

WILLFULNESS™

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“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.”¹

And the word is willfulness. A chameleon-like term, dreaded by the likes of Learned Hand,² 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 its loose definition encourages 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

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¹ LEWIS CARROLL, *THROUGH THE LOOKING-GLASS AND WHAT ALICE FOUND THERE* 124 (MacMillan Co. 1940) (1871).

² This dialogue from the debates on the Model Penal Code is illuminating:

JUDGE HAND: Do you use [willfully] throughout? How often do you use it? It’s a very dreadful word.

MR. WECHSLER: We will never use it in the Code, but we are superimposing this on offenses outside the Code. It was for that purpose that I thought that this was useful. I would never use it.

JUDGE HAND: Maybe it is useful. It’s an awful word! It is one of the most troublesome words in a statute that I know. If I were to have the index purged, “wilfull” [sic] would lead all the rest in spite of its being at the end of the alphabet.

MR. WECHSLER: I agree with you, Judge Hand, and I promise you unequivocally that the word will never be used in the definition of any offense in the Code. But because it is such a dreadful word and is so common in the regulatory statutes, it seemed to me useful to superimpose some norm of meaning on it. . . .

Thirty-Second Annual Meeting of the American Law Institute, 32 A.L.I. PROC. 141, 160 (1955).

expansive claims of right, not only through lawsuits, but through cease-and-desist letters (and possible licensing).³ Since, as will be seen, some measures of willfulness incorporate those same cease-and-desist letters, the expanding cycle begins again.⁴ 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.

The article proceeds as follows. Part I discusses the appearance (and non-appearance) of the word willful in the federal trademark statute. Part II sets out various situations in which willfulness is made relevant by judicial construction of the trademark statute. Part III examines the myriad meanings that can be, and have been, ascribed to willfulness, drawing from criminal law, the Restatement of Torts, case law using willfulness in trademark cases, case law using willfulness in patent and copyright cases, and jury instructions in trademark cases. Part IV discusses how these different meanings can lead to an expansion of trademark remedies beyond what seems appropriate given that willful behavior ought to be viewed as extraordinary, not ordinary. Finally, in the conclusion I discuss the idea that willfulness should be a more limited concept, directed at intentional, or deliberate infringement.

I. WILLFULNESS IN THE TRADEMARK STATUTE

The word “willful” only appears a few times in the federal trademark statute. It appears most prominently in the trademark counterfeiting provisions.⁵ Section 35(c) of the Lanham Act permits a plaintiff to choose statutory damages for counterfeiting in lieu of demonstrating actual damages.⁶ This section 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”;⁷ and (2) if “the use of the counterfeit mark was willful” then the upper range is increased to \$2 million “per counterfeit mark per type of goods or services sold.”⁸ This is a truly

³ See generally James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882, 884 (2007) (noting that the expansion of intellectual property rights has resulted in many obtaining unnecessary licenses to ensure protection from being sued).

⁴ See *infra* note 350.

⁵ See 15 U.S.C. § 1117(a), (c), (e) (2014).

⁶ *Id.* § 1117(c).

⁷ *Id.* § 1117(c)(1).

⁸ *Id.* § 1117(c)(2).

breathhtaking range: \$1000 to \$2 million or two thousand times the minimum. Even the “standard” range is large: the maximum is two hundred times the minimum amount, with no guidance except “as the court considers just.”⁹

Oddly, although willfulness vastly increases statutory damages for counterfeiting, “willfulness” is not a consistent feature of the trademark counterfeiting laws. For example, the word “willful” does not appear in the criminal counterfeiting statute.¹⁰ That statute applies to one who “knowingly uses a counterfeit mark” and/or “intentionally” does various things, including “traffic[king] in labels [and other items] knowing that a counterfeit mark has been applied thereto.”¹¹ While one might argue that “knowing” and “willful” should be treated as synonymous, this is not a foregone conclusion.¹²

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(d) 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.¹³

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.¹⁴

On the other hand, section 35 does contain a 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

⁹ *Id.* § 1117(c)(1). The same “guidance” appears in the section governing willful violations. *Id.* § 1117(c)(2).

¹⁰ *See* 18 U.S.C. § 2320 (2014).

¹¹ *Id.* § 2320(a)(1)–(2).

¹² *See infra* Section III.A.1 (discussing “knowing” and “willful” in the criminal context).

¹³ 15 U.S.C. § 1117(b).

¹⁴ *See infra* Parts III–IV (discussing the different possible levels of intent). In particular, the Model Penal Code, discussed in Part III.A., makes distinctions as to several levels of intent that could be relevant to the definition of willfulness, even in the civil context. *See* MODEL PENAL CODE § 2.02(2) (AM. LAW INST. 2015).

purposes of determining relief if the violator, or a person acting in concert with the violator, knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar¹⁵

This is a curious provision. It applies to any violation “referred to in this section,” which means all of section 35, not just section 35(e), since there is no reference to any specific violation in section 35(e).¹⁶ Because section 35 as a whole creates remedies (except for injunctions, which are dealt with elsewhere) for the full panoply of trademark violations, section 35(e) would include virtually any Lanham Act violation.¹⁷ Yet the most logical part of the Lanham Act for which it would apply is section 43(d), the anti-cybersquatting provision, and its specialized statutory damage provisions in section 35(d).¹⁸ How failure to give accurate information to a domain name registrar could reasonably be connected to a presumption of “willful” trademark infringement of any kind, other than cybersquatting, is a mystery.¹⁹ Even more puzzling, the most logically relevant provision, section 35(d), providing statutory damages for cybersquatting, does not give any extra measure of damage for “willful” cybersquatting.²⁰ Given the wide range of damages available under section 35(d)²¹ (\$1000 to \$100,000 per domain name), willfulness—whatever it may mean—could be relevant to the cybersquatting damages decision. But the general applicability of the section 35(e) presumption to all forms of infringement is curious.²²

The anti-cybersquatting statute (also known as the “ACPA”), of which section 35(e) was a part, requires a “bad faith intent to profit” as a prerequisite to liability.²³ However, neither the main operative provision, nor the factors listed as guidelines to determining bad faith

¹⁵ 15 U.S.C. § 1117(e).

¹⁶ *See id.*

¹⁷ *See id.* § 1117.

¹⁸ *See id.* §§ 1125(d), 1117(d).

¹⁹ If one sells counterfeit merchandise online, giving wrong information might indicate intent to avoid detection and thus some knowledge that your merchandise is tainted. *See Erin Coe, Tory Burch Awarded \$164M in Counterfeiting Case*, LAW360 (June 10, 2011), <http://www.law360.com/corporate/articles/250748/tory-burch-awarded-164m-in-counterfeiting-case> (noting the defendant’s use of deceptive identities to conceal their counterfeit accessory operation).

²⁰ *See* 15 U.S.C. § 1117(d).

²¹ *Id.*

²² How one rebuts the presumption is far less than obvious as well. Moreover, the section does not limit willfulness to this presumption. “Nothing in this subsection limits what may be considered a willful violation under this section.” *Id.* § 1117(e).

²³ 15 U.S.C. § 1125(d)(1)(A)(i) (2014).

use the term “willful.”²⁴ The only place in section 43(d) in which the word willful appears is section 43(d)(2)(D)(ii).²⁵ Section 43(d)(2) deals with *in rem* actions for cybersquatting.²⁶ Section 43(d)(2)(D)(ii) provides: “The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.”²⁷ Like section 35(e), this provision’s use of willful is somewhat odd, although for different reasons. It seems to equate “a willful failure to comply with any such court order”²⁸ with “bad faith or reckless disregard.” But reckless disregard of what? A logical inference would be reckless disregard of a court order (or bad faith refusal to implement it). However, if that is the case, why Congress chose to word the statute in that manner would be a mystery. It would have made more sense to say “except in cases of a deliberate failure to comply with any such court order, or bad faith or reckless disregard of such court order.”²⁹ But that does not appear to be the way “bad faith or reckless disregard” is interpreted.³⁰ On the other hand, disconnecting bad faith and reckless disregard from the issue of the court order makes the willful failure provision somewhat odd. It is also odd that Congress did not specify to what “reckless disregard” refers.

Another place in the Lanham Act in which the word “willful” appears is section 43(c), the dilution provision.³¹ In order to obtain non-injunctive relief (e.g., damages) for dilution, a plaintiff must show if the claim is:

- (i) by reason of dilution by blurring, the person against whom

²⁴ *Id.* § 1125(d)(1)(B).

²⁵ *Id.* § 1125(d)(2)(D)(ii).

²⁶ *Id.* § 1125(d)(2).

²⁷ *Id.* § 1125(d)(2)(D)(ii). A substantially similar provision is found in section 32(2)(D)(i)(II)(cc), which also immunizes domain name registrars from relief (including injunctive relief) unless they “willfully failed to comply with any such court order.” 15 U.S.C. § 1114(2)(D)(i)(II)(cc) (2014).

²⁸ That is, an order cancelling or transferring a domain name. *See* 15 U.S.C. § 1125(d)(2)(D)(i).

²⁹ It should be emphasized that the phrase “reckless disregard” does not have a well-defined meaning. *See infra* Part III.D.3.

³⁰ *See* *Dell, Inc. v. BelgiumDomains, LLC*, No. 07-22674-CIV, 2007 WL 6862342, at *10 (S.D. Fla. Nov. 21, 2007) (“[E]ven if Defendants were just the registrar, they would not qualify for [the ‘safe harbor’ provision of the ACPA] because they have acted in ‘bad faith’ and with ‘reckless disregard’ of known trademark rights of Plaintiffs.”). If this is the proper interpretation of the statute, it leaves the “willful failure” provision somewhat disconnected from the more general “bad faith or reckless disregard” provision. Why Congress thought that a “willful failure to comply” with a court order would not be considered “bad faith” is unclear.

³¹ 15 U.S.C. § 1125(c)(5)(B).

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.³²

The concept of “willful intent” is an odd one depending on how one defines “willfully”; 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.³³ 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)).³⁴ This provision apparently is intended to implement the above-quoted requirements of section 43(c)(5).³⁵ 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.³⁶ 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;³⁷ after the language was added, courts disagreed on the proper interpretation of the rest of the section.³⁸

Finally, despite the multiple uses of the term in the statute, nowhere in the Lanham Act is the term “willful” defined, even in the extensive definitions section, section 45.³⁹

II. 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 trademark infringement analysis by judicial interpretation. By

³² *Id.*

³³ *See* 15 U.S.C. § 1117(a) (2014).

³⁴ *Id.*

³⁵ *See id.* §§ 1117(a), 1125(c)(5).

³⁶ *Id.* §§ 1117(a), 1125(c)(5). Neither section 43(c) nor section 35(a) defines willfulness.

³⁷ *See* 3 ANNE GILSON LALONDE & JEROME GILSON, GILSON ON TRADEMARKS § 14.03[6][c][i] n.78.1 (2015).

³⁸ *See id.* § 14.03[6][c][i] nn.80–83.5; 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 30:62 (4th ed. 2015).

³⁹ *See* 15 U.S.C. § 1127 (2014). There is the presumption of section 35(e), but it does not explain the term. 15 U.S.C. § 1117(e).

and large these situations involve remedies, rather than liability.⁴⁰ One common situation involves awards of defendant's profits. Section 35(a) permits the award of profits with no explicit requirement of willfulness.⁴¹ Nevertheless, a number of courts (sometimes invoking 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.⁴²

Another judicial use of willfulness involves attorney's fees. Section 35(a) allows awards of attorney's fees "in exceptional cases."⁴³ 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.⁴⁴ 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.⁴⁵

Furthermore, willfulness is a factor used by courts to exercise their discretion under section 35(a) to award enhanced damages (even

⁴⁰ See 3 GILSON LALONDE & GILSON, *supra* note 37, § 14.03[6][c][i] nn. 85–86.

⁴¹ Section 35(a) provides as follows:

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, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover

(1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

15 U.S.C. § 1117(a).

⁴² See, e.g., *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1073–74 (9th Cir. 2015); *Fishman Transducers, Inc. v. Paul*, 684 F.3d 187, 191 (1st Cir. 2012); *Western Diversified Servs., Inc. v. Hyundai Motor Am., Inc.*, 427 F.3d 1269, 1273 (10th Cir. 2005) (quoting *Estate of Bishop v. Equinox Int'l Corp (Bishop II)*), 256 F.3d 1050, 1055–56 (10th Cir. 2001); *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1540 (2d Cir. 1992). *But see* *Laukus v. Rio Brands, Inc.*, 391 F. App'x 416, 424 (6th Cir. 2010) (noting that willfulness is a factor, but not required).

⁴³ 15 U.S.C. § 1117(a).

⁴⁴ S. REP. NO. 93-1400 (1974), *as reprinted in* 1974 U.S.C.C.A.N. 7132, 7133.

⁴⁵ For a discussion on the use of willfulness in assessing attorney's fees, see *infra* notes 235–244.

though the statute requires enhancement to be “compensation and not a penalty”),⁴⁶ and to award statutory damages for cybersquatting under section 35(d).⁴⁷ Neither provision expressly incorporates willfulness, but courts have used willfulness as a factor in exercising their discretion.⁴⁸ In false advertising cases brought under section 43(a) of the Lanham Act, courts have created a presumption of damages (the most common remedy is an injunction) for “willful deception.”⁴⁹

Although intent is not an element of a trademark infringement claim,⁵⁰ almost every circuit includes intent in its multifactor test for analyzing likelihood of confusion.⁵¹ Indeed, if intent to confuse is found, likelihood of confusion almost invariably is also found.⁵² Intent to confuse may not be synonymous with willfulness, but to the extent that intent and willfulness are related, even the central test for infringement would be connected to willfulness.

The other area of trademark liability in which intent is relevant is contributory infringement. Here, courts have required some level of knowledge (sometimes imputed) on the part of the contributory infringer that the other party is directly infringing.⁵³ As discussed below, the level of intent required may involve some notion of willful behavior.⁵⁴

While it does not involve liability, willfulness is also relevant in determining fraud on the Patent and Trademark Office (“PTO”) under the Federal Circuit’s ruling in *In re Bose Corp.*⁵⁵ In *Bose*, the Federal Circuit held that fraud required “a false, material misrepresentation with the intent to deceive the PTO.”⁵⁶ This was

⁴⁶ Mark A. Thurmon, *Confusion Codified: Why Trademark Remedies Make No Sense*, 17 J. INTEL. PROP. L. 245, 255 (2010).

⁴⁷ Section 35(d) gives the court (or the finder of fact) very wide discretion as to the amount of damages: \$1000 to \$100,000 “per domain name, as the court considers just.” 15 U.S.C. § 1117(d).

⁴⁸ See, e.g., *Hanley-Wood, LLC v. Hanley Wood, LLC*, 783 F. Supp. 2d 147, 152 (D.D.C. 2011); *Punch Clock, Inc. v. Smart Software Dev.*, 553 F. Supp. 2d 1353, 1359 (S.D. Fla. 2008).

⁴⁹ *Innovation Ventures, LLC v. Bhelliom Enters. Corp.*, 529 F. App’x 560, 566, 567 (6th Cir. 2013) (citing *Balance Dynamics Corp. v. Schmitt Indus., Inc.*, 204 F.3d 683, 694–95 (6th Cir. 2000)) (implying that “knowingly” misrepresenting facts would be considered willful).

⁵⁰ 4 MCCARTHY, *supra* note 38, § 23:107.

⁵¹ Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 CALIF. L. REV. 1581, 1589–90 (2006).

⁵² *Id.* at 1608.

⁵³ E.g., *Tiffany (NJ), Inc. v. eBay, Inc.*, 600 F.3d 93, 109–110 (2d Cir. 2010) (indicating that “willful blindness” would be sufficient to create contributory liability (citing *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992))).

⁵⁴ See *infra* Part III.C.

⁵⁵ *In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009).

⁵⁶ *Id.* at 1245.

described as a “subjective intent” standard.⁵⁷ Although generally eschewing the term “willful,” the court did state: “In other words, deception must be *willful* to constitute fraud.”⁵⁸ Thus, it appears that the court equated willful conduct with intentional conduct.⁵⁹ Though the *Bose* decision is somewhat unclear on exactly what level of fault “intent” means, it did make clear that even “gross negligence” was not sufficient.⁶⁰

III. BUT WHAT DOES WILLFUL MEAN?

As indicated in the previous section, although willfulness may not be an element of a trademark infringement or dilution claim,⁶¹ 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.

The word “willful” conjures many thoughts. The picture of the willful child comes to mind, for example. Indeed, one online dictionary definition of willful lists “obstinately and often perversely self-willed <a stubborn and *willful* child>” as its first definition.⁶² That same definition lists “done deliberately: INTENTIONAL” as its second definition.⁶³ The website Dictionary.com lists “deliberate, voluntary, or intentional” as its first definition, with “unreasonably stubborn or headstrong” as a second definition.⁶⁴ The Free Dictionary lists “[i]ntentional; not accidental; voluntary; designed” as its primary definition, with some interesting caveats as to the variety of

⁵⁷ *Id.*

⁵⁸ *Id.* at 1243 (emphasis added).

⁵⁹ *See id.* at 1245.

⁶⁰ *Id.* at 1244, 1245. The key question is whether recklessness—another term in need of definition—would suffice to demonstrate intent to deceive. The Federal Circuit has not yet resolved this issue. *See* Tal S. Benschar & Milton Springut, *Does Reckless Indifference Suffice for a Cancellation Proceeding Predicated on Fraud?*, 14 J. MARSHALL REV. INTELL. PROP. L. 50, 51 (2014) (noting that the Federal Circuit left this issue open).

⁶¹ As stated above, many circuits include “bad faith” or “intent to cause confusion” as a factor in the analysis of confusion, despite its irrelevance in most cases, and such bad faith or intent might be considered evidence of willfulness. *See* Blake Tierney, *Missing the Mark: The Misplaced Reliance on Intent in Modern Trademark Law*, 19 TEX. INTELL. PROP. L.J. 229, 234–236, 240 (2011). The dilution statute includes intent to cause association between the famous mark and the defendant’s mark as a factor in the dilution by blurring analysis. 15 U.S.C. § 1125(c)(2)(B)(v) (2014). That, too, could be considered a form of willfulness. But that, of course, depends on what is meant by willfulness!

⁶² *Willful*, MERRIAM-WEBSTER, <http://www.merriam-webster.com/dictionary/willful> (last visited Feb. 25, 2016).

⁶³ *Id.*

⁶⁴ *Willful*, DICTIONARY.COM, <http://dictionary.reference.com/browse/willful> (last visited Feb. 25, 2016).

meanings given to the word willful in legal contexts.⁶⁵ The key point of these definitions is that the dominant relevant understanding of the term willful is an action that is deliberate or intentional.

That understanding certainly is congruent with the various contexts in which willful is used in trademark law. For counterfeiting, it is logical for the most punitive sanctions to be reserved for those who deliberately create and/or sell counterfeit goods (with knowledge that they are counterfeit).⁶⁶ For dilution, which dispenses with the usual requirement of likelihood of confusion, it makes sense to limit the availability of the greatest sanctions (damages) for this powerful claim to those situations in which the offender intended to harm the reputation of a mark, or set out to trade on its reputation (rather than this being an incidental effect of the offender's actions).⁶⁷ For profits awards, which, after all, are designed more to punish the offender by removing the gains, rather than compensating the victim,⁶⁸ it makes sense to consider whether the offender has set out to cause injury by deliberately causing confusion.⁶⁹ Thus, there are good reasons to equate willfulness in trademark law with intentional or deliberate conduct. And I begin with the premise that that is the appropriate way to define willful behavior in trademark law.

Unfortunately, the case law and other indicia of meaning (such as statutory language and jury instructions) have obscured the definition of willful to the point where it is inconsistent, confusing, and potentially socially harmful. To see why this is so, and illustrate the problem, I propose to first examine two broadly applicable sources of definition, one criminal (the Model Penal Code) and one civil (the Restatement of Torts). I will then turn to the case law and its offshoots, primarily jury instructions, focusing on cases more specifically relevant to trademark law.

⁶⁵ *Willful*, THEFREEDICTIONARY.COM, <http://legal-dictionary.thefreedictionary.com/willful> (last visited Feb. 25, 2016) ("After centuries of court cases, [willful] has no single meaning.").

⁶⁶ Of course, that does not explain why the criminal counterfeiting statute uses the term "intentional," while the civil statute uses the term "willful." In that regard, the civil counterfeiting provision strongly resembles copyright. But, unlike criminal counterfeiting, the criminal copyright law does use the word willful. 17 U.S.C. § 506(a)(1) (2014).

⁶⁷ See David S. Welkowitz, *Who Should Decide? Judges and Juries in Trademark Dilution Actions*, 63 MERCER L. REV. 429, 430 (2012). This is especially true because the likely dilution damage award is defendant's profits, because actual damages will be hard to prove. See *id.* at 448–49.

⁶⁸ See *id.* at 454, 456. In theory, profits can be compensatory if one assumes that the offender's gain is equal to the victim's loss. See *id.* at 456, 457–58.

⁶⁹ See *id.* at 457–58.

A. *Willfulness and Criminal Liability*

Intent is a common feature of criminal liability;⁷⁰ criminal law uses a variety of levels of intent to signify different levels of culpable conduct.⁷¹ In this section, I will focus on the Model Penal Code's ("MPC") definitions of intent, and a limited set of case law applying those definitions sufficient to demonstrate some of the issues. Although criminal culpability is not necessarily congruent with civil liability, there has been some important migration of criminal intent concepts into civil law.⁷²

1. The Model Penal Code and Willfulness

Because intent is a more common feature of criminal liability than civil liability,⁷³ an examination of willfulness in criminal cases may contain lessons for its use in civil cases. Moreover, because willfulness is often described using other terms denoting forms of culpability, the definitions of those terms are important as well.⁷⁴ In trademark cases, willful conduct is normally used to denote higher levels of culpability—justifying more punitive remedial measures—thus, there are reasons to think that there will be relevant analogies to be drawn to criminal intent.⁷⁵ In the criminal context, the Model Penal Code provides definitions of various forms of intent, and also incorporates willfulness into its scheme of culpability.⁷⁶ Section 2.02 sets forth four levels of culpability: acting purposely, knowingly, recklessly, and negligently.⁷⁷ "Purposefully" involves a "conscious object" to cause a particular result or a desire that a particular result occur.⁷⁸ "Knowingly" requires an awareness that one's conduct is

⁷⁰ See MODEL PENAL CODE § 2.02(1) (AM. LAW INST. 2015); Dane S. Ciolino, *The Mental Element of Louisiana Crimes: It Doesn't Matter What You Think*, 70 TUL. L. REV. 855, 855 (1996).

⁷¹ MODEL PENAL CODE § 2.02(2).

⁷² See, e.g., *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068–69 (2011) (using criminal liability standards in civil patent inducement case).

⁷³ ASTRID TANGL, ENGLISH FOR LAWYERS AND LAW STUDENTS 152 (3d ed. 2014).

⁷⁴ See Andrew M. Stengel, Note, *Criminal Culpability's Wild Mens Rea: Use and Misuse of "Willful" in the Laws of New York*, 4 ALB. GOV'T L. REV. 779, 785–86, 788 (2011).

⁷⁵ See Rachel L. Emsley, Note, *Copying Copyright's Willful Infringement Standard: A Comparison of Enhanced Damages in Patent Law and Copyright Law*, 42 SUFFOLK U. L. REV. 157, 157–58 & n.4 (2008).

⁷⁶ MODEL PENAL CODE § 2.02(2), (8). See Paul H. Robinson & Jane A. Grall, *Element Analysis in Defining Criminal Liability: The Model Penal Code and Beyond*, 35 STAN. L. REV. 681, 691–95 (1983).

⁷⁷ MODEL PENAL CODE § 2.02(2).

⁷⁸ *Id.* § 2.02(2)(a)(i).

illegal (and the practical certainty that illegality will occur).⁷⁹ The difference between purposely and knowingly is important, but not large. Purposely requires an affirmative design to cause the offending harm;⁸⁰ knowingly requires only an awareness that the harm will result.⁸¹ The MPC further states that “knowledge is established if a person is aware of a high probability of [the] existence [of a fact].”⁸² Although willfulness is not included in the MPC’s categories of intent, 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.”⁸³ Thus, willful apparently incorporates the definition of knowingly, but not purposefully. To continue the scheme of culpability, the MPC defines “reckless” conduct as “consciously disregard[ing] a substantial and unjustifiable risk that the material element [of the offense] exists or will result from [a person’s] conduct.”⁸⁴ It is important to note that reckless conduct constitutes a level of culpability between “knowing” and “negligent.”⁸⁵ Rounding out the scheme is negligence—when one “*should be* aware of a substantial and unjustifiable risk”⁸⁶ 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, although the MPC definition is for criminal cases, the “should have known” standard is common in civil negligence cases as well.

Unfortunately, as studies and commentators have shown, the lines separating these levels of culpability are easily blurred.⁸⁷ Indeed, not only do people have a difficult time distinguishing among levels of culpability, the difficulty is especially pronounced when distinguishing between knowing and reckless conduct, and between recklessness and negligence.⁸⁸ Moreover, people do not tend to punish the different levels of culpability in a manner reflective of the

⁷⁹ *Id.* § 2.02(2)(b).

⁸⁰ *See id.* § 2.02(2)(a).

⁸¹ *See id.* § 2.02(2)(b).

⁸² *Id.* § 2.02(7).

⁸³ *Id.* § 2.02(8) (emphasis added).

⁸⁴ *Id.* § 2.02(2)(c).

⁸⁵ *Id.* § 2.02(2)(b)–(d).

⁸⁶ *Id.* § 2.02(2)(d) (emphasis added).

⁸⁷ *See, e.g.,* Matthew R. Ginther et al., *The Language of Mens Rea*, 67 VAND. L. REV. 1327, 1329–30 (2014) (reporting results of studies about people’s ability to separate levels of culpability in the MPC); David M. Treiman, *Recklessness and the Model Penal Code*, 9 AM. J. CRIM. L. 281, 283 (1981) (noting the imprecise and vagueness of definitions used to define levels of culpability, the article explores how different mental states compare to each other).

⁸⁸ *See* Ginther et al., *supra* note 87, at 1351–56.

hierarchy of culpability.⁸⁹ This suggests that jurors, and even judges, may have difficulty distinguishing among levels of civil culpability and appropriate damage levels as well.

Returning 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. Therefore, 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.⁹⁰ 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 of 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” (knowing) from a “substantial” (reckless) one.⁹¹ Moreover, if lay people, in a *criminal* context, are relatively disinclined to *punish* these levels of conduct materially differently,⁹² it would hardly be surprising if courts in *civil* cases elided the distinctions when determining remedies.

2. Criminal Case Law: A Brief Digression

Although the MPC’s terminology for levels of intent does not directly include willfulness, case law is replete with the term.⁹³ Moreover, statutes not infrequently incorporate willfulness as an element of the offense.⁹⁴ In a variety of criminal contexts, the Supreme Court has imposed a strict standard of culpability where “willful” conduct is an element. Thus, in *Cheek v. United States*, the Court held that “willful” tax evasion requires showing “a voluntary,

⁸⁹ See *id.* at 1359–60.

⁹⁰ MODEL PENAL CODE § 2.02(2)(c); see also Treiman, *supra* note 87, at 336 (discussing the difficulty of assessing the risk aspect of recklessness). The author also discusses the issue of “substantial” risk. *Id.* at 336–39.

⁹¹ See *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 57 n.9; Sherry F. Colb, *Why Can't Jurors Distinguish "Knowing" From "Reckless" Misconduct?*, JUSTIA: VERDICT (Jan. 11, 2012), <https://verdict.justia.com/2012/01/11/why-cant-jurors-distinguish-knowing-from-reckless-misconduct>.

⁹² See Ginther et al., *supra*, note 87, at 1360.

⁹³ *Cheek v. United States*, 498 U.S. 192, 200–04 (1991).

⁹⁴ See, e.g., 18 U.S.C. § 665 (2014).

intentional violation of a known legal duty,”⁹⁵ and further held that a good faith misunderstanding of the law precluded a finding of willfulness.⁹⁶ But the *Cheek* opinion noted the difficulty of understanding the tax code, and its strict standard reflects that difficulty.⁹⁷ Still, the basic standard of *Cheek* has been applied in some contexts other than tax, albeit often in circumstances involving complex laws.⁹⁸ This includes *criminal* copyright prosecutions.⁹⁹

There are not many opportunities for criminal trademark enforcement.¹⁰⁰ However, it may be useful to examine criminal trademark counterfeiting. To a degree, it follows the strict standard indicated above. But the statute, 18 U.S.C. § 2320(a), does not use the term “willful”; it requires one to “intentionally traffic[] in goods . . . and knowingly use[] a counterfeit mark.”¹⁰¹ This seems at least analogous to criminal copyright, as well as the MPC version of “knowingly.”¹⁰² But trademark law requires confusion (except in cases of dilution), and the criminal counterfeiting statute does not require any intent to cause confusion.¹⁰³ Thus, although it requires “knowing” conduct, the knowledge is of the counterfeit nature of the goods, not the knowledge that selling such goods will cause confusion.¹⁰⁴ Moreover, the vague and circular definition of “counterfeit” may undermine the apparent stringency of the statute.

B. *The Restatement of Torts and Willfulness*

Although the Restatement of Torts does not have a section defining

⁹⁵ *Cheek*, 498 U.S. at 200 (quoting *United States v. Bishop*, 412 U.S. 346, 360 (1973)).

⁹⁶ *Id.* at 202.

⁹⁷ *Id.* at 199–200.

⁹⁸ See Sharon L. Davies, *The Jurisprudence of Willfulness: An Evolving History of Excusable Ignorance*, 48 DUKE L.J. 341, 344–47 (1998) (discussing numerous examples).

⁹⁹ *United States v. Moran*, 757 F. Supp. 1046, 1052 (D. Neb. 1991); Robert Aloysius Hyde, *A Reckless Disregard of the Ordinary Infringer? Moving Toward a Balanced and Uniform Standard for Willful Copyright Infringement*, 35 U. TOL. L. REV. 377, 381 n.33 (2003); Ting Ting Wu, Comment, *The New Criminal Copyright Sanctions: A Toothless Tiger?*, 39 IDEA 527, 547–48 (1999). However, it is also worth noting that the meaning of “willfully” in criminal copyright actions is not crystal clear. See, e.g., Eric Goldman, *A Road to No Warez: The No Electronic Theft Act and Criminal Copyright Enforcement*, 82 OR. L. REV. 369, 416–23 (2003) (discussing different possible meanings of willful in criminal copyright actions).

¹⁰⁰ See Wu, *supra* note 99 at 528–29.

¹⁰¹ 18 U.S.C. § 2320(a) (2014) (emphasis added).

¹⁰² Although the criminal copyright law uses the term willfully, as discussed above, the MPC allows willful to act in place of knowing.

¹⁰³ *Id.* § 2320(a)(2).

¹⁰⁴ *Id.* If the statute required “purposeful” conduct, it would be reasonable to require a purpose to cause confusion by selling goods that you know (using a second level of intent!) are counterfeit.

willful behavior, its sections defining intent and recklessness contain some potential guidance on the subject. The Restatement (Third) of Torts has separate sections defining intent, recklessness, and negligence.¹⁰⁵ The section on recklessness is particularly revealing. The first comment to this section attempts to place recklessness within the spectrum of fault. It indicates that the phrase “willful or wanton misconduct” is often used to denote less than intentional, but more than grossly negligent conduct.¹⁰⁶ But it concedes that “willful” acts may be equated with intentional ones.¹⁰⁷ Furthermore, the comments posit that recklessness (and apparently other terms) can have varied meanings in different contexts.¹⁰⁸ Thus, the comments make evident that even the Restatement does not have a consistent definition of willful conduct.

Moreover, since recklessness in at least some situations has been equated with intent or knowledge, the Restatement definition contains a possibly serious weakness. It does not mandate actual knowledge of the risk of harm—all that is needed is knowledge of facts “that make the risk obvious to another.”¹⁰⁹ That sounds almost like a “know or should know”—negligence—standard. The comments acknowledge that the Second Restatement’s definition is susceptible to that conclusion, and that a negligence-like level of knowledge is too low.¹¹⁰ The difference appears to be that the drafters of the Third Restatement believed that the requirement that the risk be “obvious to another in the person’s situation” is sufficiently contextual that it does not rely on an “ordinary” or “reasonable” person’s standard.¹¹¹ Whether this is how courts will view it is uncertain.

Thus, even in a document intended to help unify tort theories of intent, the lack of consistency in the definition of willfulness is apparent.

C. “Willful Blindness”

Under some circumstances, when criminal statutes require “knowing” conduct (for example, drug possession statutes that require knowledge that the substance possessed is an illegal drug)

¹⁰⁵ RESTATEMENT (THIRD) OF TORTS: LIAB. FOR PHYSICAL & EMOTIONAL HARM §§ 1–3 (AM. LAW INST. 2010).

¹⁰⁶ *See id.* § 2 cmt. a.

¹⁰⁷ *See id.*

¹⁰⁸ *Id.* § 2 cmt. b.

¹⁰⁹ *Id.* § 2(a).

¹¹⁰ *See id.* § 2 cmt. c.

¹¹¹ *See id.* § 2(a) & cmt. c.

something other than actual knowledge is deemed sufficient. Under the MPC, if the actor knows that there is a “high probability” of the existence of a fact, that can be deemed the equivalent of knowledge.¹¹² But case law has gone a step farther. In particular, courts permit something called “willful blindness” or “willful ignorance” to substitute for knowledge.¹¹³ However, the precise boundaries of willful blindness are not always clear.¹¹⁴ Because willful blindness (or willful ignorance) is a substitute for actual knowledge, it should denote an equally high level of culpability. Thus, it has been argued that the true test of willful blindness would require a subjective aspect—knowledge of at least a high probability that the crucial fact exists, and a deliberate decision not to attempt to determine whether it does exist or not.¹¹⁵ That level of culpability would make willful blindness a higher standard than recklessness.¹¹⁶

This standard certainly should have relevance to criminal trademark counterfeiting, which uses a “knowing” standard.¹¹⁷ The real question is its relevance to civil cases. One clue to its applicability is in *Global-Tech Appliances, Inc. v. SEB S.A.*, where the Supreme Court applied the criminal willful blindness test to a case of inducement to commit patent infringement.¹¹⁸ Inducement requires knowledge of the patent;¹¹⁹ willful blindness was used by the lower courts to show that the defendant “deliberately disregarded a known risk that [plaintiff] had a protective patent.”¹²⁰ However, the Supreme Court imposed an even higher standard—using the MPC’s

¹¹² MODEL PENAL CODE § 2.02(7).

¹¹³ See *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2069 (2011) (“[E]very Court of Appeals—with the possible exception of the District of Columbia Circuit—has fully embraced willful blindness [in criminal cases].”) (citation omitted).

¹¹⁴ See, e.g., Douglas N. Husak & Craig A. Callender, *Willful Ignorance, Knowledge, and the “Equal Culpability” Thesis: A Study of the Deeper Significance of the Principle of Legality*, 1994 WIS. L. REV. 29, 33–34 (“Whether and under what circumstances defendants with this mental state should be held liable for acting knowingly constitutes ‘the problem of willful ignorance.’”); Alexander F. Sarch, *Willful Ignorance, Culpability and the Criminal Law*, 88 ST. JOHN’S L. REV. 1023, 1025 (2014) (“[A] circuit split exists as to precisely what the mental state of willful ignorance is that would suffice for satisfying the knowledge element of the crime.”)

¹¹⁵ See Tal S. Benschar et al., *Proving Willfulness in Trademark Counterfeiting Cases*, 27 COLUM. J.L. & ARTS 121, 124–25 (2003) (discussing the problem of distinguishing willful blindness and negligence); Lorelei D. Ritchie, *Is “Willful Blindness” the New “Recklessness” After Global-Tech?*, 21 FED. CIR. B.J. 165, 190–91, 191 n.191 (2011); Sarch, *supra* note 114, at 1036 n.41.

¹¹⁶ See *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1927–28 (2015) (citing *Global-Tech*, 131 S. Ct. at 2070–71).

¹¹⁷ Benschar et al., *supra* note 115, at 122–23.

¹¹⁸ *Global-Tech*, 131 S. Ct. at 2068–69.

¹¹⁹ *Id.* at 2068.

¹²⁰ *Id.* at 2065 (quoting *SEB S.A. v. Montgomery Ward & Co.*, 594 F.3d 1360, 1377 (Fed. Cir. 2010)).

definition, which, as noted above, requires awareness of “a high probability” that the fact exists.¹²¹ Furthermore, “deliberate indifference” was not enough; the Court required “*active efforts* by an inducer to avoid knowing about the infringing nature of the activities.”¹²²

Thus, if *Global-Tech* is applied to civil cases generally (or at least IP cases generally) then willful blindness requires a high standard of culpability, especially with respect to the “active efforts” required to avoid knowledge.¹²³ At least in the Ninth Circuit, it appears that the *Global-Tech* standard is being applied beyond patent cases—specifically, in copyright cases. In *Luvdarts, LLC v. AT&T Mobility, LLC*,¹²⁴ the court defined “willful blindness” as “(1) subjectively believ[ing] that infringement was likely occurring . . . and . . . (2) [taking] deliberate actions to avoid learning about the infringement.”¹²⁵ Moreover, the court cautioned that willful blindness is not the same as recklessness.¹²⁶

But there is a more complicated question regarding willful blindness and that is its relationship to “willful” behavior in general.¹²⁷ Willful blindness is used as a substitute for an actor’s knowledge of critical facts.¹²⁸ That is, it relates to the background circumstances against which the act takes place, not necessarily the intent of the actor with respect to the desired, or likely, result of the actor’s conduct.¹²⁹ As formulated by the Supreme Court, it appears to require a fairly high standard of culpability—a combination of awareness and active avoidance.¹³⁰ However, it is not clear that the same standard would apply to actions for direct infringement, where a similar standard would require intent to do something that you know is infringing.¹³¹

¹²¹ *Global-Tech*, 131 S. Ct. at 2069.

¹²² *Id.* at 2071 (emphasis added). Justice Kennedy dissented, arguing that even willful blindness was not sufficient to support inducement liability. *Id.* at 2072 (Kennedy, J., dissenting) (“Willful blindness is not knowledge; and judges should not broaden a legislative proscription by analogy.”).

¹²³ *Id.* at 2071 (majority opinion).

¹²⁴ *Luvdarts, LLC v. AT&T Mobility, LLC*, 710 F.3d 1068 (9th Cir. 2013).

¹²⁵ *Id.* at 1073 (citing *Global-Tech*, 131 S. Ct. at 2070).

¹²⁶ *Luvdarts*, 710 F.3d at 1073 (citing *United States v. Heredia*, 483 F.3d 913, 918 n.4 (9th Cir. 2007)).

¹²⁷ See Kristin M. Hagen, *Eyes Wide Shut: Induced Patent Infringement and the Willful Blindness Standard*, 17 MARQ. INTELL. PROP. L. REV. 305, 314–17 (2013).

¹²⁸ See *Global-Tech*, 131 S.Ct. at 2069.

¹²⁹ See Hagen, *supra* note 127, at 314–17.

¹³⁰ *Global-Tech*, 131 S. Ct. at 2070.

¹³¹ See Jeremy Adler, *See No Evil: How the Supreme Court’s Decision in Global-Tech Appliances, Inc. v. SEB S.A. Further Muddles the Intent Element of Induced Infringement*, 11

D. Case Law Discussing the Meaning of Willful

1. In General

If model statutes and the Restatement are unclear about the meaning of willful, case law is perhaps even more equivocal. Indeed, case law discussing the concept of willfulness—both inside and outside of intellectual property—is, at best, muddled, and arguably contradictory. The problem is evident just by looking at recent Supreme Court precedents. In *Safeco Insurance Co. of America v. Burr*,¹³² the Court had to determine whether the requirement of a “willful” violation of the Fair Credit Reporting Act (“FCRA”) was satisfied by recklessness.¹³³ The Court began its discussion by noting “that ‘willfully’ is a ‘word of many meanings whose construction is often dependent on the context in which it appears.’”¹³⁴ In this particular context, “where willfulness is a statutory condition of civil liability, [the Court] ha[s] generally taken it to cover not only knowing violations of a standard, but reckless ones as well.”¹³⁵ Thus, the Court concluded that a reckless violation of the FCRA was sufficient to satisfy the requirement of willfulness.¹³⁶ Moreover, the “general” nature of its pronouncement indicated that recklessness may generally satisfy any requirement of willfulness in civil cases, contrary to the indications in criminal cases.¹³⁷ *Safeco* has in fact been cited by some courts in intellectual property cases to support the use of recklessness as willfulness.¹³⁸ Further muddying the waters

NW. J. TECH. & INTELL. PROP. 569, 570 (2013).

¹³² *Safeco Insurance Co. of Am. v. Burr*, 551 U.S. 47 (2007).

¹³³ *Id.* at 52. The FCRA requires giving notice to consumers if a business takes adverse action against the consumer’s interest based on a credit report (adverse action includes giving a less than preferred rate on insurance). *Id.* at 52–53. Liability under the FCRA differs depending on whether a violation is negligent or willful. The former allows actual damages plus attorney’s fees; the latter adds the availability of statutory damages between \$100 and \$1,000, and the possibility of punitive damages in addition to actual damages and attorney’s fees. 15 U.S.C. §§ 1681n(a), 1681o (2014). Because of the difficulty of showing actual damages from a failure to receive notification, the availability of statutory and punitive damages makes it more likely that a consumer would sue.

¹³⁴ *Safeco*, 550 U.S. at 57 (quoting *Bryan v. United States*, 524 U.S. 184, 191 (1998)).

¹³⁵ *Safeco*, 550 U.S. at 57 (citing *McLaughlin v. Richland Shoe Co.*, 483 U.S. 128, 132–33 (1988)).

¹³⁶ *Safeco*, 550 U.S. at 71.

¹³⁷ *See id.* at 57 n.9.

¹³⁸ *See, e.g., In re Seagate Tech., LLC*, 497 F.3d 1360, 1370–71 (Fed. Cir. 2007) (discussing willful patent infringement). *See also Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 112 (2d Cir. 2001) (finding recklessness sufficient to show willfulness for copyright statutory damages

of willfulness, the *Safeco* opinion seemingly equates gross negligence with recklessness—in effect equating gross negligence with willfulness.¹³⁹ Finally, the Court specifically distinguished the civil use of willful in the FCRA from the criminal use of willful in the same statute.¹⁴⁰

However, in its 2011 *Global-Tech* decision, discussed above, the Court applied a standard derived from criminal law to interpret the meaning of “willful blindness” in a civil case—specifically, secondary liability in patent law.¹⁴¹ Apparently rejecting reckless conduct as sufficient, the Court required “active efforts” of avoidance to constitute willful blindness.¹⁴² Lower courts have cited *Global-Tech* as requiring a *deliberate* act of avoidance, not simply recklessness.¹⁴³ Thus, the “general” assumption that willful behavior is satisfied by reckless behavior evidently is not followed when willful *blindness* is involved. But it is not clear why willful blindness calls for a higher level of culpability than just willful infringement. One possible difference between *Safeco* and *Global-Tech* is that liability in *Safeco* is predicated on willful *conduct* (failure to send a notice), whereas in *Global-Tech* the focus (for purposes of willfulness) was on *awareness* or knowledge.¹⁴⁴ In the case of *Global-Tech* it was knowledge that the actions of the inducer would lead to infringement by the induced party.¹⁴⁵

There is a second problem as well. Unfortunately, even after *Global-Tech*, courts are not always careful about distinguishing reckless or negligent conduct from willful blindness.¹⁴⁶ Moreover,

pre-*Safeco* case). The *Safeco* decision did not create any standard for determining recklessness.

¹³⁹ *Safeco*, 551 U.S. at 58–59. The Court also stated that willfulness is satisfied by something less than “knowing” violations. *Id.* at 59.

¹⁴⁰ *Id.* at 60.

¹⁴¹ *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2069 (2011).

¹⁴² *Id.* at 2071.

¹⁴³ *See, e.g.*, *Luvdarts, LLC v. AT&T Mobility, LLC*, 710 F.3d 1068, 1073 (9th Cir. 2013) (citing *Global-Tech*, 131 S. Ct. at 2070). Even before *Global-Tech*, many cases required some sort of deliberate conduct for willful blindness. *See Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 109–110 (2d Cir. 2010); *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.*, 955 F.2d 1143, 1149 (7th Cir. 1992); *Nike Inc. v. Variety Wholesalers, Inc.*, 274 F. Supp. 2d 1352, 1370 (S.D. Ga. 2003) (finding gross negligence insufficient to show willful blindness).

¹⁴⁴ *See Global-Tech*, 131 S. Ct. at 2071, 72; *Safeco*, 550 U.S. at 68, 71 (citing *Farmer v. Brennan*, 511 U.S. 825, 836 (1994)).

¹⁴⁵ *Global-Tech*, 131 S. Ct. at 2071.

¹⁴⁶ *See Coach, Inc. v. Swap Shop, Inc.*, 916 F. Supp. 2d 1271, 1278 (S.D. Fla. 2012) (discussing how “ostrich-like business practices” can equal willful blindness, but no emphasis on deliberateness of those practices) (quoting *Coach, Inc. v. Southwest Flea Mkt.*, No. 2:10-cv-02410-DKV, 2012 U.S. Dist. LEXIS 184546, *19 (W.D. Tenn. Feb. 21, 2012)). *Cf. Microsoft Corp. v. Rechanik*, 249 F. App’x 476, 479 (7th Cir. 2007) (noting “ostrich-like business practices” though stating that the violation was intentional) (citing *In re Aimster Copyright Litig.*, 334

some courts use both “recklessness as willfulness” and willful blindness in the same breath, further confusing matters.¹⁴⁷ This problem blends into the apparent *Safeco—Global-Tech* dichotomy of willful infringement as something relating to an element of conduct and willful blindness as relating to an element of awareness.¹⁴⁸ Although this may seem to distinguish the two situations, in reality the two are not so far apart. This is illustrated by a district court case that applied *Global-Tech* to a trademark claim. That case, *Romag Fasteners, Inc. v. Fossil, Inc.*,¹⁴⁹ demonstrates the continued confusion about the meaning of willfulness.¹⁵⁰ The case involved both trademark and patent infringement.¹⁵¹ The plaintiff made snaps used to secure handbags and placed its name on them; the defendant was alleged to have used counterfeit Romag snaps in some of its goods.¹⁵² The court’s post-trial discussion of willful trademark infringement illustrates the difficulty of trying to categorize a defendant’s actions as conduct or awareness, and thus the difficulty of defining willfulness in a sensible and consistent way.¹⁵³ Plaintiff claimed that the jury’s finding of no willful infringement was tainted by inaccurate instructions.¹⁵⁴ The jury was instructed that willfulness means either that defendants had actual awareness of infringement “or (2) that Defendants’ actions were the result of willful blindness.”¹⁵⁵ The court defined the latter in a manner somewhat consistent with *Global-Tech*.¹⁵⁶ Plaintiff claimed the jury should have been instructed that “reckless disregard” was sufficient to show willfulness.¹⁵⁷ However, the court reviewed the relevant

F.3d 643, 650, 655 (7th Cir. 2003).

¹⁴⁷ See, e.g., *UMG Recordings, Inc. v. Disco Azteca Distribs., Inc.*, 446 F. Supp. 2d 1164, 1173 (E.D. Cal. 2006).

¹⁴⁸ See *supra* notes 129–42 and accompanying text.

¹⁴⁹ *Romag Fasteners, Inc. v. Fossil, Inc.*, No. 3:10cv1827 (JBA), 2014 WL 3895905 (D. Conn. Aug. 8, 2014).

¹⁵⁰ See *id.* at *4–6.

¹⁵¹ *Id.* at *1.

¹⁵² *Id.* at *3.

¹⁵³ *Id.* at *5–8.

¹⁵⁴ *Id.* at *4.

¹⁵⁵ *Id.* at *5. The court initially defined willful blindness as when “[d]efendants knew they might be selling infringing goods but nevertheless intentionally shielded themselves from discovering the truth.” *Id.*

¹⁵⁶ See *id.* at *6. The court instructed the jury as follows: “Willful blindness means that Defendants knew they might be selling infringing goods but nevertheless intentionally shielded themselves from discovering the truth.” *Id.* at *5. While this does not include the active efforts to avoid the truth contained in *Global-Tech*, it also does not indicate to a jury that some form of recklessness—the plaintiff wanted “reckless disregard”—would suffice to satisfy this instruction. *Id.* at *5.

¹⁵⁷ *Id.*

Second Circuit precedent, finding the “reckless disregard” language to be from copyright law, and finding the Second Circuit language using it in trademark to be non-precedential.¹⁵⁸ Furthermore, the court noted that it had later clarified the instruction, using language mirroring *Global-Tech*, to the effect that recklessness is *not* sufficient.¹⁵⁹ In the cited Second Circuit case, the appeals court had used “reckless disregard” and “willful blindness” in the same sentence, seemingly synonymously.¹⁶⁰ Thus, the district court was faced with multiple, seemingly contradictory meanings of willfulness and had to make a choice. It chose the higher standard.¹⁶¹

2. Willfulness: The Higher Standard

As the Supreme Court indicated in *Safeco*, the meaning of “willful” may be a fluid one. How fluid may be seen by examining the different standards used by courts.¹⁶² In this section, we begin with those requiring a higher standard than the one used in *Safeco*.

As discussed above, *Global-Tech* imposes a high standard for patent inducement. This standard was applied in *Romag* to trademark infringement.¹⁶³ Some other cases also have applied a high standard for finding willful conduct.

The Ninth Circuit appears to require deliberate conduct, to the exclusion of recklessness, for an award of profits. Thus, in *Lindy Pen Co. v. Bic Pen Corp.*, the court stated:

Willful infringement carries a connotation of deliberate intent to deceive. Courts generally apply forceful labels such as “deliberate,” “false,” “misleading,” or “fraudulent” to conduct that meets this standard. Cases outside this jurisdiction offer additional guidance. For instance, the Circuit for the District of Columbia equates willful infringement with bad faith. Willfulness and bad faith “require a connection between a defendant’s awareness of its competitors and its actions at those competitors’ expense.” The Sixth Circuit has stated that

¹⁵⁸ *Romag*, 2014 WL 3895905, at *5 (citing *Fendi Adele, S.R.L. v. Ashley Reed Trading, Inc.*, 507 F. App’x 26, 31 (2d Cir. 2013)).

¹⁵⁹ *Romag*, 2014 WL 3895905, at *6.

¹⁶⁰ *Fendi*, 507 F. App’x at 31 (quoting *Island Software & Comput. Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 263 (2d Cir. 2005)).

¹⁶¹ *Romag*, 2014 WL 3895905, at *6.

¹⁶² See *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993), *superseded by statute on other grounds*, Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, *as recognized by* *DC Comics v. Towle* 802 F.3d 1012, 1026 (9th Cir. 2015); *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958 (D.C. Cir. 1990); *Romag*, 2014 WL 3895905, at *5.

¹⁶³ *Romag*, 2014 WL 3895905, at *6, 7.

a knowing use in the belief that there is no confusion is not bad faith.¹⁶⁴

Certainly the first sentence indicates a higher standard than recklessness. The reference to the D.C. Circuit's *ALPO* decision is more ambiguous, especially regarding the nature of the "connection" it refers to—can that be made by a reckless disregard of the competitor's interests?¹⁶⁵ The Sixth Circuit's standard referred to in *Lindy Pen* appears consistent with a requirement of more than reckless behavior.¹⁶⁶

Even within the Ninth Circuit, at the district court level, *Lindy Pen* has been characterized as less than clear on the standard for willfulness.¹⁶⁷ The fuzziness is further illustrated by *SunEarth, Inc. v. Sun Earth Solar Power Co.*¹⁶⁸ The court properly cited *Lindy Pen* as requiring an intent "to exploit the advantage of an established mark."¹⁶⁹ However, the court also indicated that willful blindness would support disgorgement of profits as a remedy.¹⁷⁰ While that does not necessarily create a lower standard (per *Global-Tech*), it is somewhat odd to add willful blindness to the analysis. A calculated effort to take advantage of another's mark (the apparent standard of *Lindy Pen*) involves active conduct.¹⁷¹ Willful blindness normally deals with a requirement of awareness, not conduct.¹⁷² Like *Spin Master*, the *SunEarth* case involved reverse confusion, so the willful blindness referred to a failure to investigate whether the mark was available.¹⁷³ But the court did not elaborate further, finding no possibility of willfulness.¹⁷⁴ What *SunEarth* does is demonstrate the

¹⁶⁴ *Lindy Pen*, 982 F.2d at 1406 (citations omitted).

¹⁶⁵ In *ALPO*, the court also referred to "indifference to competitors' or consumers' rights" as the equivalent of willfulness, which is also ambiguous on the issue of recklessness. *ALPO*, 913 F.2d at 966. Moreover, the Ninth Circuit has allowed less than compelling evidence of intent to satisfy its standard. See *Fifty-Six Hope Rd. Music, Ltd. v. A.V.E.L.A., Inc.*, 778 F.3d 1059, 1074 (9th Cir. 2015) (holding that testimony that defendant was told by plaintiff that plaintiff held the rights of Bob Marley's image and defendant's knowledge of another's license to use the image was sufficient for jury to find willful infringement).

¹⁶⁶ See *Lindy Pen*, 982 F.2d at 1406.

¹⁶⁷ See, e.g., *Spin Master, Ltd. v. Zobmondo Entm't, LLC*, 944 F. Supp. 2d 830, 846, 847 (C.D. Cal. 2012). The district court also suggested that other courts might apply a different willfulness standard for reverse confusion—which was the issue in *Spin Master*—than for ordinary infringement. *Id.* at 848.

¹⁶⁸ *SunEarth, Inc. v. Sun Earth Solar Power Co.*, No. C11-4991CW, 2013 WL 4528539 (N.D. Cal. Aug. 23, 2013).

¹⁶⁹ *Id.* at *21 (quoting *Lindy Pen*, 982 F.2d at 1405).

¹⁷⁰ *SunEarth*, 2013 WL 4528539, at *21 (quoting *Lindy Pen*, 982 F.2d at 1407).

¹⁷¹ See *Lindy Pen*, 982 F.2d at 1406.

¹⁷² See *SunEarth*, 2013 WL 4528539, at *20.

¹⁷³ See *id.* at *21; *Spin Master*, 944 F. Supp. 2d at 848–49.

¹⁷⁴ *SunEarth*, 2013 WL 4528539, at *21.

fuzziness of the line (if indeed there is a line) separating conduct from awareness with respect to willfulness—which seems to be a distinguishing factor between *Safeco* and *Global-Tech*.¹⁷⁵

Contributory infringement, roughly the trademark analogue of *Global-Tech*,¹⁷⁶ is another area in which some courts appear to use a higher standard than recklessness to define willfulness.¹⁷⁷ A useful example is *Tiffany (NJ) Inc. v. eBay, Inc.* Tiffany claimed that eBay's auction platform facilitated the sale of counterfeit Tiffany merchandise, that eBay was aware that counterfeit Tiffany merchandise was sold on its site, and that eBay did not do enough to stop such sales.¹⁷⁸ The Second Circuit held that eBay could only be held contributorily liable if it knew of specific instances of counterfeit sales and did not take steps to stop it—generalized knowledge of counterfeit sales was not enough.¹⁷⁹ In the course of its opinion, the court considered whether willful blindness could overcome a lack of specific knowledge of counterfeit sales.¹⁸⁰ On the merits, the appeals court upheld the district court's finding that eBay had, in fact, taken appropriate steps to combat the sale of counterfeits and that it was not willfully blind.¹⁸¹ But it is the standard used to measure willful blindness that is of interest here. The court stated: "We agree with the district court that if eBay *had reason to suspect* that counterfeit Tiffany goods were being sold through its website, and *intentionally* shielded itself from discovering the offending listings [this could lead to liability under] *Inwood's* "knows or has reason to know" prong."¹⁸²

The second part of this test appears to require "knowing" behavior—deliberately failing to investigate in the face of a suspicion

¹⁷⁵ See *Nat'l Prods., Inc. v. Aqua Box Prods., LLC*, No. C12-0605-RSM, 2013 WL 1399346, at *2–3 (W.D. Wash. Apr. 5, 2013) (permitting a claim for disgorgement of profits to proceed on the basis of defendant's "cursory investigation" and the lack of "evidence" of "innocent intent"—seemingly either a negligence or recklessness standard).

¹⁷⁶ Inducement, especially as defined by patent law, is not necessarily congruent with contributory infringement, which in trademark law involves continuing to supply goods or services after one knows or has reason to know of specific infringement being carried on by a person using the goods or services. See *Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 107 (2d Cir. 2010).

¹⁷⁷ See *id.*

¹⁷⁸ *Id.* at 98, 105, 106, 107.

¹⁷⁹ *Id.* at 108, 109. However, this seemingly narrow standard is tempered by the fact that eBay did, in fact, spend large sums of money to stop counterfeit sales even without specific knowledge of who was selling such merchandise. *Id.* 109. Moreover, it does not account for the "should have known" part of the contributory infringement standard, which looks like a negligence standard. See *id.* at 108.

¹⁸⁰ See *id.* at 109–10.

¹⁸¹ *Id.* at 110 & n.16.

¹⁸² *Id.* at 109 (emphasis added).

that infringement was occurring.¹⁸³ But the first part, that “eBay had reason to suspect” sounds like a negligence standard.¹⁸⁴ Some of the cases cited by *Tiffany* hint at a higher initial test—that one must *actually* have a suspicion of wrongdoing.¹⁸⁵ In fact, if you do not have a suspicion and are merely negligent in overlooking suspicious facts, it is hard to reconcile imposing liability with the *Tiffany* court’s statement that “willful blindness is equivalent to actual knowledge.”¹⁸⁶ The “reason to suspect” language might better be seen as allowing an inference of actual knowledge of suspicious facts than imputed knowledge, since one would not investigate if one is not actually suspicious. Assuming that the later-decided patent case of *Global-Tech* applies to trademark cases, then trademark inducement liability should be interpreted to require more than reckless behavior, especially in the second part—a deliberate failure to investigate, rather than a “reckless disregard” of the suspicious facts.¹⁸⁷

In support of its willful blindness standard, the *Tiffany* court quoted *Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.*, where the Seventh Circuit stated that “[t]o be willfully blind, a person must suspect wrongdoing and deliberately fail to investigate.”¹⁸⁸ This may be consistent with *Global-Tech* if one assumes that a deliberate failure to investigate means actively refusing to do so.¹⁸⁹

But even this higher standard has contradictions. Contributory liability contains a “reason to know” element as an alternative to actual knowledge, which looks like negligence.¹⁹⁰ Thus, whether a court would require the same level of active avoidance in a trademark case as might be contemplated by *Global-Tech* is unclear.

3. A Lesser Standard of Willfulness: “Reckless Disregard”

Similar to the remedy for trademark counterfeiting, the Copyright Act has a provision for statutory damages, not bound by actual damages.¹⁹¹ In copyright, such damages are available in any case,

¹⁸³ *Id.* at 109–110 (first quoting *Fonovisa, Inc. v. Cherry Auction, Inc.* 76 F.3d 259, 265 (9th Cir. 1996); then quoting *Hard Rock Cafe Licensing Corp. v. Concession Servs., Inc.* 955 F.2d 1143, 1149 (7th Cir 1992)).

¹⁸⁴ *Tiffany*, 600 F.3d at 109.

¹⁸⁵ *See, e.g., Fonovisa*, 76 F.3d at 264–65; *Hard Rock Cafe*, 955 F.2d at 1149.

¹⁸⁶ *Tiffany*, 600 F.3d at 110 (quoting *Hard Rock Cafe*, 955 F.2d at 1149).

¹⁸⁷ *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068, 2070–71 (2011).

¹⁸⁸ *Tiffany*, 600 F.3d at 109 (quoting *Hard Rock Cafe*, 955 F.2d at 1149).

¹⁸⁹ Another case using similar language is *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 503 (6th Cir. 2013).

¹⁹⁰ *Inwood Labs., Inc. v. Ives Labs., Inc.* 456 U.S. 844, 854 (1982).

¹⁹¹ 17 U.S.C. § 504(e) (2014).

provided plaintiff has satisfied certain prerequisites.¹⁹² Also like trademark counterfeiting, the available damages increase significantly when copyright infringement is “willful.”¹⁹³ Several copyright cases have held that willfulness can be demonstrated by willful blindness, which they equate to a “reckless disregard” of the copyright owner’s rights.¹⁹⁴ The use of “reckless” suggests that this is a lower standard than the *Global-Tech* standard. One could pass this off as a quirk of copyright law,¹⁹⁵ but cases assessing statutory damages for trademark counterfeiting have imported the reckless disregard language from copyright into trademark.¹⁹⁶

Of course, *Safeco* suggests that (perhaps outside of cases invoking willful blindness) recklessness is the common standard for willfulness.¹⁹⁷ Certainly in patent cases (again, apart from willful blindness/inducement situations) the Federal Circuit has embraced some sort of recklessness as sufficient. Under *In re Seagate Technology, LLC*,¹⁹⁸ willful patent infringement requires a two-part inquiry.¹⁹⁹ As the Federal Circuit recently stated:

First, “a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.” . . . Second, if the “threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement

¹⁹² See, e.g., 17 U.S.C. § 412 (2014) (identifying timely registration as a prerequisite to statutory damages).

¹⁹³ 17 U.S.C. § 504(c)(2).

¹⁹⁴ E.g., *Island Software & Comput. Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 263 (2d Cir. 2005) (citing *In re Aimster Copyright Litig.*, 334 F.3d 643, 650 (7th Cir. 2003); *Lipton v. Nature Co.* 71 F.3d 464, 472 (2d Cir. 1995); *N.A.S. Imp. Corp. v. Chenson Enters., Inc.*, 968 F.2d 250, 252 (2d Cir. 1992)).

¹⁹⁵ See *Romag Fasteners, Inc. v. Fossil, Inc.*, No. 3:10cv1827 (JBA), 2014 WL 3895905, at *5 (D. Conn. Aug. 8, 2014).

¹⁹⁶ E.g., *Beastie Boys v. Monster Energy Co.*, 983 F. Supp. 2d 354, 367 (S.D.N.Y. 2014); *Telebrands Corp. v. HM Imp. USA Corp.*, No. 09-CV-3492(ENV)(RLM), 2012 WL 3930405, at *4 (E.D.N.Y. July 26, 2012); *Johnson & Johnson Consumer Cos., Inc. v. Aini*, 540 F. Supp. 2d 374, 396 (E.D.N.Y. 2008); *Philip Morris USA Inc. v. Lee*, 547 F. Supp. 2d 685, 693 (W.D. Tex. 2008). This latter case contains somewhat contradictory standards. It quotes one case in support of the reckless disregard standard, but quotes another case that appears to support a standard more like *Global-Tech*. *Id.* at 693–94 (quoting *United States v. Scott*, 159 F.3d 916, 922 (5th Cir. 1998); *Berg v. Symons*, 393 F. Supp. 2d 525, 539–40 (S.D. Tex. 2005)). See *Fendi Adele, S.R.L. v. Ashley Reed Trading, Inc.*, 507 F. App’x 26, 30–31 (2d Cir. 2013) (discussing willfulness in assessing profits). *But see* *Beastie Boys v. Monster Energy Co.*, 66 F. Supp. 3d 424, 458 (S.D.N.Y. 2014) (distinguishing intent to deceive under trademark law from willful copyright infringement).

¹⁹⁷ See *Safeco Ins. Co. of Am v. Burr*, 551 U.S. 47, 57–58 (2007).

¹⁹⁸ *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007).

¹⁹⁹ See *id.* at 1371.

proceeding) was either known or so obvious that it should have been known to the accused infringer.”²⁰⁰

The *Seagate* standard has been equated with recklessness by the Federal Circuit.²⁰¹ Indeed, *Seagate* cites the Supreme Court’s *Safeco* opinion as the source of its standard.²⁰² This apparently reflects the second part of the test, which allows a finding of willfulness based on a “high likelihood” of infringement which is “known or so obvious that it *should* have been known.”²⁰³ But “should have been known” is usually a negligence standard, especially on the criminal side.²⁰⁴ This standard is easily subject to bleeding into negligent (or grossly negligent) conduct.²⁰⁵ On the other hand, it is worth noting that *Seagate* is viewed as a *higher* standard of willfulness than the previous standard used by the Federal Circuit.²⁰⁶ The patent willfulness standard does not use the “reckless disregard” language of copyright, relying instead on the two-part test quoted above.²⁰⁷

²⁰⁰ Halo Elecs., Inc. v. Pulse Elecs., Inc., 769 F.3d 1371, 1382 (Fed. Cir. 2014) (quoting *Seagate*, 497 F.3d at 1371), cert. granted, 136 S. Ct. 356 (2015). At the same time, the Court granted certiorari in *Stryker Corp. v. Zimmer, Inc.*, 782 F.3d 649 (Fed. Cir.), cert. granted, 136 S. Ct. 356 (2015), and consolidated the two appeals. The wording of the questions on which certiorari was granted in each case is slightly different; however, it appears that the Court is being presented with the opportunity to examine several aspects of the Federal Circuit’s standard from *Seagate*. For one thing, the Federal Circuit’s insistence on “clear and convincing evidence” may be problematic in light of the Court’s rejection of such a standard for attorney’s fees in patent cases in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1758 (2014) (quoting *Brooks Furniture Mfg., Inc. v. Dutailier Intern., Inc.*, 393 F.3d 1378, 1382 (Fed. Cir. 2005)). But the grant of certiorari appears broad enough to allow the Court to examine the willfulness standard in its entirety. The *Stryker* petition argues that the two-part test allows an objectively reasonable but bad faith infringer to avoid a finding of willfulness, and that this finding is reviewed *de novo* by the Federal Circuit. Petition for Writ of Certiorari at 3–4, *Stryker*, 136 S. Ct. 356 (No. 14-1520), 2015 WL 3898662. The *Halo* plaintiff’s petition makes a similar point. Petition for Writ of Certiorari at 2, *Halo*, 136 S. Ct. 356 (No. 14-1513), 2015 WL 3878398. It does not appear that the Court would need to find that willful conduct is something other than reckless in order to decide the case; however, if the Court finds that subjective bad faith is sufficient to support a finding of willfulness, that would significantly weaken the standard for willfulness in patent cases.

²⁰¹ See *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs.*, 682 F.3d 1003, 1005 (Fed. Cir. 2012) (“*Seagate* established a two-pronged test for establishing the requisite recklessness.”); *Seagate*, 497 F.3d at 1371 (“[P]roof of willful infringement . . . requires at least a showing of objective recklessness.”).

²⁰² *Seagate*, 497 F.3d at 1371.

²⁰³ *Id.* (emphasis added).

²⁰⁴ See, e.g., *People v. Linwood*, 129 Cal. Rptr. 2d 73, 81–82 (Cal. Ct. App. 2003); 21 AM. JUR. 2D *Criminal Law* § 126 (2015).

²⁰⁵ See, e.g., *Larson Mfg. Co. of South Dakota, Inc. v. Aluminart Prods. Ltd.*, 559 F.3d 1317, 1344 (Fed. Cir. 2009) (Linn, J., concurring) (“The . . . ‘should have known’ prong sets forth a simple negligence standard, lower than even the ‘gross negligence’ standard.”).

²⁰⁶ See, e.g., Justin P. Huddleson, Note, *Objectively Reckless: A Semi-Empirical Evaluation of In Re Seagate*, 15 B.U. J. SCI. & TECH. L. 102, 103 (2009).

²⁰⁷ Compare *Seagate*, 497 F.3d at 1371 (discussing the two-part test for willful patent infringement), with *Princeton Univ. Press v. Mich. Document Servs., Inc.*, 99 F.3d 1381, 1392

Although the two-part test is a recklessness test, its requirement that the defendant's actions be both objectively and subjectively unreasonable raises the bar for a finding of willfulness. However, it is unclear at this point whether that standard will remain after Supreme Court review.

In any event, it is clear that the recklessness standard is not limited to patent cases.²⁰⁸ A significant number of trademark cases, particularly those involving statutory damages for trademark counterfeiting, use a recklessness or reckless disregard standard for willfulness.²⁰⁹ But, as the discussion up to this point should indicate, there is no overall consensus on the proper standard for judging willful behavior, either in patent cases or trademark cases.

4. The Standardless Standard: The Amorphous Willfulness

In many situations, it is unclear what standard the court is applying when assessing willfulness. The award of defendant's profits for willful infringement is a good example. Although, as discussed above, the Ninth Circuit appears to have adopted a fairly high standard for willfulness, in other courts the situation is far less clear. The definition of willful behavior as a prerequisite to (or at least a factor in the determination of) the award of defendant's profits is certainly not a model of clarity.²¹⁰ The difficulty of defining willful in this context 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.

Although not all circuits require a showing of willfulness for an award of defendant's profits,²¹¹ many do and their discussions are

(6th Cir. 1996) (discussing the defendants' alleged "reckless disregard" of the plaintiffs' property rights in the context of copyright).

²⁰⁸ See Kenneth W. Simons, *Rethinking Mental States*, 72 B.U. L. REV. 463, 466–67 (1992).

²⁰⁹ See, e.g., *Coach, Inc. v. 3D Designers Inspirations*, 70 F. Supp. 3d 942, 947 (C.D. Ill. 2014); *Lyons P'ship, L.P. v. D&L Amusement & Entm't, Inc.*, 702 F. Supp. 2d 104, 117 (E.D.N.Y. 2010); *Yurman Studio, Inc. v. Castaneda*, 591 F. Supp. 2d 471, 503 (S.D.N.Y. 2008) ("An award for maximum statutory damages for trademark counterfeiting . . . requires actual knowledge of infringement or reckless disregard for the trademark owner's right.").

²¹⁰ See James M. Koelemay, Jr., *A Practical Guide to Monetary Relief in Trademark Infringement Cases*, 85 TRADEMARK REP. 263, 270–76 (1995) (citing several meanings of willfulness and noting numerous factors used by courts).

²¹¹ See, e.g., *Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 173–74 (3d Cir. 2005) (holding that willful infringement is not required for award of defendant's profits); *Quick Techs., Inc. v. Sage Grp. PLC*, 313 F.3d 338, 349 (5th Cir. 2002) (noting that while willful infringement is given weighty consideration when deciding to award profits, it is not required).

informative, though inconsistent in their treatment of willfulness.²¹² A leading case is *George Basch Co., Inc. v. Blue Coral, Inc.*,²¹³ 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.”²¹⁴ But the meaning the court ascribed to willfulness remains elusive. At one point, the court seemingly equates “willfulness” with “intentional misconduct.”²¹⁵

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,”²¹⁶ leading it to link “unjust enrichment” with “willful deception.”²¹⁷ Since mere “deception” apparently is not sufficient, either the court means that one could deceive innocently²¹⁸ or that something more than intent to deceive is required.²¹⁹ Further muddying things, the court concludes that under a deterrence rationale for a profits award, one must be “a bad faith infringer,” without clarifying what constitutes “bad faith.”²²⁰ 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 intention of causing confusion or deception,” which the court labels “willful infringement.”²²¹ 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 to trade *dress*) is not necessarily indicative of intent to deceive.²²² In one other

²¹² For the purposes of this discussion, I accept the legitimacy of this requirement. Of course, not all agree with this requirement. See, e.g., Danielle Conway-Jones, *Remedying Trademark Infringement: The Role of Bad Faith in Awarding an Accounting of Defendant's Profits*, 42 SANTA CLARA L. REV. 863, 865–66, 924–25 (2002) (arguing that bad faith or willful conduct should not be required).

²¹³ *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir. 1992).

²¹⁴ *Id.* at 1534.

²¹⁵ *Id.* at 1537.

²¹⁶ *Id.* at 1538 (citing *Latham v. Father Divine*, 85 N.E.2d 168, 170 (N.Y. 1949)).

²¹⁷ *George Basch Co.*, 968 F.2d at 1538 (citing *El Greco Leather Prods. Co. v. Shoe World, Inc.*, 726 F. Supp. 25, 29–30 (E.D.N.Y. 1989)).

²¹⁸ *George Basch Co.*, 968 F.2d at 1540 (quoting *Springs Mills, Inc. v. Ultracashmere House, Ltd.*, 724 F.2d 352, 356 (2d Cir. 1983)). One could certainly *infringe* innocently, but the term “deceive” tends to have a connotation that is less innocent. See *Deceive*, DICTIONARY.COM, <http://dictionary.reference.com/browse/deceive?s=t> (last visited Mar. 07, 2016).

²¹⁹ *George Basch Co.*, 968 F.2d at 1540.

²²⁰ *Id.* at 1539 (first citing *Monsanto Chem. Co. v. Perfect Fit Mfg. Co.*, 349 F.2d 389, 396, 397 (2d Cir. 1965); then citing *W.E. Bassett Co. v. Revlon, Inc.*, 435 F.2d 656, 664 (2d Cir. 1970)).

²²¹ *George Basch Co.*, 968 F.2d at 1540; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 37(1)(a) (AM. LAW INST. 1995). The court later notes that such conduct does not automatically entitle plaintiff to a profits award. *George Basch Co.*, 968 F.2d at 1540 (noting other factors and the discretionary nature of the award).

²²² *George Basch Co.*, 968 F.2d at 1541.

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,"²²³ further 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,"²²⁴ the court went on to note that the various circuits' requirements regarding "intent" on the defendant's part . . . varies from deliberate and knowing to willful and fraudulent.²²⁵ 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.²²⁶ They range from a "deliberate intent to deceive"²²⁷ to "a deliberate disregard of a mark holder's rights,"²²⁸ to "an aura of indifference to plaintiff's rights" or intending to benefit from plaintiff's goodwill.²²⁹ 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.²³⁰ A "deliberate disregard" of someone's rights could mean anything from intent to infringe to recklessness.²³¹ 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

²²³ *Id.*

²²⁴ *W. Diversified Servs., Inc. v. Hyundai Motor Am., Inc.*, 427 F.3d 1269, 1273 (10th Cir. 2005). The court also characterized the Second Circuit's test as "more lenient" than the one it adopted. *Id.* at 1274 (first citing *W.E. Bassett*, 435 F.2d at 662; then citing *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 966 (D.C. Cir. 1990)).

²²⁵ *W. Diversified Servs.*, 427 F.3d at 1273 n.1.

²²⁶ 5 MCCARTHY, *supra* note 38, § 30:62.

²²⁷ *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993).

²²⁸ *SecuraComm Consulting, Inc. v. Securacom, Inc.*, 166 F.3d 182, 187 (3d Cir. 1999). The Third Circuit later overruled this decision in *Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 175 (3d Cir. 2005).

²²⁹ *AmBrit, Inc. v. Kraft, Inc.*, No. 82-517 Civ-T-10, 1988 U.S. Dist. LEXIS 13948, at *4, *5 (M.D. Fla. Jan. 12, 1988) ("[T]he willfulness requirement in a trademark case can be met simply by showing that the infringement was not accidental, that it was done knowingly and with disregard of the rights of the mark holder.").

²³⁰ 5 MCCARTHY, *supra* note 36, § 30:62.

²³¹ *Ryco, Inc. v. Ag-Bag Corp.*, 857 F.2d 1418, 1434 (Fed. Cir. 1988) (quoting *Rite-Hite Corp. v. Kelley Co.* 819 F.2d 1120, 1125–26 (Fed. Cir. 1987)).

(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.²³² 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.

The Restatement of Unfair Competition indicates that, at one time, infringements deemed willful and deliberate did not require any intent to deceive—even a good faith belief in the lawfulness of one's use would not be a defense to a "willful" infringement.²³³ Thus, a "deliberate" or "willful" violation was simply a use with knowledge of plaintiff's claim of right, regardless of defendant's intent.²³⁴ Obviously, such a broad concept of willful infringement would have significant implications for remedies, and could result in seriously unfair awards against "willful" infringers.²³⁵

Another chronically standard-less use of willful is in the award of attorney's fees. In the award of attorney's fees willfulness is not the linchpin that it is with respect to profits,²³⁶ 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."²³⁷ Stated in the disjunctive, the terms appear to be intended to have distinct meanings.²³⁸ However, as noted above regarding willfulness and profits, these terms are often used interchangeably, as though they are synonymous.²³⁹

Left unclear is the impact of the Supreme Court's decision in

²³² See 1 MCCARTHY, *supra* note 38, § 8:19. This of course could be described as "intentional" initial interest confusion. See 4 *id.* § 23:6. 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. See 5 *Id.* § 30:62.

²³³ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 37 cmt. e (AM. LAW INST. 1995).

²³⁴ See, e.g., *Burger King Corp. v. Mason*, 855 F.2d 779, 781 (11th Cir. 1988) (citing *Wolfe v. Nat'l Lead Co.*, 272 F.2d 867, 871 (9th Cir. 1959)).

²³⁵ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 37 cmt. e-f.

²³⁶ See, e.g., *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 505 (6th Cir. 2013) (quoting *U.S. Structures, Inc. v. J.P. Structures, Inc.*, 130 F.3d 1185, 1192 (6th Cir. 2008)).

²³⁷ *E.g.*, *Boost Worldwide, Inc. v. Cell Station Wireless, Inc.*, No. 2:13-cv-490, 2014 WL 47977, at *4 (S.D. Ohio Jan. 7, 2014) (quoting *Coach, Inc.*, 717 F.3d at 505).

²³⁸ Compare *Malicious Act*, BLACK'S LAW DICTIONARY (10th ed. 2014) ("An intentional, wrongful act done willfully or intentionally against another without legal justification or excuse."), with *Willful*, BLACK'S LAW DICTIONARY (10th ed. 2014) ("Voluntary and intentional, but not necessarily malicious."), and *Fraudulent Act*, BLACK'S LAW DICTIONARY (10th ed. 2014) ("Conduct involving bad faith, dishonesty, a lack of integrity, or moral turpitude."), and *Deliberate*, BLACK'S LAW DICTIONARY (10th ed. 2014) ("Intentional; premeditated; fully considered.").

²³⁹ See *supra* text accompanying notes 225–31.

Octane Fitness, LLC v. ICON Health & Fitness, Inc.,²⁴⁰ which interpreted the patent statute's attorney's fees clause.²⁴¹ Identical to the trademark provision, the patent statute allows attorney's fees in "exceptional cases."²⁴² The Court held that the Federal Circuit's standard—that there must be some misconduct on the part of the patentee for attorney's fees to be imposed against the patentee—was too rigid, and that "exceptional" should be given its "ordinary meaning" of "rare," or "uncommon."²⁴³ Whether this will lead to a lower standard for awards of attorney's fees in trademark cases is not clear.

In any event, it is not clear that most cases make a real distinction between the level of intent for profits and the level of intent needed for attorney's fees.²⁴⁴ However, to make matters even less clear, there are cases that make an explicit finding of willfulness but refuse to award attorney's fees, emphasizing the discretionary nature of the award of attorney's fees.²⁴⁵

Finally, we come to trademark dilution. The federal dilution statute may have the oddest use of willful in trademark law. As noted earlier, section 43(c)(5) only permits damages for dilution claims if defendant "*willfully intended*" to trade on the reputation of plaintiff's mark or to tarnish the reputation of plaintiff's mark.²⁴⁶ Of course, willful intent, on its face, is redundant. Usually intentional conduct is deemed equivalent to (or perhaps more egregious than) willful conduct.²⁴⁷ Thus, a logical assumption is that "willful" was

²⁴⁰ *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014).

²⁴¹ *Id.* at 1752.

²⁴² 35 U.S.C. § 285 (2014).

²⁴³ *Octane Fitness*, 134 S. Ct. at 1756.

²⁴⁴ *See, e.g.*, *Hilton v. Int'l Perfume Palace, Inc.*, No. 12-CV-5074 (JFB)(GRB), 2013 WL 5676582, at *6, *10 (E.D.N.Y. Oct. 17, 2013). *See also* *Coach, Inc. v. Goodfellow*, 717 F.3d 498, 505-06 (6th Cir. 2013) (discussing counterfeiting); *CrossFit, Inc. v. Jenkins*, 69 F. Supp. 3d 1088, 1102-04 (D. Colo. 2014) (quoting *United Phosphorus, Ltd. v. Midland Fumigant, Inc.*, 205 F.3d 1219, 1232 (10th Cir. 2000)) (discussing cybersquatting); *Exxon Mobil Corp. v. Future Grp., LLC*, No. 1:12-cv-456 AWI DLB, 2012 WL 3156798, at *2 (E.D. Cal. Aug. 1, 2012) (citing *Earthquake Sound Corp. v. Bumper Indus.*, 352 F.3d 1210, 1216 (9th Cir. 2003)) (discussing attorney's fees for counterfeiting).

²⁴⁵ *See, e.g.*, *Eastman Chem. Co. v. PlastiPure, Inc.*, No. A-12-CA-057-SS, 2013 WL 5555373, at *2, *8 (W.D. Tex. Oct. 4, 2013) (quoting *Tex. Pig Stands, Inc. v. Hard Rock Cafe, Intl, Inc.*, 951 F.2d 684, 697 (5th Cir. 1992) (noting that willfulness does not automatically lead to award of attorney's fees)); *Johnson & Johnson Consumer Cos., Inc. v. Aini*, 540 F. Supp. 2d 374, 396-97 (E.D.N.Y. 2008) (refusing to award attorney's fees even after finding willful infringement (quoting *Sara Lee Corp. v. Bags of N.Y., Inc.*, 36 F. Supp. 2d 161, 170 (S.D.N.Y. 1999))).

²⁴⁶ 15 U.S.C. § 1125(c)(5)(B) (2014) (emphasis added).

²⁴⁷ *See* Stephanie Pall, Note, *Willful Patent Infringement: Theoretically Sound? A Proposal to Restore Willful Infringement to its Proper Place Within Patent Law*, 2006 U. ILL. L. REV. 659, 683 (2006).

intended to connote something more than intent to cause harm. Unfortunately, the case law—to the extent that it exists—is utterly unavailing on this point. Many of the dilution damage cases are default judgments, where courts routinely accept allegations of “willful” behavior with little or no discussion of its meaning.²⁴⁸ In those few cases that discuss the statute, there is not much enlightenment.²⁴⁹

For example, in *adidas-America, Inc. v. Payless Shoesource, Inc.*,²⁵⁰ the court simply referred to its discussion of willfulness in connection with the infringement claims, as if the two were identical.²⁵¹ Otherwise, there was no discussion of the meaning of willful intent. And *adidas* is one of the few cases that actually discusses the requirement at all. Most of the time, judges gloss over the issue.²⁵² Worse, as discussed below, jury instructions in dilution cases give no guidance whatsoever on the meaning of “willful intent.”

E. Translating the Definitions into Action: What Do We Tell Juries About Willfulness?

Another way to address the question is to look at what we tell jurors. Naturally, jury instructions would be expected to reflect case law interpretations of willfulness. Hopefully we would try to be especially clear to jurors about what willful means. But that appears to be a vain hope, as indicated by both pattern jury instructions and ones from actual cases.²⁵³ The American Bar Association (“ABA”) has

²⁴⁸ See, e.g., *Decker Outdoor Corp. v. Ozweat Connection Pty, Ltd.*, No. CV 14-2307 RSWL (FFMx), 2014 U.S. Dist. LEXIS 132169, at *1, *27–28 (C.D. Cal. Sept. 18, 2014).

²⁴⁹ See, e.g., *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, No. 10 Civ. 1611 (PKC), 2012 WL 1022247, at * 14, *15 (S.D.N.Y. Mar. 22, 2012).

²⁵⁰ *adidas-Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029 (D. Or. 2008).

²⁵¹ *Id.* at 1045–46.

²⁵² See, e.g., *Snowizard, Inc. v. Robinson*, No. 11-515, 2011 WL 2681197, at *11 (E.D. La. July 8, 2011) (allowing complaint for money damages under section 43(c)(5) that alleged defendants “defectively repackaged” plaintiff’s goods, without mentioning the willfulness requirement); *Burberry, Ltd. v. Euro Moda, Inc.*, No. 08 Civ. 5781 (CM), 2009 WL 1675080, at *15 (S.D.N.Y. June 10, 2009) (finding defendant to be “willfully deceptive” because it created counterfeits of plaintiff’s marks, but not specifically addressing “willful intent”); *Univ. of Kan. v. Sinks*, 644 F. Supp. 2d 1287, 1292–93 (D. Kan. 2008) (upholding jury verdict that included damages without mentioning willfulness requirement); *B&H Mfg. Co. v. Bright*, No. CVF016619AWISMS, 2005 WL 1342815, at *13–14 (E.D. Cal. May 10, 2005) (denying defendant’s motion for a directed verdict without discussing willfulness requirement).

²⁵³ The problem is not limited to trademark, of course. In patent litigation, there is evidence that juries and judges have very different understandings of what “willful infringement” means. Christopher B. Seaman, *Willful Patent Infringement and Enhanced Damages After In re Seagate: An Empirical Study*, 97 IOWA L. REV. 417, 444–45, 446–49 (2012) (noting that juries find willfulness at a significantly higher rate than judges and the complexity of jury instructions on the issue).

promulgated model jury instructions for copyright, trademark, and trade dress litigation,²⁵⁴ as have several circuits.²⁵⁵ As one example, willful behavior is expressly required when damages are sought in dilution cases.²⁵⁶ The ABA's model instruction acknowledges this requirement.²⁵⁷ Unfortunately, it provides no guidance to a jury other than to say "[o]nly if you find such willful dilution should you award damages."²⁵⁸ The 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, which in many circuits also requires willful behavior.²⁵⁹ The most relevant of that group of instructions 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."²⁶⁰

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."²⁶¹ It goes on to discuss profits *and* to note that "willfulness will be relevant to a court's decision on whether to award enhanced damages . . . and on whether the case is 'exceptional' so as to justify an award of attorney's fees."²⁶² The comment even suggests that a jury's input may be helpful (these are ultimately issues for the court, but the court may

²⁵⁴ MODEL JURY INSTRUCTIONS: COPYRIGHT, TRADEMARK & TRADE DRESS LITIG. (AM. BAR ASS'N 2008).

²⁵⁵ *See, e.g.*, ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS (COMM. ON PATTERN JURY INSTRUCTIONS 2013); FEDERAL CIVIL JURY INSTRUCTIONS OF THE SEVENTH CIRCUIT (COMM. ON PATTERN JURY INSTRUCTIONS 2009); MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT (JURY INSTRUCTIONS COMM. 2007).

²⁵⁶ MODEL JURY INSTRUCTIONS: COPYRIGHT, TRADEMARK & TRADE DRESS LITIG. §§ 2.6.8, 3.4.5.

²⁵⁷ *Id.*

²⁵⁸ *Id.* § 2.6.8. This itself is misleading, since the statute does not say "willful dilution," but instead specifies "willfully intended to trade on the recognition of the famous mark" for blurring or "willfully intended to harm the reputation of the famous mark" for tarnishment. 15 U.S.C. § 1125(c)(5)(B) (2014). The instruction does begin with this language but then lapses into the less specific "willful dilution" language. MODEL JURY INSTRUCTIONS: COPYRIGHT, TRADEMARK & TRADE DRESS LITIG. §§ 2.6.8.

²⁵⁹ MODEL JURY INSTRUCTIONS: COPYRIGHT, TRADEMARK AND TRADE DRESS LITIG. § 2.8.5 cmt. § 2.8.6 cmt.

²⁶⁰ *Id.* § 2.8.5.

²⁶¹ *Id.* § 2.8.5 cmt.

²⁶² *Id.*

allow the jury to give advice).²⁶³ But a jury can hardly be helpful if it does not understand the legal terminology.

Pattern jury instructions from specific circuits naturally tend to follow decided cases, which does not necessarily serve to clarify matters. As discussed in Part D above, the Ninth Circuit professes to use a high standard for willfulness.²⁶⁴ Unfortunately, the Ninth Circuit's model jury instructions are more obtuse on this issue. The most applicable instruction deals with "Trademark Damages—Intentional Infringement."²⁶⁵ 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."²⁶⁶

This instruction does provide some level of clarity, basically by avoiding the word willful entirely. However, the comment to this instruction cites a Ninth Circuit case that does use the phrase "willful infringement."²⁶⁷ 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.²⁶⁸ But those cases are not available to jurors, and nothing in the model instruction even suggests that willful blindness (whatever it may mean)²⁶⁹ is the equivalent of intentional infringement.

Another set of model jury instructions from the Eleventh Circuit takes a position somewhat like the Ninth Circuit, but with important differences. Beginning with the possible award of defendant's profits, the relevant instruction provides as follows:

Defendant's Profits and Calculation of Profits

In addition to [name of plaintiff]'s actual damages, you may also make an award based on an accounting of [name of defendant]'s profits if you find that:

- [Name of defendant]'s conduct was willful and deliberate;
- [Name of defendant] was unjustly enriched; or
- An award of [name of defendant]'s profits is necessary to

²⁶³ See FED. R. CIV. P. 39(c); MODEL JURY INSTRUCTIONS: COPYRIGHT, TRADEMARK AND TRADE DRESS LITIG. § 2.8.5 cmt.

²⁶⁴ See *supra* Part III.D.2.

²⁶⁵ MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.27 (JURY INSTRUCTIONS COMM. 2007).

²⁶⁶ *Id.*

²⁶⁷ *Id.* §15.27 cmt.

²⁶⁸ See *id.*

²⁶⁹ See *supra* Part III.C. (discussing willful blindness).

deter [name of defendant]’s future conduct.

A defendant commits a “willful violation” of a trademark when that defendant knowingly and purposefully capitalizes on and appropriates the goodwill of a plaintiff.²⁷⁰

This instruction does not appear to permit “willful blindness” to substitute for actual knowledge and intent. Rather it requires a specific intent to “capitalize on and appropriate the goodwill of a plaintiff.”²⁷¹ Note that this is not the same as deliberate deception—which is somewhat odd considering that confusion, not free-riding, is the linchpin of trademark infringement.²⁷²

With regard to dilution, specifically monetary remedies for dilution, the Eleventh Circuit’s instructions are as follows:

If you find that [Name of defendant]’s use is likely to dilute [Name of plaintiff]’s trademark, and [Name of defendant] does not have a defense to the likely dilution, you must consider whether, and to what extent, monetary relief should be awarded. You may award [Name of plaintiff] monetary relief if:

- [Name of defendant]’s mark was first used after October 6, 2006; and
- [Name of defendant]’s conduct was willful.²⁷³

There is nothing in this instruction that defines “willful”; however, in a later portion of the instruction, dealing with the calculation of defendant’s profits as a remedy, the instruction repeats the language included in the earlier instruction on awarding defendant’s profits—using the identical “knowingly” and “purposefully” language.²⁷⁴ Moreover, nothing in this instruction alludes to the “willful intent” language that is actually contained in the dilution statute.²⁷⁵

Regarding trademark counterfeiting, the Eleventh Circuit

²⁷⁰ ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 10.1 (COMM. ON PATTERN JURY INSTRUCTIONS 2013). According to the comments on this instruction, “[a]n award of profits based on unjust enrichment or deterrence does not require a ‘higher showing of culpability on the part of the defendant.’” *Id.* § 10.1 cmt. This reflects the disjunctive nature of the instruction—any of the three rationales apparently will suffice. *Id.* But that seems inconsistent with the Ninth Circuit’s notion that some sort of intentional conduct is required for any award of profits. *See* MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT §§ 15.26, 15.27.

²⁷¹ ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 10.1.

²⁷² *See* 1 MCCARTHY, *supra* note 36, § 2:31.

²⁷³ ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 10.5.

²⁷⁴ *See id.*

²⁷⁵ 15 U.S.C. § 1125(c)(5) (2014). The comments to this section reference § 35(a), the general damages section of the Lanham Act, and do not refer to § 43(c)(5), which contains the “willful intent” language. *See* ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 10.5 cmt.

instructions for awarding profits mimic those for ordinary infringement, including the notion and definition of willful conduct.²⁷⁶ However, in its instructions regarding awards of statutory damages, the instructions seem to make a distinction between willful and knowing conduct, and the term willful is not defined.²⁷⁷

The Eleventh Circuit, like most circuits, includes intent among the factors it uses to determine whether there is a likelihood of confusion. The relevant jury instruction on this factor is as follows:

6. [Name of Defendant]’s Intent

You may also consider whether [Name of defendant] intended to infringe on [Name of plaintiff]’s trademark. That is, did [Name of defendant] adopt [his/her/its] trademark with the intention of deriving a benefit from [Name of plaintiff]’s reputation? If you determine that [Name of defendant] intentionally ignored the potential for infringement, you may impute to [Name of defendant] an intent to infringe.²⁷⁸

Here, the instructions allow for a kind of “willful blindness” determination, but without using the term “willful,” although the parameters are not clear.²⁷⁹ When we ask whether the defendant “intentionally ignored the potential for infringement,”²⁸⁰ how likely must infringement be for the risk to be considered culpable? But at least the instructions use the term “intentional” and not “willful,” which may be clearer to jurors.

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

²⁷⁶ ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 10.6.

²⁷⁷ *Id.*

²⁷⁸ ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 10.1.

²⁷⁹ *See id.*

²⁸⁰ *Id.*

false/misleading].²⁸¹

This instruction appears to follow the model of “actual malice” used in defamation cases—knowledge of falsity or reckless disregard of truth or falsity.²⁸² 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.²⁸³ As we shall see, some other circuits do not follow the Seventh Circuit’s standard.²⁸⁴ Moreover, this standard has its own deficiencies. It does not define the level of fault with respect to indifference. It does not use “reckless disregard,” for example. So a juror is left without guidance as to whether *negligent* indifference is sufficient or whether (as suggested by *Global-Tech*) *deliberate* indifference is closer to the proper standard. Whether this standard should become the norm is a matter of some debate.²⁸⁵

Looking at the different circuits’ instructions, we can see that what we tell jurors is somewhat inconsistent and problematic. While the Ninth Circuit instructions are reasonably clear on intentional infringement (though they do nothing for the problem of dilution), the comment suggests that courts might waffle on the clarity and use “willful blindness” as a substitute for acting with knowledge that one’s acts are infringing that the instruction entails.²⁸⁶ The Seventh Circuit more explicitly uses a kind of willful blindness—which it defines as acting with indifference as to whether the acts were infringing²⁸⁷—but that will raise other, more doctrinal issues. The

²⁸¹ FEDERAL CIVIL JURY INSTRUCTIONS OF THE SEVENTH CIRCUIT § 13.6.5 (COMM. ON PATTERN JURY INSTRUCTIONS 2009).

²⁸² See *N.Y. Times Co. v. Sullivan*, 376 U.S. 254, 279–80 (1964).

²⁸³ See, e.g., *ZAZU Designs v. L’Oreal, S.A.*, 979 F.2d 499, 507 (7th Cir. 1992) (citing *McLaughlin v. Richland Shoe Co.*, 486 U.S. 128, 130 (1985)). The Seventh Circuit appears to regard the issue of willfulness 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), *overruled on other grounds by Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 521, 534–35 (1994). However, it seems the court has not decided the issue for attorney’s fees. See *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1158, 1159–60 (7th Cir. 1994).

²⁸⁴ See, e.g., MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.5 (JURY INSTRUCTIONS COMM. 2007); ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 9.17 (COMM. ON PATTERN JURY INSTRUCTIONS 2013).

²⁸⁵ See, e.g., David S. Almeling, *The Infringement-Plus-Equity Model: A Better Way to Award Monetary Relief in Trademark Cases*, 14 J. INTEL. PROP. L. 205, 227 (2007) (arguing for infringement plus “some equitable reason” as a sufficient basis for the award of defendant’s profits); Jeffrey M. Thomas, Comment, *Willful Copyright Infringement: In Search of a Standard*, 65 WASH. L. REV. 903, 915 (1990) (arguing for knowledge plus an affirmative duty to investigate in copyright cases). *But see* Ritchie, *supra* note 112, at 180–81, 185–86 (discussing distinction between willful blindness and recklessness).

²⁸⁶ See MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.27.

²⁸⁷ See FEDERAL CIVIL JURY INSTRUCTIONS OF THE SEVENTH CIRCUIT § 13.6.5 (COMM. ON

Eleventh Circuit uses the most obtuse definition of willfulness²⁸⁸—although at least it is consistent between counterfeiting and dilution.

But the problem of possible juror bewilderment is best illustrated by two real cases, in which multiple uses of willfulness make for a confusing set of instructions. The first case is *adidas-America, Inc. v. Payless Shoesource, Inc.*, where adidas sued Payless for trade dress infringement, trade dress dilution, and violations of (Oregon) state law.²⁸⁹ The case was tried in the District of Oregon before a jury.²⁹⁰ 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.²⁹¹ 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.²⁹²

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.²⁹³ There was no indication that "willful blindness" or recklessness 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:

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

PATTERN JURY INSTRUCTIONS 2009).

²⁸⁸ See ELEVENTH CIRCUIT CIVIL PATTERN JURY INSTRUCTIONS § 10.1.

²⁸⁹ *adidas Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1039–40 (D. Or. 2008).

²⁹⁰ *adidas-Am., Inc. v. Payless Shoesource, Inc.*, No. CV-01-1655-KI, 2008 WL 4279812, at *1 (D. Or. Sept. 12, 2008).

²⁹¹ Jury Instructions at No. 44, *adidas-Am., Inc. v. Payless Shoesource* No. 01-1655-KI, (D. Or. May 1, 2008), 2008 WL 2140812.

²⁹² *Id.*

²⁹³ See *id.*

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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.²⁹⁴

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.²⁹⁵

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 the reputation or harm the reputation of adidas’ mark.²⁹⁶ 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 adidas’s reputation or to cause dilution of the Three-Stripe Mark and/or SUPERSTAR Trade Dress.²⁹⁷

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.²⁹⁸ 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, *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

²⁹⁴ *Id.* at No. 45.

²⁹⁵ *See infra* Part IV.B.

²⁹⁶ 15 U.S.C. § 1125(c)(5) (2014).

²⁹⁷ Jury Instructions, *supra* note 291, at No. 47.

²⁹⁸ *Id.* at No. 44.

available for federal trademark violations). Here is the relevant portion of the instructions:

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, 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.²⁹⁹

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.³⁰⁰ It also raises the burden of proof (although whether a jury would understand this is open to question).³⁰¹ 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.³⁰²

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.³⁰³ It did increase the level of proof from "more likely than not" to "clear and convincing,"³⁰⁴ but whether a jury would understand the difference, especially given an explanation that the latter is "highly probable" (as opposed to merely more probable than not?) is open to question.

The second case is the litigation between Apple Inc. and Samsung

²⁹⁹ *Id.* at No. 48.

³⁰⁰ *Id.*

³⁰¹ *Id.*; Jason S. Johnston, *Punitive Liability: A New Paradigm of Efficiency in Tort Law*, 87 COLUM. L. REV. 1385, 1403 (1987).

³⁰² See Jury Instructions, *supra* note 291, at No. 48; MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.27 (JURY INSTRUCTIONS COMM. 2007).

³⁰³ Jury Instructions, *supra* note 291, at Nos. 45, 47, 48; MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.27.

³⁰⁴ Compare Jury Instructions, *supra* note 291, at No. 48 (requiring finding by clear and convincing evidence), with MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.0 (requiring finding by preponderance of the evidence).

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Electronics Co. (“SEC”),³⁰⁵ which included both patent and trademark claims, and a number of jury instructions in which willfulness was relevant.³⁰⁶ On the patent side, the jury was instructed that, in order to find liability for inducement, the jury had to find that

[T]he alleged infringer must:

1. have intentionally taken action that actually induced direct infringement by another;
2. have been aware of the asserted patent; and
3. have known that the acts it was causing would be infringing.

The “knowledge” and “awareness” requirements for inducement can be satisfied by showing that a party was willfully blind. If SEC or Apple did not know of the existence of the patent in question or that the acts it was inducing were infringing, it can be liable for inducement only if it actually believed that it was highly probable its actions would encourage infringement of a patent and it took intentional acts to avoid learning the truth. *It is not enough that SEC or Apple was merely indifferent to the possibility that it might encourage infringement of a patent. Nor is it enough that SEC or Apple took a risk that was substantial and unjustified.*³⁰⁷

This is consistent with the requirements of *Global-Tech* regarding inducement liability in patent cases.³⁰⁸ On the other hand, with regard to willful patent infringement directly, the jury was instructed as follows:

In addition, to prove willful infringement, the patent holder must persuade you by clear and convincing evidence that the other side acted with reckless disregard of the patent it infringed.

To demonstrate such “reckless disregard,” the patent holder must persuade you that the other side actually knew, or it was so obvious that the other side should have known, that its actions constituted infringement of a valid and enforceable

³⁰⁵ *Apple Inc. v. Samsung Elecs. Co.*, 786 F.3d 983 (Fed. Cir. 2015), *cert. granted*, 136 S. Ct. 1453, 2016 WL 1078934 (Mar. 21, 2016).

³⁰⁶ *Id.* at 989, 998–1000. For the record, some of the claims sent to the jury by the trial court were dismissed on appeal—in particular, the trade dress dilution claims were dismissed on the grounds that the trade dress was functional. *Apple Inc.*, 786 F.3d at 996. However, this does not obviate the larger point that the jury instructions had the potential to create jury confusion about the issue of willfulness.

³⁰⁷ Jury Instructions at No. 58, *Apple Inc. v. Samsung Electronics Co.*, No. 11-CV-01846-LHK (N.D. Cal. Aug. 21, 2012) (emphasis added).

³⁰⁸ *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011).

patent.³⁰⁹

Thus, the jury was told that contributory infringement by inducement (which may include willful blindness to the infringing use made by another) requires more than recklessness, while willful direct infringement requires only recklessness. Although the latter instruction is consistent with the Federal Circuit's *In re Seagate Technology* decision, one cannot help wondering what the lay jury thought of this. But there is still the trademark side to consider. With respect to damages for trade dress dilution, the court's instructions included the following: "You should not award Apple monetary relief for any of its dilution claims unless Apple proves by a preponderance of the evidence that Samsung's acts of dilution were willful. If you determine that Samsung's dilution was not willful, you do not need to assess monetary damages for that claim."³¹⁰

This is not an entirely accurate rendition of the law,³¹¹ but accuracy aside it is lacking a very crucial factor—an explanation of what "willful" means. Nowhere in this instruction is the term "willful" defined, in stark contrast to the patent instructions (where, of course, there were existing Supreme Court and Federal Circuit decisions specifically defining those terms).³¹² But that was not all. In the instruction on awarding defendant's profits as a measure of damages, the court instructed as follows: "In addition to actual damages, Apple is entitled to any profits earned by the Samsung entities that are attributable to willful infringement or willful dilution, which the plaintiff proves by a preponderance of the evidence."³¹³

Again, there was no explanation or definition of the term willful. Given the explanations contained in the patent instructions, it is unclear how the jury actually interpreted the trademark instructions.³¹⁴ But with hundreds of millions of dollars riding on the outcome, one would have at least expected the attorneys for one side or the other to have attempted to give the jury some additional

³⁰⁹ Jury Instructions, *supra* note 307, at No. 59.

³¹⁰ *Id.* at No. 71.

³¹¹ The dilution statute is actually more specific. It requires "willful intent" and requires, for a dilution by blurring claim, that the defendant "willfully intended to trade on the recognition of the famous mark." 15 U.S.C. § 1125(c)(5)(B)(i) (2014).

³¹² Jury Instructions, *supra* note 307, at Nos. 59, 71.

³¹³ *Id.* at No. 73. There was also an instruction on "Willful Acquisition of Monopoly Power," relating to antitrust claims. *Id.* at No. 80. Suffice it to say that this instruction would be of no assistance to the jury in defining willful behavior.

³¹⁴ It is also surprising given that the Ninth Circuit—whose trademark law was applicable to the trademark claims—has more explicit pattern instructions, at least on profits, as seen above. See MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.26 (JURY INSTRUCTIONS COMM. 2007).

explanation.

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 trademark infringement, the Ninth Circuit requires an act done with the specific intent to cause infringement, and with knowledge that it is infringing.³¹⁵ The *Apple v. Samsung* instructions indicate that district courts in that circuit are not always clear on this and, in particular, where the court of appeals has not spoken specifically to that cause of action—for example, dilution—district courts are reluctant to offer any definition of willful at all.³¹⁶ Whether “willfully intended” in the case of dilution includes either the Ninth Circuit definition from its profits instruction or some other definition, such as reckless disregard, is unclear from the instructions and there is no appellate precedent on point. And the punitive damage instructions under state law in the *adidas* case further cloud the issue by allowing a punishment, which should require greater culpability, to be imposed on less than knowing conduct.³¹⁷ Finally, the application in actual cases, especially with multiple claims, demonstrates the complete lack of coherence in the meaning of willfulness.

IV. THE LARGER PICTURE: THE PROBLEM OF WILLFULNESS AND THE EXPANSION OF TRADEMARK REMEDIES

A. *Willfulness and Recklessness*

Some circuits and commentators have advocated equating recklessness with willful infringement. As indicated above, copyright and patent cases use recklessness as a measure of willfulness.³¹⁸ This has a kind of surface appeal. After all, if a defendant is recklessly indifferent to whether its actions are infringing, such an extreme departure from customary behavior should perhaps be severely sanctioned. But this ignores several problems. Recklessness is nearly as hard to define as willfulness.³¹⁹ Moreover, allowing

³¹⁵ See *id.* § 15.27.

³¹⁶ 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. *Id.* § 15.26 cmt.

³¹⁷ Jury Instructions, *supra* note 307, at No. 48.

³¹⁸ Emsley, *supra* note 75, at 171.

³¹⁹ See, e.g., *Farmer v. Brennan*, 511 U.S. 825, 836 (1994) (“[T]he term recklessness is not self-defining.”).

infringement 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 exceptional conduct into a much more mainstream remedy for less than exceptional conduct.

First, consider the standard set out by courts for reckless behavior. This issue was discussed in *Fishman Transducers, Inc. v. Paul*,³²⁰ a trademark and false advertising case.³²¹ The court distinguished willfulness in the criminal context from willfulness in the civil context by determining that while at least “subjective indifference to risk . . . —sometimes called willful blindness”—was required for the former, civil willfulness only required behavior “deemed ‘objectively reckless’ measured against standards of reasonable behavior.”³²² The court found that jury instructions that required defendants to have knowledge that the offending products infringed were overly stringent,³²³ though ultimately harmless on the facts of the case.³²⁴ But the court’s opinion left several loose ends. As the court acknowledged, the entire jury instruction contained contradictory elements, neither of which were correct, according to the standards of the appeals court.³²⁵ The instruction began by asking whether “the defendants knew or should have known that their own conduct was infringing the plaintiff’s mark.”³²⁶ This “knew or should have known” standard is one of negligence, as the court of appeals acknowledged.³²⁷ It was followed by the more stringent standard of actual knowledge of infringement, which the court of appeals said was too high.³²⁸ This demonstrates the confusion of the trial judge about the correct standard, and about the interplay of negligence and more stringent standards in general, regardless of whether one labels it “recklessness.” The other problem is that the appeals court nowhere defines “objective recklessness.” When discussing the evidence, the court merely stated, in a conclusory fashion, that the defendants were at most negligent and not reckless as to whether their conduct was infringing.³²⁹

³²⁰ *Fishman Transducers, Inc. v. Paul*, 684 F.3d 187, 191–92 (1st Cir. 2012).

³²¹ *Id.* at 190.

³²² *Id.* at 191, 192.

³²³ *Id.* at 192.

³²⁴ *Id.* at 193.

³²⁵ *See id.* at 192 n.5.

³²⁶ *Id.* at 192.

³²⁷ *See id.* 192 & n.5.

³²⁸ *Id.*

³²⁹ *Id.* at 194; *see also* *Farmer v. Brennan*, 511 U.S. 825, 836 (1994) (“The civil law generally calls a person reckless who acts or (if the person has a duty to act) fails to act in the face of an unjustifiably high risk of harm that is either known or so obvious that it should be known.”).

But “objective recklessness” is not a uniform label for possibly willful conduct that is deemed “reckless.”³³⁰ In patent cases, it refers to the first part of the willful infringement test—that there was an objectively high risk that defendant’s actions constituted patent infringement.³³¹ Other courts have labeled the applicable standard of conduct as “reckless disregard” of plaintiff’s trademark rights.³³² Because courts seldom expound on the standard, it is unclear whether “objective recklessness” is intended to mean the same thing as “reckless disregard” of another’s rights. I say “intended” because, at least in the defamation context, where “actual malice” is satisfied by showing a “reckless disregard” for the truth or falsity of a statement, the phrase appears to refer to a subjective, not objective state of mind.³³³ The distinction between a subjective and an objective standard is not a small matter. As the Supreme Court’s opinion in *Global-Tech* demonstrates, a subjective test poses a higher barrier to recovery than an objective one.³³⁴ The fact that in some contexts the term “reckless” means something objective, while in other *civil* contexts it appears to mean something subjective indicates that recklessness itself has different meanings in different civil situations.³³⁵ Even if we assume that it is acceptable for the term “willful” to have different meanings under different circumstances,³³⁶

³³⁰ Cf. *McGrath v. Scott*, 250 F. Supp. 2d 1218, 1223–26 (D. Ariz. 2003) (discussing various labels of recklessness used in civil rights cases).

³³¹ *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (citing *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 69 (2007)).

³³² See, e.g., *Telebrands Corp. v. HM Import USA Corp.*, No. 09-CV-3492(ENV)(RLM), 2012 WL 3930405, at *4 (E.D.N.Y. July 26, 2012) (quoting *Island Software & Comput., Serv., Inc. v. Microsoft Corp.*, 413 F.3d 257, 263 (2d Cir. 2005)); *Autodesk, Inc. v. Flores*, No. 10-CV-01917-LHK, 2011 WL 337836, at *8 (N.D. Cal. Jan. 31, 2011) (citing *In re Barboza*, 545 F.3d 702, 707–08 (9th Cir. 2008)); *Philip Morris USA, Inc. v. Castworld Prods., Inc.*, 219 F.R.D. 494, 501 (C.D. Cal. 2003); *Coach, Inc. v. 3D Designers Inspirations*, 70 F. Supp. 3d 942, 947 (C.D. Ill. 2014). See also *Safeco*, 551 U.S. 47, 57–58 (using “reckless disregard” as proper standard for willful conduct under the Fair Credit Reporting Act).

³³³ See, e.g., *Tetra Fin. Grp., LLC v. Cell Tech Int’l Inc.*, No. 2:08-CV-935TS, 2011 WL 1749069, at *3 (D. Utah May 6, 2011) (citing *Ferguson v. Williams & Hunt, Inc.*, 221 P.3d 205, 215 (Utah 2009)); *Thomas M. Cooley Law Sch. v. Kurzon Strauss, LLP*, 978 F. Supp. 2d 849, 857 (W.D. Mich. 2013) (quoting *Harte-Hanks Commc’ns, Inc. v. Connaughton*, 491 U.S. 657, 688 (1989)).

³³⁴ See *Global-Tech Appliances v. SEB S.A.*, 131 S. Ct. 2060, 2070–71. Of course the Court in *Global-Tech* contrasted its subjective willful blindness standard with a recklessness standard. See *id.* Thus, it may be that the Court regards some forms of willfulness as satisfied by objective standards—as might be the case in its *Safeco* decision. See *Safeco*, 551 U.S. at 68 n.18 (“Unlike civil recklessness, criminal recklessness also requires subjective knowledge on the part of the offender.” (citing *Farmer* 511 U.S. at 836–37)).

³³⁵ Compare *Seagate Tech.*, 497 F.3d at 1370–71 (applying an objective standard for recklessness in patent actions), with *Harte-Hanks Commc’ns.*, 491 U.S. at 688 (noting that the standard for assessing “reckless disregard” in defamation cases is subjective).

³³⁶ See *Safeco*, 551 U.S. at 57 (“‘Willfully’ is a ‘word of many meanings whose construction is

one might reasonably expect that if, under some circumstances, willful is defined as “reckless” conduct, the term “reckless,” at least, would have a consistent meaning. If not, then the term “willful” becomes almost incomprehensible.

If we take as a starting point the definition of recklessness as an “unjustifiably high risk of harm that is either known or so obvious that it *should be known*,”³³⁷ we can illustrate the problem. Ignoring a risk that “should be known” is generally accepted as a negligence standard.³³⁸ Thus, the distinction between recklessness/willfulness and negligence (or perhaps even gross negligence) would turn on the “unjustifiably high risk of harm.” Differentiating between an unjustifiably high risk and an ordinary risk, or a somewhat high risk, will not be an easy task. Further, leaving the task to juries—or at least purporting to do so by denying summary judgment motions—under a highly deferential standard of review of jury verdicts is even more problematic. As discussed earlier, studies indicate that juries have difficulty in *criminal* cases making those kinds of distinctions and do not show an inclination to punish different levels of culpability differently.³³⁹ For the most part, willful behavior in trademark law is a source of punishment, by awarding greater damages and/or attorney’s fees to the other party. Thus, it is important for judges and juries to be able to distinguish willful from non-willful behavior. At the very least, the fact that willfulness leads to punishment should cause us to err on the side of caution when determining whether infringement is willful. But there is no general principle that compels such caution.

The Seventh Circuit’s willfulness jurisprudence in intellectual property cases is also revealing regarding the uncertain relationship among willfulness, recklessness, and negligence. Seventh Circuit’s jury instructions define recklessness as “act[ing] with indifference to [Plaintiff’s trademark rights].”³⁴⁰ Moreover, the Seventh Circuit has

often dependent on the context in which it appears.” (quoting *Bryan v. United States*, 524 U.S. 184, 191 (1998)).

³³⁷ *Farmer*, 511 U.S. at 836 (emphasis added).

³³⁸ See RESTATEMENT (SECOND) OF TORTS § 12(2) (AM. LAW INST. 1965) (discussing the meaning of “should know”). See also RESTATEMENT (THIRD) OF TORTS: LIAB. FOR PHYSICAL & EMOTIONAL HARM § 3 cmt. g (AM. LAW INST. 2010) (discussing “foreseeable likelihood”).

³³⁹ See *supra* notes 87–89 and accompanying text.

³⁴⁰ FEDERAL CIVIL JURY INSTRUCTIONS OF THE SEVENTH CIRCUIT § 13.6.5 (COMM. ON PATTERN JURY INSTRUCTIONS 2009); see also *ZAZU Designs v. L’Oreal S.A.*, 979 F.2d 499, 507 (7th Cir. 1992) (“Wilful is a word with many uses in the law, but even the weaker connotations imply knowledge of unlawfulness or reckless indifference to the law” (first citing *McLaughlin v. Richard Shoe Co.*, 486 U.S. 128, 133 (1988); then citing *Trans World Airlines, Inc. v. Thurston*, 469 U.S. 111, 126 (1985))); *Hard Rock Cafe Licensing Corp. v. Concession*

incorporated recklessness into its definition of “willful blindness.” Indeed, to be “willfully blind” one must suspect that one’s actions constitute infringement (presumably this means one must *actually* suspect this, although it is a short step to saying one *should* suspect) and fail to investigate.³⁴¹ But once you insert recklessness into this standard there is a serious flaw, revealed by a footnote in a Seventh Circuit opinion, where the court conceded:

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 the latter is an objective standard—would a reasonably prudent man in [defendant’s] shoes have known that the t-shirts were counterfeit?³⁴²

The problem of widening the avenue of willfulness by including recklessness 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 Supreme Court’s *Global-Tech* decision seems to contradict the Seventh Circuit’s approach. To the extent that courts previously assumed that “willful blindness” included recklessness—however defined—the *Global-Tech* opinion indicates that passive failure to investigate (which might indicate recklessness) is not sufficient.³⁴³ An active decision not to investigate seems to be required. That is, one must be aware of a serious risk of infringement and consciously shy away from any investigation that might reveal such infringement. But to the extent that “reckless disregard” is used as a common standard it, too, will be subject to the same potential problems.

The jury instructions quoted earlier also give no guidance on this issue. Thus, 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

Servs., 955 F.2d 1143, 1151 (7th Cir. 1992) (“Willful blindness is sufficient to trigger the mandatory [treble damages] provisions of [15 U.S.C. §1117] subsection b.” (citing *Louis Vuitton, S.A. v. Lee*, 875 F.2d 584, 590 (7th Cir. 1989))). The Second Circuit has also endorsed the concept of “willful blindness [as] equivalent to actual knowledge for purposes of the Lanham Act.” *Tiffany (NJ), Inc., v. eBay, Inc.*, 600 F.3d 93, 110 (2d Cir. 2010) (quoting *Hard Rock Cafe*, 955 F.2d at 1149).

³⁴¹ *Hard Rock Cafe*, 955 F.2d at 1149 (citing *Lee*, 875 F.2d at 590).

³⁴² *Hard Rock Cafe*, 955 F.2d at 1151 n.5.

³⁴³ See *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2070–71 (2011).

technically rise to the level of “willful” conduct as worthy of being classified as “willful,” justifying a large damages award.³⁴⁴ 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*.³⁴⁵ But no such mandate exists for willfulness in trademark.³⁴⁶ Thus, appellate review of a finding of willfulness will be very deferential. If a judge trial, then the finding is upheld unless “clearly erroneous.”³⁴⁷ If a jury trial, then the standard is even more deferential: whether a rational jury could come to this verdict.³⁴⁸ 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 extraordinary behavior.

B. 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.³⁴⁹ Courts routinely cite the fact of default as a sufficient basis to find willfulness.³⁵⁰ 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.³⁵¹ This sort of

³⁴⁴ In *Hard Rock Cafe*, the Seventh Circuit vacated and remanded the trial court’s judgment because it was uncertain whether it applied the proper legal standard. *Hard Rock Cafe*, 955 F.2d at 1149. But had the trial court applied—or at least enunciated—the proper legal standard, it appears that the Seventh Circuit would have accepted the factual conclusion of willfulness. *Id.* Moreover, evidence from patent cases suggests that juries find willful infringement at a significantly higher rate than judges. Seaman, *supra* note 253, at 444–45; see also Welkowitz, *supra* note 67, at 469–70 (suggesting that juries are less able than judges to apply legal standards relating to trademark dilution).

³⁴⁵ *Bose Corp. v. Consumers Union*, 466 U.S. 485, 514 (1984).

³⁴⁶ See, e.g., *Comput. Access Tech. Corp. v. Catalyst Enters., Inc.*, 273 F. Supp. 2d 1063, 1077 (N.D. Cal. 2003).

³⁴⁷ FED. R. CIV. P. 52(a)(6).

³⁴⁸ See *Super Duper, Inc. v. Mattel, Inc.*, 382 F. App’x 308, 312 (4th Cir. 2010).

³⁴⁹ See David S. Welkowitz, *Fault Lines in Trademark Default Judgments*, 22 J. INTEL. PROP. L. 101, 108 (2014) (discussing default judgments involving counterfeiters).

³⁵⁰ *Id.* at 109.

³⁵¹ *Id.* at 114.

“evidence” of willfulness is troubling, 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 that use this test frequently fail to cite any affirmative evidence that defaulters are more likely than not to do so in an attempt to foil the plaintiff’s efforts to brand them as willful infringers.³⁵²

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).³⁵³ 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)).³⁵⁴

A couple of recent examples from case law reinforce the feeling that evidence of willful conduct may be less than overwhelming. In *Automobili Lamborghini, S.p.A. v. Johnson*,³⁵⁵ a default judgment, the district court found “willful” infringement where defendants used various trademarks of Lamborghini, including its “raging bull” logo, and defendants failed to respond to plaintiff’s cease and desist letters (or to stop using the marks).³⁵⁶

In *Apple, Inc. v. Samsung Electronics Co., Ltd.*,³⁵⁷ the court upheld a jury verdict of willfulness in a trademark dilution action.³⁵⁸ It cited the following evidence as sufficient to support a verdict of willfulness: (1) Samsung knew of Apple’s iPhone design; (2) evidence that “Samsung viewed the iPhone as revolutionary”; (3) “Samsung

³⁵² *See id.*

³⁵³ *See Fendi Adele S.R.L. v. Filene’s Basement, Inc.*, 696 F. Supp. 2d 368, 393 (S.D.N.Y. 2010) (finding issues of fact on willfulness based on failure to respond to cease and desist letters). *Cf. Bishop v. Equinox Int’l Corp.*, 154 F.3d 1220, 1224 (10th Cir. 1998) (finding willfulness where defendant agreed to stop use, but did not, *and* defendant’s refusal was based on the plaintiff’s “relative economic weakness”). *But see Fare Deals, Ltd. v. World Choice Travel.com, Inc.*, 180 F. Supp. 2d 678, 691 (D. Md. 2001) (holding that failure to abide by cease and desist letter not sufficient to show willful blindness).

³⁵⁴ 15 U.S.C. § 1117(a), (e) (2014).

³⁵⁵ *Automobili Lamborghini, S.p.A. v. Johnson*, No. 5:13-cv-1136-TMP, 2014 U.S. Dist. LEXIS 120853 (N.D. Ala. Aug. 29, 2014).

³⁵⁶ *Id.* at *14–15.

³⁵⁷ *Apple, Inc. v. Samsung Electronics Co.*, 920 F. Supp. 2d 1079 (N.D. Cal. 2013).

³⁵⁸ *Id.* at 1098. The court did state that willful dilution was necessary. *Id.* But as noted earlier, the jury was not given any guidance on what willful intent means. *See supra* notes 302–10 and accompanying text.

attempted to create similar products.”³⁵⁹ It is unclear why this invites a conclusion that Samsung intended to trade on Apple’s reputation—let alone “willfully” intended to do so—rather than just use Apple’s innovative design but Samsung’s brand reputation. And nothing in the opinion discusses what “willful” actually means.³⁶⁰

Another problem is raised by the *adidas* jury instruction discussed earlier regarding advice of counsel as a defense to allegations of willfulness. The jury instruction required that the advice be “competent such that Payless was reasonable in relying on the advice.”³⁶¹ Such a requirement is very problematic. If the party has little experience with trademark law, it would be almost impossible to know whether an attorney’s advice is “competent.” Even experienced parties could not always be expected to divine what a court, or jury, might deem “competent” advice. It is one thing to expect a party to consult an attorney; it is quite another to require the party to know that the advice received is competent. Reliance even on incompetent advice should not make one a bad actor subject to enhanced remedies.

C. Making Willfulness Fit the Penalty: How Should Willfulness Be Interpreted?

As discussed in Part II, above, willfulness enters trademark law largely in the area of remedies.³⁶² Moreover, in each remedial situation for which it is relevant, the remedy is intended for exceptional situations, not ordinary situations. Attorney’s fees in trademark cases are expressly limited to “exceptional cases.”³⁶³ In trademark counterfeiting cases, the range of statutory damages *without* showing willfulness is very large—from \$1000 to \$200,000

³⁵⁹ *Apple*, 920 F. Supp. 2d at 1098.

³⁶⁰ In a subsequent discussion of willful *patent* infringement on Samsung’s part, the court found *against* willful infringement because Samsung’s defense to patent infringement “was not objectively baseless.” *Apple, Inc. v. Samsung Elecs. Co.*, No. 12-CV-00630-LHK, 2014 WL 4467837, at *15 (N.D. Cal. Sept. 9, 2014). This standard derives from the Federal Circuit’s willfulness cases, discussed earlier. But it suggests that willful trademark dilution can be shown with a lower standard, since the court did not even discuss whether Samsung’s defense to dilution was objectively reasonable. It is unclear why willful patent infringement, which apparently requires only reckless conduct, would impose a much higher barrier than willful trademark dilution.

³⁶¹ Jury Instructions, *supra* note 291, at No. 45.

³⁶² As noted earlier, willfulness may be a factor in the infringement analysis, even if intent is not technically relevant to confusion. *See supra* Part II. Further, contributory liability actually does turn on intent, and willfulness—or, more often, “willful blindness”—is relevant to that analysis. *See supra* Part II.

³⁶³ 15 U.S.C. § 1117(a) (2014).

per mark per type of goods.³⁶⁴ Thus, one must assume that this encompasses a wide range of behavior, from innocent to somewhat egregious.³⁶⁵ In that event, the jump to willful trademark counterfeiting, which multiplies the upper limit by ten,³⁶⁶ must be reserved for the truly exceptional cases. Thus, when we are determining the proper standard for willfulness in trademark law, we should keep in mind that willfulness generally is intended to allow extraordinary remedies in exceptional circumstances, and to separate those cases from the rest.

This helps put the Supreme Court's *Safeco* decision on the interpretation of willfulness in the proper context, particularly in light of lower court opinions permitting recklessness to suffice for exemplary damages for copyright infringement.³⁶⁷ Although the *Safeco* Court did indicate that recklessness was ordinarily encompassed by willfulness, there are multiple reasons why *Safeco*'s assumption should not control in trademark cases. From a narrow perspective, the statutory damage provisions operate somewhat more like the later *Global-Tech* case (involving contributory patent infringement), than *Safeco*. In assessing contributory liability, defendant's knowledge of *someone else's* actions is important—the contributory infringer must know that the direct infringer is infringing for secondary liability to attach.³⁶⁸ Thus, a “willful blindness” standard that is higher than recklessness was deemed appropriate in *Global-Tech* where the question was one of knowledge of another's infringement.³⁶⁹ Similarly, willful trademark counterfeiting often requires knowledge of another's infringing activity.³⁷⁰ The retail seller of counterfeit goods normally is not the maker of the goods. Thus, the seller's liability is derivative of the manufacturer's infringement. Although Congress apparently believed that counterfeiting was sufficiently problematic to impose *some* liability without a showing of knowledge, when assessing “willful” counterfeiting, especially by a retail seller, it makes sense to use the concept of “willful blindness” as equivalent to knowledge

³⁶⁴ *Id.* § 1117(c)(1).

³⁶⁵ Cf. Ann Bartow, *Counterfeits, Copying, and Class*, 48 HOUS. L. REV. 707, 742–43, 743–44, 745 (2011) (discussing different reasons why consumers might buy counterfeits and different levels of harm to the trademark owner); Hyde, *supra* note 99, at 379, 380 (discussing levels of infringement of copyright).

³⁶⁶ 15 U.S.C. § 1117(c)(2).

³⁶⁷ See, e.g., Jury Instructions, *supra* note 291, at No. 48.

³⁶⁸ *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2068 (2011).

³⁶⁹ *Id.* at 2068, 2070.

³⁷⁰ *Id.* at 2067, 2068.

(assuming one wants to allow something less than actual knowledge to suffice), as long as willful blindness is defined in accordance with *Global-Tech*.³⁷¹

The broader distinction has to do with the context of *Safeco*. The question in *Safeco* was under what circumstances a consumer should be able to recover for defendant's violation of the Fair Credit Reporting Act. The two sides in such a dispute often will be in very different positions of economic strength. And the defendant usually will be the direct violator of the statute. Under those circumstances, especially where the consumer would have *no* remedy if the defendant's actions were not considered "willful," it may be reasonable to assume that imposing liability for reckless conduct is consistent with Congress's intent. But in the case of counterfeiting, liability for significant damages exists regardless of the defendant's state of mind.³⁷² Similarly, enhanced damages under section 35(a) would add to the damages already awarded for infringement.

In the dilution context, willfulness clearly signifies an extraordinary case. The statute expressly regards an injunction as the remedy for ordinary dilution, reserving damages for cases involving "willful intent."³⁷³ Anything less than a stringent standard would belie Congress' intent to make dilution a limited remedy for a limited set of marks under limited circumstances.³⁷⁴

Cybersquatting is an especially challenging area for a discussion of

³⁷¹ This may distinguish trademark counterfeiting damages from statutory copyright damages. Although contributory copyright infringement may call for a willful blindness analysis, because of the need for knowledge of the direct infringer, where the defendant is the direct infringer willful blindness may not be the appropriate standard. I would still argue that the severe consequences of willful copyright infringement are so different from the situation in *Safeco* that the latter's assumption that recklessness suffices ought not control the question of willful copyright infringement. But, despite the frequency with which courts equate statutory copyright damages with statutory trademark counterfeiting damages, the underlying principles of liability are not equivalent. One might also argue that section 35(b), which requires treble damages and attorney's fees for *knowing* trademark counterfeiting, means that a recklessness standard should suffice under the less precise section 35(c). 15 U.S.C. § 1117(b)(1), (c). But the relevance of willful blindness to section 35(c), and the Supreme Court's emphatic statement in *Global-Tech* that willful blindness requires more than recklessness, should overcome that argument. 15 U.S.C. § 1117(c); *Global-Tech*, 131 S. Ct. at 2070.

³⁷² True, the Supreme Court in *Safeco* stated that willfully "generally" should be interpreted to include recklessness. *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 57 (2007). But neither contributory infringement—where the Court endorsed a higher standard for willful behavior in *Global-Tech*—nor enhanced damages for trademark infringement are "ordinary" situations. 15 U.S.C. § 1117(b)(1); *Global-Tech*, 131 S. Ct. at 2068. They are the exceptional cases, whereas private actions under the FCRA are the "ordinary" situation, at least as far as consumers are concerned, even if the bar for bringing the initial suit is somewhat higher than normal. *See Safeco*, 551 U.S. at 53.

³⁷³ 15 U.S.C. § 1125(c)(1), (5).

³⁷⁴ Only "famous marks" are eligible for dilution protection, for example. *See id.* § 1125(c)(2).

willfulness. Under the federal anti-cybersquatting statute, liability attaches only where there is a “bad faith intent to profit” from registering, trafficking in, or using domain names. The notion of willful cybersquatting thus is almost redundant.³⁷⁵ In order to have a bad faith intent to profit from a domain name, presumably one must know that it likely interferes with the rights of others.³⁷⁶ It is hard to imagine how being reckless would give rise to bad faith intent to profit, although perhaps one could have a “recklessly unreasonable” belief in the lawfulness of one’s actions. In any event, the real issue for our purposes is how to distinguish “ordinary” cybersquatting from “egregious” (or “willful”) cybersquatting. This is necessary for two reasons. First, unlike counterfeiting, where a knowing violation (as defined by the statute) leads to an award of attorney’s fees, cybersquatting has no automatic fee shifting provision.³⁷⁷ Thus, one must rely on the general provisions section 35(a), which limits attorney’s fees awards to “exceptional cases.”³⁷⁸ Unless all cybersquatting cases are deemed exceptional, one must sort the cases in some manner.³⁷⁹ Second, the statutory damages provision for cybersquatting, section 35(d), allows a very large range of awards: from \$1000 to \$100,000 per domain name.³⁸⁰ The most sensible interpretation of this range is that some instances of “bad faith intent to profit”³⁸¹ are more egregious than others. Finally, one should take note of section 35(e), which creates a rebuttable presumption of willful behavior if one “knowingly provided or knowingly caused to be provided materially false contact information to a domain name registrar.”³⁸² Although this provision technically applies to any violation covered by section 35’s remedial provisions, it has the most salience with respect to cybersquatting.³⁸³ Thus, it appears that Congress intended that “willful cybersquatting” should have some meaning.

³⁷⁵ See Joshua Counts Cumby, *White Blackbirds: Defining the Exceptional Cybersquatter*, 54 SANTA CLARA L. REV. 299, 343–44 (2014).

³⁷⁶ One could have such knowledge and still avoid liability, however. Section 43(d)(1)(B)(ii) exempts from liability situations where the defendant “believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.” 15 U.S.C. § 1125(d)(1)(B)(ii).

³⁷⁷ See *id.* § 1125(d).

³⁷⁸ 15 U.S.C. § 1117(a) (2014).

³⁷⁹ If all cybersquatting cases were supposed to be deemed exceptional one would have expected Congress to have included a fee shifting provision within the cybersquatting statute as it did for counterfeiting.

³⁸⁰ 15 U.S.C. § 1117(d).

³⁸¹ 15 U.S.C. § 1125(d)(1)(A)(i).

³⁸² 15 U.S.C. § 1117(e).

³⁸³ See *id.*

Taken together, these provisions point to a high standard for willful cybersquatting. The presumption is triggered by “knowing” behavior.³⁸⁴ The bad faith factors indicate that reckless behavior does not fit the paradigm of cybersquatting; but, if it does, it is somewhere within the “normal” range of such activity.³⁸⁵ That would make the egregious cases ones in which the registration or sale of the domain names was at least a deliberate attempt to interfere with the known rights of others. This is more than a simple desire to profit; it implies a desire to harm the plaintiff. That sets it apart from other willful violations, which, even if we adopt a requirement of knowing behavior, do not require an intent to harm.³⁸⁶ But, in the unique situation of cybersquatting that may be the most logical way to separate the ordinary from extraordinary. Admittedly, some courts have performed this separation based on the magnitude of the violation.³⁸⁷ Thus, one who registers a single domain name in bad faith is a less egregious violator than one who registered 1000 domain names in bad faith.³⁸⁸ But such ordering does not require the court to label defendant’s conduct as “willful.” The existence of section 35(e) suggests a role for “willful” cybersquatting. If so, simply using magnitude seems out of place. Willfulness is not a matter of magnitude of harm, it is a matter of the perpetrator’s level of intent.

The danger in each of these situations is that defining willfulness as including recklessness may lead to “ordinary” behavior being considered willful, and then granted extraordinary remedies. As discussed above, not only is recklessness poorly defined, but courts have a difficult time keeping reckless conduct separated from

³⁸⁴ *Id.*

³⁸⁵ 15 U.S.C. § 1125(d)(1)(B)(i)(I)–(IX). Perhaps there is some situation in which one would sell a domain name with reckless indifference to why someone appears willing to pay a large sum for it—that might even invoke a willful blindness approach. But that seems to fit the “ordinary” category. The statutory safe harbor requires a “reasonable” belief in the lawfulness of one’s actions. *Id.* § 1125(d)(1)(B)(ii). Assuming that one registered the domain name innocently, a large offer to purchase it should trigger some inquiry. An “unreasonable” failure to inquire would be evidence of bad faith and obviate the safe harbor. *See Solid Host, NL v. Namecheap, Inc.*, 652 F. Supp. 2d 1092, 1114 (C.D. Cal. 2009) (citing *Hard Rock Cafe Licensing Corp. v. Concession Servs.*, 955 F.2d 1143, 1149 (7th Cir. 1992)). But that should be an ordinary instance of bad faith not an extraordinary one.

³⁸⁶ *See, e.g.*, MANUAL OF MODEL CIVIL JURY INSTRUCTIONS FOR THE DIST. COURTS OF THE NINTH CIRCUIT § 15.27 (JURY INSTRUCTIONS COMM. 2007).

³⁸⁷ *See, e.g.*, *Bittorrent, Inc. v. Bittorrent Mktg. GmbH*, No. 12-cv-02525-BLF, 2014 U.S. Dist. LEXIS 157593, *40–41 (N.D. Cal. Nov. 5, 2014).

³⁸⁸ *Hsiao & Montano, Inc. v. Bangde Zhang*, No. 2:13-cv-00493(VBKx), 2013 WL 3872207, at *4 (C.D. Cal. July 24, 2013) (awarding \$3,000 per domain name for three registrations); *see also Digby Adler Grp., LLC v. Image Rent a Car, Inc.*, 79 F. Supp. 3d 1095 (N.D. Cal. 2015) (quoting *Verizon Cal. Inc. v. OnlineNIC, Inc.* No. C 08-2832 JF (RS), 2009 WL 2706393, *3 (N.D. Cal. Aug 25, 2009)) (discussing factors various courts consider in determining remedies).

negligent (“should know”) conduct.³⁸⁹ (Juries presumably have an even more difficult time separating them.) There are already significant remedies available for ordinary infringement, including counterfeiting and cybersquatting.³⁹⁰ There is no reason to allow ordinary infringement to bleed into the extraordinary. Trademark law is a balance between granting rights to trademark owners to promote public welfare (by policing competition and preventing deception), and allowing socially beneficial use of trademarks, including communicative uses and uses that promote, rather than stifle, reasonable competition.³⁹¹ Remedies are an important part of that balance, and the distinction between ordinary remedies and extraordinary ones reflects that balance.

V. CONCLUSION

A case interpreting California’s dilution statute illustrates how easily a court can slide into using an inappropriate standard for measuring willfulness. Similar to the federal dilution statute, the California statute only allows non-injunctive relief (e.g., damages) “[i]f the person against whom injunctive relief is sought *willfully intended* to cause dilution of the famous mark.”³⁹² In *Faegin v. LivingSocial, Inc.*,³⁹³ the court denied a motion to dismiss a California dilution claim for damages that alleged that, due to prior dealings with plaintiff, defendant “knew or should have known that the business names [of plaintiff and other defendants] were similar and that its advertisements would cause dilution of the famous mark.”³⁹⁴ The court cited Federal Rule 9(b)’s admonition that “[m]alice, intent, knowledge, and other conditions of a person’s mind may be alleged generally.”³⁹⁵ But that misses the point. The plaintiff did not allege that defendant *intended* to cause dilution; plaintiff did not even allege that the defendant actually knew dilution was probable. The complaint only alleged that defendant “knew or should have known”

³⁸⁹ See *supra* Part IV.A.

³⁹⁰ 15 U.S.C. § 1117(a)–(d) (2014).

³⁹¹ See Michael S. Mireles Jr., *Towards Recognizing and Reconciling the Multiplicity of Values and Interests in Trademark Law*, 44 IND. L. REV. 427, 428, 430 (2011). The latter could be undermined by, for example, excessive protection for product designs under trademark law. *Id.* at 430–31.

³⁹² CAL. BUS. & PROF. CODE § 14247(b) (West 2015) (emphasis added).

³⁹³ *Faegin v. LivingSocial, Inc.*, No. 14-cv-00418-WQH-KSC, 2015 U.S. Dist. LEXIS 32106 (S.D. Cal. Mar. 16, 2015).

³⁹⁴ *Id.* at *13–14.

³⁹⁵ *Id.* at *20.

that dilution would result.³⁹⁶ That permits mere negligence to satisfy the willfulness standard, which is almost certainly improper. Perhaps the court thought that at the pleading stage it need not be so exacting about the allegations of willfulness. But allowing an allegation of willfulness to survive a motion to dismiss may significantly increase the settlement value, as well as the discovery cost, of the lawsuit.³⁹⁷ If the plaintiff could not show anything more than negligence, then damages would not be available at all for the dilution claim. Although this was at the pleading stage, not summary judgment or a post-trial motion,³⁹⁸ that a court would so casually treat a claim of willfulness is troubling and indicates that a slide from a standard of willfulness as extraordinary behavior to one of willfulness as fairly ordinary behavior is not that far-fetched.

It is tempting to condemn “reckless” infringement by allowing enhanced damage remedies, especially for counterfeiting. However, the urge to punish should be tempered by the serious risk of error inherent in the endeavor.³⁹⁹ Given the lack of precision with which recklessness is defined, and the evidence of case law misapplying it, the risk of error must be considered significant. That calls for a principle of restraint, more like the test of *Global-Tech*, in which we err on the side of finding against willfulness.⁴⁰⁰ Unlike *Safeco*, where willfulness was essentially the only basis for ordinary liability, trademark law has many remedies, including damages, for “ordinary” infringement.⁴⁰¹ We should keep a strong line of separation between ordinary and extraordinary infringement, lest we undermine public confidence that trademark law is being used to promote the public good, not simply enrich trademark owners. Trademark law certainly is intended, at least in part, to insure fair competition, but fair competition is sometimes messy. Requiring at least some subjective element in the definition of willfulness would

³⁹⁶ *Id.* at *18.

³⁹⁷ In this case, where there were several other allegations, the added value of the dilution claim is unclear. *Id.* at *4–5.

³⁹⁸ *Id.* at *1.

³⁹⁹ *Cf. Mathews v. Eldridge*, 424 U.S. 319, 334–35 (1976) (“[O]ur prior decisions indicate that identification of the specific dictates of due process generally requires consideration of three distinct factors [including] . . . the risk of erroneous deprivation of such interest through the procedures used, and the probative value, if any, of additional or substitute procedural safeguards . . .”).

⁴⁰⁰ *See Global-Tech Appliances v. SEB S.A.*, 131 S. Ct. 2060, 2070 (2011). Such a principle could also guide summary judgment motions and motions for judgment as a matter of law.

⁴⁰¹ Trademark dilution, which only allows money damages for “willful intent” to cause dilution, allows an injunction in any case, which for ordinary situations should suffice. 15 U.S.C. § 1125(c)(1) (2014). Dilution is a limited remedy for extraordinary marks. 15 U.S.C. § 1125(c)(5).

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help minimize the danger of ordinary infringement being treated as extraordinary.