

Court Uses Walmart's Opinion of Counsel Against it in Affirming \$95 Million TM Damages Award

By Scott D. Hampton and William McNichol, Jr.
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On February 19, 2019, the U.S. District Court for the Eastern District of North Carolina, Western Division, issued an order regarding the jury's damages awarded to Variety in its trademark case against Walmart. As background, in April 2014 Variety Stores, Inc. brought action against Walmart Inc. for the alleged infringement of Variety's Backyard trademarks. The case was brought before a jury.

The order summarized the evidence heard by the jury and the jury's damages award. In addition, the order outlined the Court's opinion on whether the jury properly awarded monetary damages of \$95,536,846.71 to Variety.

The order summarized the evidence heard by the jury which likely influenced its award:

The jury heard evidence, both at the liability phase and the remedies phase, as to the amount of Walmart's sales, the value of Variety's trademarks, the value that Walmart placed on its brands, the royalties that Walmart paid to license other brands, the opportunity that Variety had to license its Backyard brand, third-party uses of Backyard, Walmart's attempts to argue that its profits were not attributable to the infringing mark, Walmart's costs to be deducted from profits, the geographic areas of competition, and more.

After considering the evidence above, the jury concluded that a five-percent royalty on Walmart's infringing sales totaling \$45,536,846.71 in royalties was appropriate. In addition, the jury concluded that \$50,000,000 of Walmart's infringing profits were ill-gotten and should be disgorged. In total, the jury awarded Variety \$95,536,846.71 of monetary damages.

The Court considered the validity of the jury's monetary damage award to Variety. The Court considered equitable principles in awarding monetary damages. In the *Synergistic Intern, LLC v. Korman* case the Fourth Circuit outlined six factors for courts to weigh when considering the appropriate monetary remedy under the Lanham Act: (i) whether the defendant had the intent to confuse or deceive; (ii) whether sales have been diverted; (iii) the adequacy of other remedies, (iv) any unreasonable delay by the plaintiff in asserting his rights, (v) the public interest in making the misconduct unprofitable; and (vi) whether this is a case of palming off. In addition, the Court considered other factors such as the Court's discretion to

award any equitable monetary relief “necessary to serve the interest of justice.” *Shell Oil Co. v. Commercial Petroleum, Inc.*

After consideration of the *Synergistic* factors and other equitable remedy principles the Court determined that the jury’s monetary award of \$95,536,846.71 was appropriate.

Both of these awards, individually and taken together, are reasonable, equitable, supported by the evidence, and sufficient to compensate Variety without punishing Walmart. Accordingly, the Court in its discretion, under the principles of equity and in view of the particular circumstances of this case, concludes that the jury’s award of \$95,536,846.71 is an appropriate and adequate amount of damages in this case.