# 15.27 Trademark Damages—Plaintiff’s Actual Damages (15 U.S.C. § 1117(a))

If you find for the plaintiff on the plaintiff’s [infringement] [unfair competition] claim [and find that the defendant had statutory notice or actual notice of the plaintiff’s registered trademark], you must determine the plaintiff’s actual damages.

The plaintiff has the burden of proving actual damages by a preponderance of the evidence. Damages means the amount of money which will reasonably and fairly compensate the plaintiff for any [injury] [and] [or] [property damage] you find was caused by the defendant’s infringement of the plaintiff’s registered trademark.

You should consider the following:

1. [The [injury to] [loss of] the plaintiff’s reputation][;]

2. [The [injury to] [loss of] plaintiff’s goodwill, including injury to the plaintiff’s general business reputation][;]

3. [The lost profits that the plaintiff would have earned but for the defendant’s infringement. Profit is determined by deducting all expenses from gross revenue][;]

4. [The expense of preventing customers from being deceived][;]

5. [The cost of future corrective advertising reasonably required to correct any public confusion caused by the infringement][;] [and]

6. [*Insert any other factors that bear on plaintiff’s actual damages*].

When considering prospective costs (e.g., cost of future advertising, expense of preventing customers from being deceived), you must not overcompensate. Accordingly, your award of such future costs should not exceed the actual damage to the value of the plaintiff’s mark at the time of the infringement by the defendant.

**Comment**

The plaintiff must prove both the fact and the amount of damages. *See Intel Corp. v. Terabyte Int’l, Inc*., 6 F.3d 614, 621 (9th Cir. 1993); *Lindy Pen Co. v. Bic Pen Corp*., 982 F.2d 1400, 1407 (9th Cir. 1993).

The plaintiff’s actual damages are measured by any direct injury that plaintiff proves, and any lost profits plaintiff would have earned but for the infringement. *See Lindy Pen Co*, 982 F.2d at 1407. Trademark damages, like tort damages, are assessed by the reasonably foreseeable harm caused by the infringement. *Jason Scott Collection, Inc. v. Trendily Furniture, LLC*, 68 F.4th 1203, 1220-21 (9th Cir. 2023). A court may grant a monetary award based on “any damages sustained by the plaintiff,” *see* 15 U.S.C. § 1117(a)(2), “even where a plaintiff cannot prove actual damages, ‘so long as [the award] constitutes compensation for the plaintiff’s losses or the defendant’s unjust enrichment and is not simply a penalty for the defendant’s conduct.’” *Jason Scott Collection, Inc.*, 68 F.4th at 1222 (quoting *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1146 (9th Cir. 1997)); *see also id.* at 1221-22 (holding that “the district court did not abuse its wide discretion when it found that [plaintiff] suffered a compensable harm” in the form of “[d]amaged business relationships” due to defendant’s infringement). A court may grant a monetary award based on defendant’s profits, *see* 15 U.S.C. § 1117(a)(1), when proof of actual damage is difficult on a theory of unjust enrichment. *Lindy Pen Co.*, 982 F.2d at 1407. *See* Instruction 15.29 Trademark Damages—Defendant’s Profits (15 U.S.C. §117(a)). However, the fact that the infringer did not profit from the infringement does not preclude an award of damages.  *See Intel Corp*., 6 F.3d at 621 (holding that damages for mislabeling computer chips as those of faster manufacturer were properly calculated by multiplying infringer’s sales by plaintiff’s lost profits and taking 95% of product, based on inference that great majority of chips were counterfeit).

For a general discussion of plaintiff’s actual damages, *see* 5 J. Thomas McCarthy, Trademarks And Unfair Competition § 30:72 (4th ed. 2015).  *See also* 1a Jerome Gilson, Trademark Protection and Practice § 8.08(2) (1996) (listing examples of recoverable damages).

To avoid the risk of overcompensation in the award of prospective costs, damage instructions should inform the jury that the award of prospective costs should not exceed the damage to the value of the infringed mark. *See Adray v. Adry-Mart, Inc*., 76 F.3d 984, 989 (9th Cir. 1995).

Defendant may argue that plaintiff’s loss in sales may be caused by other market factors and not as a result of defendant’s infringement. If defendant makes such an argument, an appropriate instruction should be drafted.

When proof of actual damage is difficult, the court may the base damage award on defendant’s profits, on a theory of unjust enrichment. *Lindy Pen Co*, 982 F.2d at 1407. *See* Instruction 15.29 Trademark Damages—Defendant’s Profits (15 U.S.C. § 1117(a)).

*See* Instructions 5.2 (Measure of Types of Damages), 5.3 (Damages—Mitigation), and 5.4 (Damages Arising in the Future—Discount to Present Cash Value).

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