademark; trade dress] [its advertising was [false] [or misleading]] or if it acted with indifference to [Plaintiff’s trademark rights] [whether its advertising was false / misleading].

This instruction appears to follow the model of “actual malice” used in defamation cases—knowledge of falsity or reckless disregard of truth or falsity. In this case, it is knowledge that one’s actions are infringing or reckless disregard of infringement. This standard is derived from Seventh Circuit case law, although some of the cases are not exactly on point. As we shall see, the Seventh Circuit’s standard is not followed by many other circuits. Moreover, this standard has its own deficiencies.

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27 Seventh Circuit model jury instructions 13.6.5.
29 E.g., Zazu Designs, Ltd. v. L’Oreal, S.A., 979 F.2d 499, 507 (7th Cir. 1992). The Seventh Circuit appears to regard this issue as a jury question with respect to enhanced damages, see Video Views, Inc. v. Studio 21, Ltd., 925 F.2d 1010, 1016 (7th Cir. 1991), though not for attorney’s fees. See Badger Meter, Inc. v. Grinnell Corp., 13 F.3d 1145, 1158 (7th Cir. 1994) (?).
However, some commentators have advocated that this standard should become the norm.\textsuperscript{30}

The Ninth Circuit’s model jury instructions are more obtuse on this issue. The most applicable instruction deals the “Trademark Damages—Intentional Infringement.” It provides as follows:

> If you find that the defendant infringed the plaintiff’s trademark, you must also determine whether the defendant used the trademark intentionally, knowing it was an infringement.\textsuperscript{31}

In some ways, this is clearer than the Seventh Circuit’s instruction, because it does not use the word “willful” at all. However, the comment to this instruction cites a Ninth Circuit case that does use the phrase “willful infringement.”\textsuperscript{32} The comment further suggests that “willful blindness” might substitute for “willful infringement,” citing only Seventh Circuit and Eleventh Circuit cases, indicating a lack of Ninth Circuit precedent on this issue.\textsuperscript{33} But those cases are not available to jurors, and nothing in the model instruction even suggests that willful blindness (whatever it may mean\textsuperscript{34}) is the equivalent of intentional infringement.

\textsuperscript{30} Cite article.
\textsuperscript{31} Ninth Circuit model jury instructions 15.27.
\textsuperscript{32} Lindy Pen Co. v. Bic Pen Corp., 982 F.2d 1400, 1406 (9\textsuperscript{th} Cir. 1993).
\textsuperscript{33} Comment to jury instruction 15.27, \textit{citing} Hard Rock Café Licensing Corp. v. Concession Servs., 955 F.2d 1143, 1149 (7\textsuperscript{th} Cir. 1992) and Chanel, Inc. v. Italian Activewear of Florida, 931 F.2d 1472, 1476 (11\textsuperscript{th} Cir. 1992).
\textsuperscript{34} \textit{See infra} text at notes ---.
Yet another set of model jury instructions takes a position very much like the Ninth Circuit. The relevant instruction provides as follows:

[INSERT HERE ON ELEVENTH CIRCUIT INSTRUCTIONS—SPECIFIC FOR COUNTERFEITING AND FOR DILUTION, BOTH DEFINING WILLFUL AS APPROPRIATING GOODWILL.]

We can see that what we tell jurors is somewhat inconsistent and problematic. While the Ninth Circuit instructions are reasonably clear on intentional infringement (they do nothing for the problem of dilution), the comment suggests that courts might waffle on the clarity and use something called “willful blindness” as a substitute for the intentional acts, with knowledge that they are infringing, that the instruction entails. The Seventh Circuit more explicitly uses willful blindness—i.e., acting with indifference as to whether the acts were infringing—but that will raise other, more doctrinal issues. The Eleventh Circuit uses the most obtuse definition of willfulness—although at least it is consistent between counterfeiting and dilution.

But the problem is best illustrated by a real case, in which multiple uses of willfulness make for a confusing set of instructions. The case is *adidas America v. Payless Shoesource, Inc.*[^35] where adidas sued Payless for trade dress infringement, trade dress dilution, and violations of (Oregon) state law. The case was tried in the

[^35]: Civil Case No. 01-1655-KI (May 1, 2008).
District of Oregon before a jury. In connection with the trade dress infringement claim, the court instructed the jury that to award defendant’s profits to plaintiff the jury had to find “that Payless acted willfully or in bad faith when it infringed” adidas’ trade dress. The court further instructed the jury about willfulness as follows:

Willful infringement refers to a deliberate intent to cause consumer confusion. If you find that Payless infringed adidas’s trademark or trade dress, you must also determine if Payless used the design features intentionally, knowing it was an infringement. If you find Payless acted in this way, you may find that Payless acted willfully.

In this instruction, the court followed the Ninth Circuit pattern jury instructions, defining willfulness as a combination of intent—i.e., using the trade dress intentionally (presumably, though not clearly, meaning with the understanding that it was a trademark of adidas)—and actual knowledge that the use constituted infringement. There was no indication that “willful blindness” could substitute for this actual knowledge. But this was not the only instruction on the issue of willfulness. Because Payless asserted that the allegations of willfulness were belied by the fact that Payless acted after receiving advice of counsel, the court further instructed the jury as follows:

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36 Jury instruction No. 44.
37 Id.
As a defense to adidas’s allegations of willfulness, Payless has asserted that it relied on the advice of its legal counsel. To prevail on this defense, Payless must prove by a preponderance of the evidence that the legal advice was competent such that Payless was reasonable in relying on the advice. To prevail on this defense, Payless does not need to prove that the advice was ultimately correct. In making this determination, you should consider the totality of the circumstances at the time.\textsuperscript{38}

As discussed further below, the requirement of competence is an odd one—it seems to put the burden on the lay person to make certain that it seeks out competent advice, even if that person knows little or nothing about the applicable law.

But there was yet another issue of willfulness—the dilution claim. As discussed earlier, an award of damages on this claim required showing “willful intent” to trade on reputation or harm the reputation of adidas’ mark. Here is the relevant part of the court’s instruction on that issue:

In order for adidas to be entitled to recover actual damages or Payless’s profits on adidas’s dilution claims under federal law, adidas must prove by a preponderance of the evidence that Payless willfully intended to trade on

\textsuperscript{38} \textit{Id.} instruction 45.
adidas’s reputation or to cause dilution of the Three-Stripe Mark and/or SUPERSTAR Trade Dress.\textsuperscript{39}

Unlike the earlier instruction, this one contained no guidance as to the meaning of “willfully” or, even more problematic, about the meaning of “willfully intended.” In the prior instruction, “willful” was defined in terms of intent and knowledge. Because this instruction—following the language of the statute—uses the phrase “willfully intended,” its meaning is not as clear. Perhaps it is supposed to mean that Payless used the mark with the specific intent to trade on adidas’ reputation, \textit{knowing that it was a form of dilution}. This would, of course be difficult to prove. It also would be consistent with the earlier instruction on willful infringement. But a jury might reasonably understand it to mean that Payless merely had to intend to trade on adidas’ reputation, regardless of whether it understood that this constituted dilution. While that might be what the law intended, it would mean that “willful” dilution is a lot easier to demonstrate than willful infringement.

And then there is the matter of the state law claims, on which there were instructions pertaining to punitive damages (which are not available for federal trademark violations). Here is the relevant portion of the instructions:

\begin{quote}
adidas is entitled to punitive damages only if adidas proves that Payless has acted with malice, or in wanton and reckless disregard of the rights of adidas,
\end{quote}

\textsuperscript{39} \textit{Id.} instruction 47.
or if deterrence is called for and Payless’s conduct is particularly aggravated.
You may consider the importance to society in deterring similar misconduct
in the future.

You must find these facts by clear and convincing evidence. Clear and
convincing evidence means that the truth of the asserted evidence is highly
probable.

Although this instruction does not use the term “willful,” it describes conduct that is
supposed to be particularly blameworthy. It speaks of “malice,” (without defining
the term) and “wanton and reckless disregard” of others’ rights. It also raises the
burden of proof (although whether a jury would understand this is open to
question). Yet, in using the term “reckless,” it seems to permit an award of punitive
damages on less than the “knowing and intentional” infringement standard imposed
for federal trademark violations.

Thus, the jury was confronted with two instructions that used the term
“willful,” but with possibly different meanings, plus an instruction as to punitive
damages that countenances sanctioning reckless behavior, as opposed to the
deliberate and knowing behavior sanctioned by the infringement instruction. It did
increase the level of proof from “more likely than not” to “clear and convincing,” but
whether a jury would understand the difference, especially given an explanation

\[40\] Id. instruction 48.
that the latter is “highly probable” (as opposed to merely more probable than not?) is open to question.

<INSERT ON APPLE V. SAMSUNG INSTRUCTIONS HERE.>

These different jury instructions from different sources show an inconsistency in the definition of willfulness. There are at least two, and possibly three, different standards in just the jury instructions. For willful infringement, the Ninth Circuit requires an act done with the specific intent to cause infringement, and with knowledge that it is infringing. The Seventh Circuit starts with this standard but adds another possibility: that the defendant acted recklessly. Whether “willfully intended” in the case of dilution includes either or both of those definitions is unclear from the instructions and there is no appellate precedent on point.

2. What Can We Learn From the Model Penal Code?

In the criminal context, the Model Penal Code (MPC) provides definitions of various forms of intent, and also incorporates willfulness into its scheme of culpability. Section 2.02 sets forth four levels of culpability: acting purposely, knowingly, recklessly, and negligently. “Knowingly” seems to fit the requirements

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41 The comment to the Ninth Circuit instruction suggests that “willful blindness” (again that word willful) might suffice, but Ninth Circuit precedent is lacking, and the adidas jury instructions did not contain that possibility.

42 MPC §2.02(2).
of criminal counterfeiting, as well as the Ninth Circuit’s concept of “willful”
conduct—requiring an awareness that one’s conduct is infringing (and the practical
certainty that infringement will occur). The MPC further states that knowledge “is
established if a person is aware of a high probability of [the] existence [of a fact].”
The MPC brings willfulness into this scheme by stating that “an offense is committed
willfully ... if a person acts knowingly with respect to the material elements of the
offense.” To continue the scheme of culpability, the MPC defines “reckless”
conduct as “consciously disregarding a substantial and unjustifiable risk that the
material element [of the offense] exists or will result from [a person’s] conduct.”
Rounding out the scheme is negligence—when one “should be aware of a substantial
and unjustifiable risk.” This latter is a criminal standard, not a civil standard, but
it is intended to convey a lesser level of culpability than reckless or knowing
conduct. And reckless conduct constitutes a level of culpability between “knowing”
and “negligent.”

Unfortunately, as studies and commentators have shown, the lines between
these levels of culpability are easily blurred. Indeed, not only do people have a
difficult time distinguishing among levels of culpability, the difficulty is especially

43 See MPC §2.02(2)(b).
44 MPC §2.02(7).
45 MPC §2.02(8) (emphasis added).
46 MPC §2.02(2)(c).
47 MPC §2.02(2)(d) (emphasis added).
48 See generally, e.g., David M. Treiman, Recklessness and the Model Penal Code, 9 Am.
J. Crim. L. 281 (1981); Matthew R. Gunther [et al.], The Language of Mens Rea, ___
Vand. L. Rev. ___ (forthcoming 2014) (reporting results of studies about people’s
ability to separate levels of culpability in the MPC).
pronounced when distinguishing between knowing and reckless, and between
culpability and negligence. Moreover, people do not tend to punish the different
levels of culpability in a manner reflective of the hierarchy of culpability. This
suggests that jurors, and even judges, may have difficulty distinguishing among
levels of civil culpability and appropriate damage levels as well.

As to willfulness, the MPC says that willful conduct is “knowing” conduct, and Section 2.02(7) says that awareness of a “high probability” is equivalent to
knowledge. So being aware of a “high probability” that one’s actions are infringing
would be acting “knowingly” or “willfully,” at least in MPC parlance. But the MPC
apparently distinguishes such willful conduct from recklessness, which requires a
“substantial” probability. As noted above, this distinction is not one that jurors
(and probably judges) make easily. Moreover, it is not a large leap from being
actually aware or a “substantial probability” and being in a position where one
ought to be aware of it—i.e., the distinction between reckless and negligent conduct.
In a civil context, where one’s personal liberty is not at stake (you will not go to jail),
it may be tempting for courts to elide the differences between reckless and negligent
(particularly reckless and very negligent), and it is clearly difficult to distinguish a
“high probability” from a “substantial” one.

49 Language of Mens Rea, supra at ___.
50 Id. at ___.
51 See [Treiman article], supra.
The Seventh Circuit quote from the *Hard Rock* case (which, remember, only came in a footnote) cautions courts about this slippery slope, but concedes the difficulty in making the necessary distinction. This is consistent with the studies showing that lay people have trouble making this distinction. Moreover, if lay people, in a criminal context are relatively disinclined to punish these levels of conduct materially differently it would hardly be surprising if courts in civil cases elided the distinctions when determining remedies.

3. *Case Law Discussing the Meaning of Willful*

   a. *Willfulness and Profits*

   As indicated by the discussion of jury instructions, courts have used many different definitions and descriptions of willfulness in trademark law. The difficulty of defining the term is compounded by the fact that the term “willful” is often used in the same breath as other derogatory terms such as “bad faith” or “malicious.” This makes the task of assigning a precise meaning to “willful” a difficult one.

   A logical place to begin an examination of court decisions is the use of willfulness as a prerequisite to an award of defendant’s profits under Section 35(a). Although not all circuits require such a showing, many do and their discussions are

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52 *Language of Mens Rea, supra.*
informative. A leading case is *George Basch Co., Inc. v. Blue Coral, Inc.*,\(^{53}\) where the court at the outset held “that in order to justify an award of profits, a plaintiff must establish that the defendant engaged in willful deception.”\(^{54}\) At one point, the court seemingly equates “willfulness” with “intentional misconduct.”\(^{55}\) At another point, the court discusses unjust enrichment and the idea of a profits award as a kind of constructive trust imposed “as a result of fraud,”\(^{56}\) leading it to link “unjust enrichment” with “willful deception.”\(^{57}\) Since mere “deception” apparently is not sufficient, either the court means that one could deceive innocently\(^{58}\) or that something more than intent to deceive is required. Further muddying things, the court later concludes that under a deterrence rationale for a profits award, one must be “a bad faith infringer,” without clarifying what constitutes “bad faith.”\(^{59}\) Finally, the court cited the Restatement (Third) of Unfair Competition, Section 37(1)(a), which requires (for a profits award) that “the actor engaged in conduct with the intent of causing confusion or deception,” which the court labels “willful infringement.”\(^{60}\) Because the court found that there was no evidence of willfulness, it did not expound further, except to note that intent to copy (especially with respect

\(^{53}\) 968 F.2d 1532 (2d Cir. 1992).
\(^{54}\) Id. at 1534.
\(^{55}\) Id. at 1537.
\(^{56}\) Id. at 1538.
\(^{57}\) Id.
\(^{58}\) One could certainly infringe innocently, but the term “deceive” tends to have a connotation that is less innocent.
\(^{59}\) Id at 1539.
\(^{60}\) Id. at 1540. The court later notes that such conduct does not automatically entitle plaintiff to a profits award. Id. (noting other factors and the discretionary nature of the award).
to trade *dress*) is not necessarily indicative of intent to deceive. In one other way, the court’s discussion of willfulness is ambiguous. The court noted that the jury did not find defendant to have acted “in reckless disregard of [plaintiff’s] rights,” blurring the distinction between intentional deception and recklessness.

The Tenth Circuit’s discussion of the issue further complicates matters. While upholding a requirement that defendant’s actions be “willful to support an award of profits,” the court went on to note that the “‘intent’ on the defendant’s part... varies from deliberate and knowing to willful and fraudulent.” However, the court did not elaborate on the difference between “deliberate” and “fraudulent” (or “willful”) intent.

Indeed, Professor McCarthy’s treatise cites a list of different terms courts have used to describe the mental state required for a profits award. They range from “a deliberate intent to deceive” to “a deliberate disregard of a mark holder’s rights,” to “an aura of indifference to plaintiff’s rights” or intending to benefit from

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61 Id. at 1541.
62 Id.
63 Western Diversified Servs., Inc. v. Hyundai Motor America, Inc., 423 F.3d 1269, 1273 (10th Cir. 2005).
64 Id. n.1.
65 J.T. McCarthy, McCarthy on Trademarks §30:62.
66 Lindy Pen Co. v. Bic Pen Corp., 982 F.2d 1400, ___ (9th Cir. 1993).
plaintiff’s goodwill.\textsuperscript{68} Although courts may believe that these are all synonymous, this clearly is not so. “Knowingly” or with “intent to deceive” indicates that the defendant acted with the express understanding that his or her actions were infringing and that confusion was the intended result. A “deliberate disregard” of someone’s rights could mean anything from intent to infringe to recklessness. An “aura of indifference” implies either recklessness or just gross negligence—perhaps even ordinary negligence. And an intent to benefit from another’s goodwill does not necessarily mean an intent to deceive. It could be that defendant closely imitated another’s trade dress with the intent to attract customer attention (due to plaintiff’s goodwill in the trade dress), but not to induce purchases based on a mistaken idea that the goods were those of the plaintiff.\textsuperscript{69} And the Tenth Circuit’s apparent distinction between “knowing” and “willful and fraudulent” is difficult to comprehend. Perhaps the latter implies some kind of recklessness, but it is certainly unclear.


\textit{b. Willfulness and Attorneys Fees}


\textsuperscript{69} This, of course, could be described as “intentional” initial interest confusion. But that simply demonstrates a serious problem with the theory of initial interest confusion, if an essentially punitive sanction can be imposed without any intent to deceive consumers.
In the award of attorney’s fees willfulness is not the linchpin that it is with respect to profits. But it is an important factor. Here, courts often cite the language of the legislative history regarding conduct considered “exceptional”: “malicious, willful, fraudulent, or deliberate.” Stated in the disjunctive, the terms appear to be intended to have distinct meanings. However, as noted above regarding willfulness and profits, these terms are often used interchangeably, as though they are synonymous.

< ADD COMPARISON OF PATENT AND COPYRIGHT USES OF WILLFUL. >

D. The Larger Picture: The Problem of Willfulness and the Expansion of Trademark Remedies

1. Willfulness and Recklessness

Some circuits and commentators have advocated equating recklessness, often termed “willful blindness,” with willful infringement. This has a kind of surface appeal. After all, if a defendant is deliberately indifferent to whether its actions are infringing, shouldn’t such an extreme departure from customary behavior be severely sanctioned? Perhaps. But allowing other than knowing

infringement to be the subject of the most serious sanctions raises a substantial risk of making what should be an extraordinary remedy for extraordinary conduct into a much more mainstream remedy for less than extraordinary conduct.

First, consider the standard set out by courts for reckless behavior. The Seventh Circuit’s jury instructions define it as “act[ing] with indifference to Plaintiff’s trademark rights.”\textsuperscript{71} The Second Circuit has also endorsed the concept of “willful blindness” as “equivalent to actual knowledge for purposes of the Lanham Act.”\textsuperscript{72} To be “willfully blind” one must suspect that one’s actions constitute infringement (presumably this means one must \textit{actually} suspect this, although it is a short step to saying one \textit{should} suspect) and fail to investigate. But there is a serious flaw in this standard, revealed by a footnote in a Seventh Circuit opinion, where the court conceded:

\begin{quote}
We realize that finding the line between “willful blindness” and “reason to know” may be like finding the horizon over Lake Michigan in a snowstorm. Nonetheless, we emphasize that the former is a subjective standard—what did [defendant] suspect, and what did he do with his suspicion?—whereas
\end{quote}


\textsuperscript{72} Tiffany (NJ) Inc. v. eBay, Inc., 600 F.3d 93, 110 (2d Cir. 2010), \textit{quoting} Hard Rock Café Licensing, 955 F.2d at 1149.
the latter is an objective standard—would a reasonably prudent man in [defendant’s] shoes have known that the t-shirts were counterfeit?73

The problem of remedial expansion is evident in the Seventh Circuit’s pronouncement. It is difficult to keep a more exacting subjective standard from slipping into a less exacting objective negligence standard. And the jury instruction quoted earlier gives no guidance on this issue. In that way, particularly if the proper legal standard is purportedly applied, the extraordinary becomes the ordinary. If the line is not an easy one to draw, then one may expect courts and juries (especially ones without good guidance) to view “bad” conduct that may not technically rise to the level of “willful” conduct as worthy of being classified as “willful,” justifying a large damages award.74 Even if a court applies the proper legal standard, if the facts are close, a fact finder may elide the difference between willfulness and negligence and err on the side of the former. Here, the comparison with the “reckless disregard” standard in defamation cases is telling. In defamation cases, the Supreme Court mandates that the appellate review of the application of the actual malice standard be de novo.75 But no such mandate exists for willfulness in trademark. Thus, appellate review of a finding of willfulness will be very deferential. If a judge

73 Hard Rock Café Licensing, 955 F.2d at 1151 n.5.
74 In Hard Rock Café, supra, the Seventh Circuit vacated and remanded the trial court’s judgment because it was uncertain whether it applied the proper legal standard. Hard Rock Café Licensing, 955 F.2d at ____. But if the trial court had applied—or at least enunciated—the proper legal standard, it appears that the Seventh Circuit would have accepted the factual conclusion of willfulness.
75 Bose v. Consumers Union (?).
trial, then the finding is upheld unless “clearly erroneous.”76 If a jury trial, then the standard is even more deferential: whether a rational jury could come to this verdict.77 Thus, unless an improper legal standard is indicated, appellate courts will not examine carefully findings of willfulness. That leads us to a discussion of the evidence used by courts in making this finding. As we shall see, findings of willfulness are often made on less than compelling evidence of “willful” behavior.

2. What Evidence Suffices to Show Willfulness?

Although courts use a variety of forms of evidence to find willfulness, two in particular are cause for serious concerns. First, many cases, especially counterfeiting cases, result in default judgments. Courts routinely cite the fact of default as a sufficient basis to find willfulness.78 Alternatively, they deem the default to have admitted any allegations of willfulness in the complaint, even if they are only pertinent to damages, not liability.79 This sort of “evidence” of willfulness is disturbing, even though it is probably true that some (perhaps even many) of the defaulters are, in fact, willful infringers by any reasonable definition. However, a default seems hardly sufficient to show it is “more likely than not” that someone acted, for example, with an intent to deceive or cause confusion. Certainly the courts who use this test seldom cite any affirmative evidence that defaulters are

76 Rule 52. F.R. Civ. P.
77 Cite Mattel in 4th Circuit.
79 Id. at __.
more likely than not to do so in an attempt to foil the plaintiff’s efforts to brand them as willful infringers.

A second form of evidence frequently cited by courts is the defendant’s failure to stop his or her infringing actions when requested to do so by the plaintiff (usually via a cease and desist letter). Again, such evidence is not the strongest basis for a willfulness finding, especially considering that the resulting remedies are often described as virtually punitive (despite the admonition in Section 35(a)—which does not apply to counterfeiting damages under Section 35(c)).

[Note: further discussion is definitely intended throughout! As indicated, this is a work in progress draft intended for discussion purposes.—DW]