
Punitive Damages Under Illinois Law And The Lanham Act

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MIP Paper Requirements
for
Prof. William Hennessey

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Despite the general attitude of federal courts that punitive damages are prohibited in trademark cases, many states presently allow for the recovery of these punitive, exemplary, or vindictive damages in trademark and non-trademark cases. Among states that allow for the recovery of punitive damages in trademark infringement cases, is Illinois. In determining the make-up and structure of punitive recoveries in Illinois, it is necessary to examine the history of Illinois punitive damage cases and the methodology of Illinois courts of yesterday and today, in the calculation of this type of damage award.

THE ORIGIN OF PUNITIVE DAMAGES IN ILLINOIS

For Illinois, among other states, in their development of punitive damage recoveries, in trademark cases, we can trace the origin of these awards to Eighteenth Century England, when punitive damages were first used to justify jury verdicts in excess of the plaintiff's actual harm.¹ The punitive damages used in 18th century English courts served to enable victims to be compensated for elements of damage not then recoverable at common law. These elements included pain and suffering and other harms to a victim. While not referred to as punitive damages, these awards worked like enhanced compensatory and punitive damages of today. Eventually, English law progressed to the point that recoverable damages included intangibles, such as pain and suffering, but punitive damages continued anyway, regardless of the fact that their original purpose had already been satisfied.²

¹ Mattyasovsky v. West Towns Bus Co., 61 Ill.2d 31, 330 N.E.2d 509 (1975)

² Exemplary Damages in the Law of Torts, 70 HARV. L. REV. 517 (1957)

Illinois has been awarding punitive damages at least as early as 1845, where the supreme court of Illinois sustained an award of exemplary damages in order "not only to compensate the plaintiff but to punish the defendant."³ Again in 1872 the Illinois Supreme Court concluded that the concept of punitive damages was "too firmly rooted in our jurisprudence to be disturbed."⁴ Many other Illinois cases serve to explain the development and structure of punitive damages in Illinois, as a bases for punitive damage recovery in trademark infringement cases. These cases include many types of actions ranging from the accidental death of a school bus rider, to libel, or negligent acts committed by policemen.

THE ILLINOIS NON-TRADEMARK CASES

It has long been established in Illinois that punitive or exemplary damages may be awarded when certain elements are present in tortious conduct. These damages may be awarded when torts are committed with the following elements present: (1) fraud, (2) actual malice, (3) deliberate violence or oppression, or when the defendant acts (4) willfully, or with (5) such gross negligence as to indicate a wanton disregard of the rights of others.⁵ Where punitive damages may be assessed, they are allowed for two policy reasons. They are allowed (1) in the nature of **punishment** and (2) as a warning and example **to deter** the defendant and others from committing like offenses in the future.⁶ While the measurement of punitive damages is a jury question, the preliminary question of whether the facts of a particular case justify the imposition of punitive damages is properly one of law.⁷

³ McNamara v. King, 7 Ill. 432 (1845).

⁴ Holmes v. Holmes, 64 Ill. 294 (1872).

⁵ Consolidated Coal Co. v. Haenni, 146 Ill. 614 (1893).

⁶ Eshelman v. Rawalt, 298 Ill. 192 (1921)

⁷ Knierim v. Izzo, 22 Ill.2d. 73 (1961)

In analyzing punitive damages in Illinois it is important to note the variety of torts deserving coverage under the doctrine of punitive damages, and the particular tests or reasons cited by Illinois judges in allowing punitive or exemplary damages in an assortment of case type

AN INJURY TO AN EMPLOYEE DUE TO THE NEGLIGENCE OF HIS EMPLOYER

In *Consolidated Coal v. Haenni*, a 1893 Illinois Supreme Court case, the court held that an employer must pay punitive damages to an employee, injured as a result of other employees acting negligently and recklessly. In this century old case, an employee, who was temporarily removed from his normal position, to help raise a heavy smoke stack lost a limb due to other company employees' arranging of a pulley system, set up to raise a smoke stack , "in a negligent and insecure manner", as well as for removing the employee from his professional job, to aid in the raising of the smoke stack. This 1893 court stated that, the amount of "smart money" which the plaintiff is thus allowed to recover "in addition to his compensation for the injury suffered" is left to the discretion of the jury, as the degree of punishment to be inflicted in this must depend on the peculiar circumstances of each case.⁸ However, the province of the jury in determining the allowance of punitive damages would be too much invaded if they were instructed that it was their duty to allow such damages, instead of being told that they might allow them, or were at liberty to allow them.⁹ In other words, a jury can not be told that they must award punitive damages.

In analyzing *Consolidated Coal*, it shall suffice to say that gross negligence shall merit a this award of so-called "smart money". While the Illinois Supreme Court did not define "smart money", they did state that this recovery would serve as a degree of punishment. While this

⁸ Consolidated Coal Co. v. Haenni, 146 Ill. 614, 627.(1893)

⁹ Id. at 627.

recovery served as punishment, it is questionable whether the court had considered the deterrent effect this excess award of damages would have on future acts of the employer, or upon other employers that make act in a similar manner in the future. Since the punishment of one defendant causes a deterrent effect on other possible parties, it seems that this award of punitive damages also served to deter future employers from acting in a grossly negligent manner.

ADULTERY

In 1921, Illinois also allowed the recovery of punitive damages for adultery, holding that the defendant acted with an evil intent or motive to injure the plaintiff.¹⁰ The court stated that the universally recognized rule for the recovery of punitive or vindictive damages, is that such damages may be recovered only in cases where the wrongful act complained of is characterized by wantonness, malice, oppression or circumstances of aggravation. Where punitive, vindictive or exemplary damages may be assessed, they are allowed in the interest of society in the nature of punishment and as a warning and example to deter the defendant and others from committing like offenses in the future.¹¹

The court concluded that the defendant's conduct was deserving of a punitive damage award to the plaintiff. They considered intentional adultery to be within the bounds of the *Consolidated Coal* factors. The specific factors were not enumerated, but it is quite likely that adultery fell within the meaning of actual malice, deliberate violence or oppression, and willfulness or gross negligence indicating wanton disregard of the rights of others, namely the victimized spouse. In addition to the already familiar punitive damage requirements, the court relied on the worth of the defendant to determine the amount of the punitive damages award. The court

¹⁰ Eshelman v. Rawalt, 298 Ill. 192.(1921)

¹¹ Id at 196.

awarded \$13,500 when the net worth of the defendant was only \$50,000 including accounts and real estate. This 1921 adultery case also sets a basis for the recovery of damages meant to punish or deter future conduct meriting these awards; namely adultery.

NEGLIGENT CONDUCT BY POLICE OFFICERS

Illinois punitive damages have also been applied to state officials in the past. *In Bucher v. Krause*, police officers were held to an award of punitive damages due to acts committed in the line of duty. In this case, plain-clothed police officers entered a bar to find a suspect. This action was based on a "tip" by an informant. The officers mistook an innocent bystander for the described suspect and grabbed him from behind without announcing that they were policeman or telling the innocent person the purpose of grabbing him. Unaware that the officers were policemen and thinking he was being robbed, the plaintiff put up a fight and was accidentally shot by one of the officers. Rather than admit their mistake, the officers proceeded to arrest the plaintiff for resisting arrest. As a result of the conduct of the officers, the plaintiff was injured, missed his own wedding, and was forced to pay a bond regarding the charges of false arrest.

The court held that the police officers' atrocious conduct, including, false arrest, accidental shooting, illegal detainment, and covering up their mistake, warranted punitive damages to the plaintiff. The court analyzed punitive damages as "such as may be imposed by way of punishment of wrongdoer and do not depend upon amount of actual pecuniary damage sustained, but depend wholly upon motive, purpose and condition of mind and heart of wrongdoer and circumstances and manner of his doing the wrong."¹² This analysis can be attributed to the policemen's failure to admit their mistake or remedy the situation, showing the purpose and condition of mind and heart of the mistaken policemen, to be one of a purposeful nature, rather than simple mistake.

¹² *Bucher v. Krause*, 200 F.2d 576, 587(1952)

Once again the court stated, "Quite generally exemplary or punitive damages are said to be awarded, not as compensation but as 'smart money', as punishment to the wrongdoer and as a deterrent, warning or example to defendant and others to admonish them not to repeat the wrongful act."¹³ In its analysis, the court left open the discretion of finding punitive damages, to the trier of fact.

ACCIDENTAL DEATH BY A SCHOOL BUS RIDER - A CRIMINAL LAW COMPARISON

In *Matyas Mattyasovszky v. West Towns Bus Co.*, the lower court allowed punitive damages for the accidental death of a 12 year old boy who was run over by a school bus while attempting to reboard after getting off at the wrong stop.¹⁴ The appellate court affirmed pecuniary damages but reversed the judgment which awarded punitive damages. The court compared punitive damages to criminal law. The court stated that the objectives of an award of punitive damages are the same as those which motivate the criminal law -- **punishment and deterrence**. Yet in a criminal case the *mens rea*, the conduct which gives rise to the imposition of punishment, must be clearly defined. That is not so when the question is whether the conduct of the defendant can be characterized as either negligence or as willful and wanton conduct. The fine that is imposed on the defendant in a criminal case goes to the state. But in a civil case the exaction taken from the defendant under the label of exemplary damages becomes a windfall for the plaintiff. This windfall, or additional recovery, serves as punishment, and has a deterrent effect on future wrongdoers. The maximum and minimum amounts of the fine imposed by way of punishment and deterrence in a criminal case are fixed by statute. In a civil case, however, the

¹³ Id. at 587

¹⁴ *Matyas Mattyasovszky v. West Towns Bus Co.*, 61 Ill.2d 31 (1975)

jury is left at large to take from the defendant and deliver to the plaintiff such amount as it sees fit.¹⁵

Additionally, the court in *Mattyasovszky* stated, "... the situations in which punitive damages become an issue cover a broad spectrum that ranges from intentional tort which is also a crime, to what we characterize today as willful and wanton conduct, a characterization that shades imperceptibly into simple negligence."¹⁶ This analysis seems to lower the standard necessary to fall under the definition of willful and wanton conduct. With this new lower standard shading upon simple negligence, the doors open to the creation of a standard for Federal trademark law.

LIBEL

Punitive damages have also been awarded in cases of libel. In *Fopay v. Noveroske*, the Illinois Court of Appeals affirmed the decision of the Illinois Circuit Court awarding punitive damages with a finding of malice.¹⁷ The defendant used libelous material to cause the dismissal of the plaintiff from his position of Xray technician. Additionally, the defendant distributed the libelous information to other parties, causing the inability of the plaintiff to seek or be accepted for employment in the Xray industry.

In the courts' analysis it enumerated the two primary functions of punitive damages as (1) to punish for prior conduct and prevent future misconduct and (2) to proportion the punitive or deterrent aspect of exemplary damages to the means of the offender.¹⁸ The court stated that Illinois law clearly allows evidence of the defendant's net worth and pecuniary position in cases in

¹⁵ *Matyas Mattyasovszky v. West Towns Bus Co.*, 61 Ill.2d 31 (1975)

¹⁶ *Id.* at 35

¹⁷ *Fopay v. Noveroske*, 334 N.E.2d 79,(1975)

¹⁸ *Id.* at 94

which punitive damages are proper. The goal thus being to apprise the jury of the information needed to assess an award which would adequately "punish" the defendant.¹⁹ While the *Fopay* court considered the award as punishment, they made no mention of the deterrent effect on other future wrongdoers.

DISMISSAL OF AN EMPLOYEE

Again in *Kelsay v. Motorola*, the Supreme Court of Illinois described the function of punitive damages as being similar to that of criminal penalty, i.e., as a punishment to wrongdoer and as means to deter such a wrongdoer and others from committing like offenses in the future...²⁰ In *Kelsay*, the lower court awarded a dismissed employee punitive damages, since the employer dismissed the employee in retaliation for her filing of a workman's compensation claim, as a result of an injury she sustained while working for the defendant. The court explained that, "in the absence of the deterrent effect of punitive damages there would be little to dissuade or deter an employer from engaging in the practice of discharging an employee for filing a workman's compensation claim."²¹ The Illinois Supreme Court denied punitives only because there was no provision under the workman's compensation act at that time forbidding discharge of employee for seeking relief under the act. However, the Supreme Court stated that punitive damages may be properly awarded in cases such as *Kelsay*, for retaliatory discharge subsequent to the date of their opinion in *Kelsay*.²²

FRAUD, AND THE VIOLATION OF THE SECURITIES ACT

There are many other causes of action warranting punitive damages in Illinois. The

¹⁹ *Fopay* at 94

²⁰ *Kelsay v. Motorola Inc.* 74 Ill.2d 172 (1978)

²¹ *Id.* at 186.

²² *Id.* at 190

possibilities are endless, in that a plaintiff may collect punitive damages when almost any wrongful act is accompanied by aggravated circumstances, including fraud, willfulness, wantonness, or malice, or the act is performed with reckless disregard for the rights of others.²³ In *Anvil v. Thornhill*, plaintiffs were awarded punitive damages when the defendants violated the Securities Act while selling them interests in condominiums. The Defendants deceived investors by lying about past accomplishments in the condominium industry, i.e., they told the plaintiffs they had built a famous condominium complex that did not even exist. There was also deceit as to bank loans that were never obtained, but were represented as being already approved. The court held that the sum of the defendants' conduct was willful, did amount to malice, and certainly surpassed inadvertence or neglect. They also stated, "we heed the call to effectively protect citizens of this state from willful acts of abuse by persons transacting in the sale of securities."²⁴ In this statement, it is apparent that the court allowed for punitive damages to deter future misconduct on the public. The fraudulent acts committed by the defendant's amounted to malice intended to injure another.

Another new development in Illinois law may be shown in *Anvil Inv. Ltd. v. Thornhill*. The court in *Anvil* stated that punitive damages must be accompanied by an award of actual damages. In *Anvil*, this criteria was met, in that the defendants spent some of the investors' money, and also caused the loss of expected investment, leading to compensatory damages.

PERSONAL INJURY DUE TO DRUNK DRIVING

Punitive damages have also been awarded for drunk driving leading to the injury. In *Beaver v. Country Mutual Insurance Co.*, the plaintiff was awarded punitive damages where the

²³ *Anvil Inv. Ltd. v. Thornhill*, 41 Ill.Dec 147 (1980).

²⁴ *Id.* at 155.

defendant "willfully and wantonly" operated a motor vehicle by driving it while intoxicated and by leaving the scene of the accident.²⁵ Typically, the court stated, "in Illinois, as in most jurisdictions that permit imposition of punitive damages, such damages are intended to punish, and to deter."²⁶

PRODUCTS LIABILITY

Along with the previously mentioned tortious actions meriting punitive damages, products liability cases have been found to merit punitive damages. In *Moore v. Remington Arms Co., Inc.*, the court awarded punitive damages to the plaintiff when a shotgun exploded, causing injury to her hand.²⁷ In *Moore*, the court based an award of punitive damages in products liability cases on (1) the corporations knowledge of the danger inherent in the product, (2) the failure to warn the public of that danger inherent in that product, and (3) notice to the corporation of prior claims, concerning the product.²⁸ The court in *Moore*, stated that the basic goals of punitive damages in products liability cases are to **punish wrongdoers and deter future conduct**, but the unique concern here is deterring manufacturers from placing dangerously defective products into the stream of commerce by making this unprofitable to an unpredictable degree.²⁹ Since damages that will be assessed by the courts are unpredictable, a company or corporation is deterred from putting dangerous products into the stream of commerce, because punitive damages could be astronomical.

WILLFUL AND WANTON FAILURE TO MAINTAIN PROPERTY

In analyzing the variety of causes of action entitled to punitive damages, *Hazelwood v.*

²⁵ Beaver v. Country Mutual Insurance Co., 95 Ill.App.3d. 1122 (1981)

²⁶ Id. at 1123

²⁷ Moore v. Remington Arms Co., Inc., 100 Ill.App.3d 1102 (1981)

²⁸ Id at 1112.

²⁹ Id at 1113.

Illinois Central Gulf Railroad, sums up three requirements necessary to receive punitive damages in the state of Illinois.³⁰ In this case, involving an injury sustained by a motorcycle rider, as a result of the railroad willfully and wantonly failing to maintain a crossing in a safe condition, the court enumerates the requirements necessary to receive punitive damages in almost any case.

Relying on *Hazelwood*, the factors in which a court should consider in determining whether to award punitive damages, and if they are excessive are (1) the nature and enormity of the wrong... An award which is disproportionate to the wrong serves none of the purposes of punitive damages and is excessive. (2) The financial status of the defendant... before a court can gauge an award, it must first gauge the financial position of the wrongdoer.... an award that is so small that it would be only an ordinary item of expenses does not serve the purposes of retribution and deterrence, an award that bankrupts the defendant is excessive... Punitive damages should be large enough to provide retribution and deterrence, but should not be so large that the award destroys the defendant. **Simply stated, the amount of the award should send a message loud enough to be heard, but not so loud as to deafen the listener.**, and (3) the potential liability of the defendant...i.e., the existence of multiple claims by numerous persons, should be taken into account.³¹ The listener, in this context, are those who would be deterred from future misconduct such as the railroad's failure to repair dangerous situations...i.e. other railroads or parties that have similar situations that could cause injury if not repaired or maintained.

Keeping in mind the requirements of punitive damages, the function of this type of damages may be expressed in the Illinois Pattern Jury instructions (IPI), by which the jury is told, "If you find that the defendant was guilty of willful or wanton conduct which proximately caused

³⁰ *Hazelwood v. Illinois Central Gulf Railroad*, 114 Ill.App.3d 70 (1983)

³¹ *Id* at 74

injury to the plaintiff and if you believe that justice and the public good require it, you may in addition to any damages in which find the plaintiff entitled, award the plaintiff an amount which will serve to punish the defendant and to deter others from the commission of like defenses."³²

While this jury instruction serves the purpose of indicating the allowance of punitive damages to punish, and deter, it does not enumerate the types of conduct that merit punitive damages under *Consolidated Coal*, such as fraud, actual malice, deliberate violence, and gross negligence. It also does not take into account that punitive damages can be awarded independently from actual damages suffered by the plaintiff.

PUNITIVE DAMAGES IN ILLINOIS TRADEMARK CASES

Early Illinois cases are not very specific as to the origin of punitive damages in trademark infringement cases. In fact there is very little mentioned as to how Illinois trademark infringement decisions came to the accept punitive damages for willful infringement. *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, is probably the first Illinois trademark infringement case involving a punitive damages analysis.³³ Under *Aladdin*, the district court awarded punitive damages to the plaintiff in light of the defendant's intentional and willful infringement. The master, in prescribing punitive damages, discussed at length appellee's advertising, disclosing clearly deliberate infringement and unfair competition over a period of years. He pointed out that the infringer supplied its dealers with advertising matter and acted in other ways that were held as unjustified, amounting to the perpetration of fraud with the real purpose in mind to profit wrongfully from the plaintiff's advertising. The master also stated that it was impossible for the defendants to escape the conclusion that the infringement and unfair competition practice by the defendant was

³² IPI 12 No. 35.01 (2d ed. 1971), Illinois jury instruction No. 35.01

³³ *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (1941)

planned, willful and deliberate, and intended to produce exactly the harm that it did on the plaintiff.³⁴ Accordingly, the master concluded that the defendant should be held liable for exemplary damages from and after the time it had actual knowledge that its practices would damage the plaintiff.

In his reasoning the master stated, "That in certain classes of cases juries are authorized to give punitive exemplary damages to punish a wrongdoer and deter others from the commission of a like wrong is well-settled law in the federal courts and in courts of this state (Illinois)...In such cases exemplary damages may be proved to be the actual money loss of the plaintiff." He also stated, "Courts have, in cases in which the action of the infringer was deliberate, fraudulent and wanton, allowed damages in addition to profits..."³⁵ The decisions the master relied on were California, New York, Florida, and Maine decisions from 1881 to 1900.³⁶ Apparently his reasoning was "if other states give punitives for trademark infringement, so can Illinois".

In *Aladdin*, the District Court, and the U.S. Court of appeals both concluded that the acts of the infringer were wanton, willful and intentionally fraudulent. The infringer was stamped a deliberate tortfeasor. The 7th Circuit, in relying on the infringer's status as a "tortfeasor", stated, "the evidence to be received, the circumstances to be considered and the amount of controversy should follow the rules covering tort action. Consequently, the master (District Court) was justified in recommending allowance of punitive damages."³⁷

The appellate court in *Aladdin*, in explaining exemplary or punitive damages, stated, "Exemplary damages are allowed against a tortfeasor whose acts are intentionally fraudulent,

³⁴ Aladdin at 714.

³⁵ Aladdin at 717

³⁶ Aladdin at 716

³⁷ Aladdin. at 716

malicious, willful or wanton. They have always been at common law. They are recognized in this jurisdiction, where this case was tried."³⁸ Once again referring to a tort-like analysis, as previously shown in non-trademark tort cases, the court followed a similar analysis, stating, "such damages (exemplary or punitive) are allowed, as sometimes said, in the interest of society, not as compensatory damages but rather in addition thereto, or as elsewhere said, as compensation to the injured party for the wrong suffered, though incidentally they may operate by way of punishment. After all, infringement is actually tortious conduct.

The court also explained that exemplary or punitive damages could not easily be measured or set in any orderly fashion, just as the punitives in non-trademark cases could not. The court stated, "Whether damages be compensatory or exemplary, if unliquidated, when determined by trier of facts, their propriety cannot be governed or measured by any precise yardstick. They must bear some reasonable relationship to the injury inflicted and the amount must rest largely in the discretion of the trier of fact."³⁹

As previously stated, *Aladdin*, being the very first Illinois case warranting punitive or exemplary damages in trademark, sets the guidelines for what is to be the ability to collect punitives in Illinois. In fact, other cases cite to *Aladdin* as the Illinois case enabling courts to award punitive damages in trademark infringement cases.

In *Keller Products, Inc. v. Rubber Linings Corp.*, the plaintiff was awarded punitive damages in a trademark infringement and unfair competition claim by the Illinois Circuit Court.⁴⁰ Both the Appellate and circuit level courts cited *Aladdin*, stating, "In a case of willful and wanton

³⁸ *Aladdin* at 717.

³⁹ *Id.* at 716.

⁴⁰ *Keller Products, Inc. v. Rubber Linings Corp.* 213 F.2d 382 (1954)

infringement the trial court has discretion to award punitive damages, but such damages should only be awarded in extreme cases.⁴¹ No other mention was made as to precedent governing punitive damages in trademark cases. Therefore, it is safe to assume that the *Keller* Court considered *Aladdin* to be the authority on awarding punitive damages in trademark infringement cases.

Subsequent to *Aladdin* and *Keller*, actions involving punitive damages for trademark infringement have again relied on *Aladdin*. In *Mobile Billboards Inc. v. Prestige Posting Inc.*, the court recognized the fact that punitive damages are recoverable in Illinois trademark infringement cases under *Aladdin*, when it stated that, "This Court recognizes that *Aladdin* upheld an award of litigation costs and punitive damages--and if that fairly reflects Illinois law, the same treatment may be appropriate here."⁴²

Again in *Zazu Designs v. L'Oreal S.A.*, a trademark infringement case brought under Illinois Unfair Competition Statutes, and the Lanham Act, Judge Marshall awarded punitive damages in a trademark infringement action, stating, "The Defendants behavior has been willful and intentional. Indeed, it acted with malice aforethought and its conduct before and during the litigation has been oppressive and deceitful. Under the law of Illinois, plaintiff is entitled to recover punitive damages in these circumstances."⁴³ These damages were partially based on the conduct of L'Oreal's attorneys in the trial. Therefore the punitive damages were not awarded for the actual infringement before trial, but the attorney conduct during the trial. In awarding punitive damages, Judge Marshal based the award on L'Oreal's conduct and on its net worth.

⁴¹ Keller at 383.

⁴² *Mobile Billboards Inc. v. Prestige Posting Inc.*, 1990 U.S. Dist. Lexis 2934, March 16, 1990

⁴³ *Zazu Designs v. L'Oreal, S.A.* 9 USPQ2.d 1972, 1979 (1988),

Punitive damages are also provided under this act. This punitive award based on the defendant's wealth was proper under *Hazelwood*, and punitive damages, in general, are permissible under Illinois statutes. Judge Marshall's fatal flaw in his awarding punitive damages was that he failed to state the origin of his punitive damage analysis, although it is apparent that he relied on *Aladdin* and Illinois statutes as a precedent. Had he cited *Hazelwood* as precedent, his punitive damage award could have been upheld.

ILLINOIS UNFAIR COMPETITION STATUTES

Under the Illinois Consumer Fraud and Deceptive Practices Act of 1979, .. "Any person who suffers damage as a result of a violation of this Act committed by any other person may bring an action against such person. The court, in its discretion may award actual damages or any other relief which the court deems proper"⁴⁴ For purposes of this Act, acts constituting deceptive trade practices, which could trigger a court's discretionary to award **any other relief which it deems as proper (possibly punitive or exemplary damages)**, may include, (1) passing off goods or services as those of another, (2) causing likelihood of confusion or of misunderstanding as to source, sponsorship, approval, or certification of goods or services; (3) causes likelihood of confusion or of misunderstanding as to affiliation, connection, or association with, or certification by another;...(8) disparaging the goods, services or business of another by false or misleading representations of fact; or (12) engages in any other conduct which similarly creates likelihood of confusion or of misunderstanding.⁴⁵

⁴⁴ Illinois Consumer Fraud and Deceptive Practices Act, Chapt. 121 1/2 par. 270a.

⁴⁵ Id at 121 1/2, par. 312

"The relief provided in this act is in addition to remedies otherwise available against the same conduct under the common law or other statutes of this State."⁴⁶ Therefore, other discretionary relief, including punitive damages, is theoretically available to the courts under this act in addition to common law punitive damages under *Aladdin*.

Today, trademark infringement cases are brought under Illinois trade practices act, and under Illinois common law unfair competition. In *McDonald's Corporation v. Ronald Gunvilly, d/b/a Monk's Pub*, a case where the defendant erected a sign advertising Monkburgers, in which the M resembles McDonald's famous "Golden Arches", and which contains "less than a billion sold", the plaintiff brought an action grounded in common law unfair competition, and deceptive trade practices under the Act.⁴⁷ While the defendant moved to dismiss all counts for the failure to state a claim, the court was not too impressed with a comparative advertising defense, and found that the Plaintiff had an action under the Illinois Anti-Dilution Statute, the Illinois Consumer Fraud Act, and the Illinois Deceptive Trade Practices Act.

Zazu Designs claimed that it was entitled to relief under the Illinois Trademark Registration Act (ILL. REV. STAT., ch. 140, par. 8), Illinois Uniform Deceptive Trade Practices Act (chapters 311-314), the Illinois Consumer Fraud and Deceptive Trade Practices Act (ch. 261, 270a), and Illinois Common Law of Unfair competition, as well as the Lanham Act. These Illinois statutes, as well as the Unfair competition action all allow for punitive damages, under the act, and by way of common law, using the *Aladdin* analysis.

Although there are presently few cases involving the evolution of punitive damages in Illinois trademark cases, since trademark infringement is a tort, the characterization of

⁴⁶ Id. at par. 313.

⁴⁷ *McDonald's Corporation v. Ronald Gunvilly, d/b/a Monk's Pub* 441 F.Supp 71, 74 (1977)

infringement is easily attainable as being one of tortious conduct. As my previous analysis traces punitive damages in "Tort" cases, it is necessary to look beyond the bounds and metes of Intellectual Property, into the realm of "Tortious Conduct in General. As stated previously, infringement is a tort. The Illinois trademark cases, warranting punitive damage awards, are considered cases involving tortious and wanton conduct. It seems that there is no difference between the infliction of injury to a person, and simply infringing their trademark, for purposes of determining Illinois' purpose of awarding punitive damages in trademark infringement cases. However, negligent infringement of one's trademark will usually merit no punitive damages in Illinois. It is necessary for the trademark infringement to be wanton or willful, but it is questionable whether this sort of conduct is enough.

As stated earlier, the *Keller* court stated that punitive damages should only be awarded in **extreme cases**. As strange as it seems, Illinois courts never really dealt with the issue of whether punitive damages are recoverable in trademark cases. They simply state that it is well established law in Illinois to award punitive damages. Once again, this statement should be attributed to *Aladdin*, although it was not. After much research as to the application of trademark law to punitive damages in Illinois, it is only necessary to accept the fact that punitive damages are awarded in Illinois, for both infringement and unfair competition actions, where trademark infringement is willful and wanton, and the precedent for this is *Aladdin*.

PUNITIVE DAMAGES UNDER THE LANHAM ACT

In analyzing punitive damages in Illinois trademark infringement cases, it is important to recognize that Federal courts adhere to the Lanham Act, which only allows for treble damages in cases of infringement. In other words, the Lanham Act ordinarily trumps or preempts any right to

Punitive Damages in Illinois, or any other state that allows for common law punitive damages in trademark infringement or unfair competition claims.

The Trademark act of 1905 was the first federal statute to provide a comprehensive scheme of civil remedies for trademark infringement. Prior acts in 1870 and 1881 merely conferred jurisdiction on federal courts for trademark registrants to seek legal and equitable relief, leaving the question of entitlement to relief to be answered by the courts. Section 16 of the 1905 Act, however, authorized federal courts in actions at law to award "any sum above the above the amount found by the verdict as the actual damages, according to the circumstances of the case, **not exceeding three times the amount of such verdict.**"⁴⁸ This award of treble damages paralleled sections 55 and 59 of the 1870 Patent Act. In fact, provisions for treble damages in Patent cases have characterized the patent laws since the Patent Act of 1793, and were mandatory until 1836.⁴⁹ The 1836 Patent Act treated good and bad faith infringement equally, and thenceforth awards of increased damages under the patent laws generally functioned as punitive damages and were confined to cases of willful infringement⁵⁰ However, these damages have evolved into treble or statutory damages throughout the Federal intellectual property laws.

Even though the 1905 Act did not expressly require scienter as a prerequisite for monetary relief, and/or treble damages, courts generally require a showing of fraud, palming off, or intentional deception as a prerequisite to recovery.⁵¹ Looking to the Legislative History of the

⁴⁸ Trademark Act Of 1904, 33 Stat 724, 728.

⁴⁹ James M. Koelemay, Monetary Relief for Trademark Infringement Under the Lanham Act, 72 TMR 458, 479.(1982)

⁵⁰ Id. at 479

⁵¹ Champion Spark Plug v. Sanders, 331 US 125, 131(1947), Koelemy, 72 TMR 458, at. 475.

Lanham Act, other factors have influenced the development of treble damages over punitive damages.⁵²

The Lanham Act has several clauses/statements dealing with punitive damages, although they are worded as treble or three times damages, it can be ascertained that these clauses are in fact dealing with punitive damages as well as deterrence, even though the creators of the Lanham Act chose not to consider them penalty. Section 35 of the Lanham Act is worded as follows:

"When violation of any right of the registrant of a mark registered in the Patent and Trademark Office shall have established in any civil action arising under this chapter, the plaintiff shall be entitled to recover (1) defendant's profits. (2) any damages sustained by the plaintiff, and (3) the costs of the action...In ascertaining damages, the court may enter judgment, according to the circumstances of the cases, for any sum above the amount found as actual damages, not exceeding three times such amount...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 PENALTY.

The court in *Getty Petroleum v Bartco Petroleum*,⁵³ explains the legislative history of the Lanham Act, and punitive damages very precisely. In *Getty*, the court stated, "where the recovery is based on damages, the court--not the jury-- may enhance the award up to three times the amount of actual damages. Such enhancement functions as compensation and not a penalty."⁵⁴ This award to the plaintiff, even though it serves punishment on the infringing defendant, merely acts as compensation to the plaintiff. It is unclear how this windfall to the plaintiff does not serve as punishment as well. The court also stated that no mention of punitive damages is made in this comprehensive statutory recovery scheme for infringement of a registered mark. Drawing from the statute's plain language, it is apparent that Congress did not allow for punitive damages as a remedy for holder's of infringed marks.⁵⁵

⁵² *Getty Petroleum v. Bartco Petroleum* 858 F.2d 103 (1988), 1988 U.S. App Lexis 13016

⁵³ *Getty Petroleum* at 103

⁵⁴ *Id.* at 107.

⁵⁵ *Getty* at 109

Nevertheless, the *Getty* court compared the legislative history of the Act, to the plain reading of the statute, to ascertain whether the Congressional purpose was different than the reading of the statutory language. In probing the history of the Lanham Act, the court stated, "there is evidence that the 1905 Act's discretionary enhancement provision was remedial rather than punitive in nature... As the House Report of 1905 explains, enhancement was partly justified by difficulty in proving actual damages... The provision is new in the law of trademarks. Similar provisions exist in copyright and patent laws."⁵⁶ However, unlike copyright law, trademark law, as well as the Lanham Act do not allow for statutory damages. This is an issue itself, since the purpose of statutory damages in copyright infringement is to account for the difficulty in calculating actual damages. How is this different than the difficulties realized in calculation trademark infringement damages?

The *Getty* court also reasoned that since no judges, prior to the enactment of the Lanham Act used their discretionary power under the 1905 Trademark Act to enhance actual damages, "Thus, the 1905 Act's language, history, and judicial construction give no affirmative indication that when Congress enacted section 35 of the Lanham Act--basing its recovery scheme in part on the 1905 Act--it aimed to furnish punitive damages as a remedy."⁵⁷ The Court also turned to the "compensation and penalty clause", inserted into the Lanham Act by Congress, as supporting that a sec 35 of Lanham Act precludes punitive damages.

In stating that the "compensation and penalty clause" precluded punitive damages, the *Getty* court emphasized discussions between Representative Lanham and Edward Rogers before the Subcommittee on Trademarks of 1941. The statements were as follows:

⁵⁶ Id. at 117

⁵⁷ Id at 109

Mr. Fenning- "despite the compensation and penalty clause and the requirement that courts consider the circumstances of each case, the provision might allow unlimited recovery. Under this provision, if a judge thinks the infringer has done a bad thing, the court can fine him in any sum he wants to." Representative Lanham agreed, stating, "There should be some limitation." Reacting to the suggestion that Plaintiffs receive as recovery of defendant's profits an amount exceeding defendant's total sales, Rogers stated, "You are going to have a penalty there and you don't want it."⁵⁸

Finally, the *Getty* court relied on a letter dealing with the principles of equity, to Representative Lanham, suggesting that the addition of the words "according to the principles of equity", obviously does not evince a congressional purpose with respect to punitive damages, it is at least plain that absent express statutory authority, punitive damages are not ordinarily recoverable in equity.⁵⁹ The Court, continuing there analysis of the plain language of the Act stated, "Neither the Lanham Act's antecedent--the 1905 Act--nor its embellishments in the context of monetary recovery evidence any congressional purpose to authorize punitive damages."⁶⁰

CASELAW CONCERNING ENHANCED DAMAGE AWARDS FOR TRADEMARK INFRINGEMENT UNDER THE LANHAM ACT.

The *Getty* court states,

"Section 35 of the Lanham Act does not authorize an additional award of Punitive damages for willful infringement of a registered trademark. So long as its purpose is to compensate a plaintiff for its actual injuries--even though the award is designed to deter wrongful conduct--the Lanham Act remains remedial.. **To the extent that deterrence of willful infringement is needed, the statutorily provided remedies of section 35 are sufficient: a district court is empowered to enhance a monetary recovery of damages or profits.**"⁶¹

In other words, the Lanham Act serves merely to empower a court to award treble damages when a defendant willfully infringes a trademark, the only purpose being **deterrence**. The court feels that punitive damages are inappropriate in willful infringement cases. Mere deterrence is enough in their minds.

⁵⁸ Hearings on H.R. 102, 77th Cong., 1st Session 203 (1941)

⁵⁹ *Coca Cola v. Dixi-Cola Labs*, 155 F.2d 59, 63 (1946)

⁶⁰ *Getty* at 111

⁶¹ *Deering, Milliken & Co. v Gilbert*, 269 F.2d 191,194

Revisiting *Zazu*, the Appellate level stated, "Punitive damages are problematic because the Lanham Act, although providing for trebling of compensatory damages forbids other penalties."

The Court however, did not push the issue of punitive damages, since the District Court Judge related those damages to "bad conduct" during the Litigation, on the part of the defendant. The appellate court stated that Judge Marshall was permitted to award punitive damages under Fed. R. Civ. P. 11, and 28 U.S.C. sec 1927. The Court also took note that *Aladdin* and *Keller* were "some old cases saying that Illinois law supports punitive awards in trademark cases", but they did not reiterate on the Illinois law, since the defendant did not appeal on the grounds of punitive damages.

In analyzing preemption of Illinois state statutory and common law by the Lanham Act, and its barring of state law punitive damages in trademark cases, it is difficult if not impossible to trace the routes of state law being swept under the mat to make way for the LANHAM ACT. As one may easily see, Illinois has allowed for punitive damages in trademark infringement cases, and Federal Courts have taken notice to those damage recoveries. In the opinion of the United States Court of Appeals For the Third Circuit on the subject of Illinois and other state common law punitive damage awards, and their meaning in the world of the Federal Courts and the Lanham Act.

The Third Circuit in 1975, in *Caesar's World Inc. v Venus Lounge Inc.*, stated, "...the 1946 Act (Lanham) represented a fresh start in the matter of trademark protection. As the Senate Committee Report on the Lanham Act puts it:

"The theory once prevailed that protection of trademarks was entirely a State matter and that right to mark was a common-law right. Many years ago the Supreme court held and has recently repeated that there is no Federal Common Law. It is obvious that the states can change the common-law with respects to trademarks and many of them have, with the possible result that there may be as many different varieties of

⁶² Id at 193.

common law as there are states. A man's rights to his trademark in one state may differ widely from the rights he enjoys in another."⁶³

However, trade is no longer local, but is national. Marks used in interstate commerce are properly subject of federal regulation...⁶⁴ Since as the Senate Report makes clear, the federal courts often looked to state law for the scope of trademark protection when interpreting previous statutes, precedents from the pre-Lanham Act period are not definitive. Thus we do not regard as controlling the holding in Aladdin Mfg. v. Mantle Lamp Co., 116 F.2d 708 (7th Cir. 1941) that punitive damages could be awarded under earlier statute..." The court here relies on the preemption of state or common law by federal law or statute. Namely the Lanham Act preempts Illinois Common Law's awards of punitive damages in trademark infringement cases.

THE SIZE OF AN AWARD RELATED TO SIZE OR FINANCIAL STATUS OF THE DEFENDANT

In analyzing the recovery of punitive damages, it is necessary to look at the relationship between the amount of the award, and the size of the defendant. Analyzing the previous materials, one can only ponder on the future awards of punitive damages. However, it is necessary to attribute the amount of a punitive damage award to some means. Looking to previously discussed cases, courts have indirectly and directly stated that the size of an award is related to the size or financial position of a Defendant. Courts have stated that Illinois law clearly allows evidence of the defendant's net worth and pecuniary position in cases in which punitive damages are proper. The goal thus being to apprise the jury of the information needed to assess

⁶³ 520 F.2d 269 (1975)

⁶⁴ S. Rep. No. 1333 (1946)

an award which would adequately punish the defendant.⁶⁵ More simply, couldn't this have been stated as, the larger or wealthier the defendant, the larger the award necessary to punish them?

As previously stated, the *Hazelwood* Factors, give a foundation for courts to determine whether punitive damages are appropriate and/or excessive. The court in *Hazelwood* analyzed: (2) The financial status of the defendant... before a court can gauge an award, it must first gauge the financial position of the wrongdoer.... an award that is so small that it would be only an ordinary item of expenses does not serve the purposes of retribution and deterrence, an award that bankrupts the defendant is excessive... Punitive damages should be large enough to provide retribution and deterrence, but should not be so large that the award destroys the defendant. **Simply stated, the amount of the award should send a message loud enough to be heard, but not so loud as to deafen the listener.**⁶⁶ In gauging the financial position of a defendant, courts are assessing damages on those figures, clearly showing the direct relationship between financial worth of a defendant and the punitive damage award they shall be held to.

Applying the statements by the courts, one could assume that punitive damage awards would be higher in the cases of corporations or large businesses, since the financial position of major companies is better than that of individuals or small companies. A direct relationship is formed between the financial status of a defendant, and the severity of the punitive damage award necessary to serve the purposes of retribution and deterrence. The effect of this relationship, simply stated, is that the larger the profits, the larger the damage award necessary to punish the defendant. If a large company realizes a large profit margin, yet they are required to pay only a small damage award, than the tortious conduct could have been worth the expense it cost the company. The optimal deterrence is achieved when the level of prospective damages induces the potential tortfeasor to take precautions against committing the tort that cost as much as the damages the prevent. Because precautions costing less or more than that amount are not optimal,

⁶⁵ Fopay v. Noversoske, 334 N.E.2d 79, (1975)

⁶⁶ Hazelwood v. Illinois Central Gulf Railroad, 114 Ill.App.3d 70 (1983)

each defendant shall be faced with a threat of an award reflecting the average damage done to persons harmed by the tort.⁶⁷ In other words, the potential punitive damages must be at least as great as the possibility of harm, and outweigh the costs to prevent a tort.

Applying punitive damages to infringement actions under Section 35 of the Lanham Act, the court may enter judgment for any sum above the amount found as actual damages, not exceeding three times such amount...according to the circumstances of the case.⁶⁸ Keeping this in mind, in infringement actions, treble damages may be awarded, in relation to actual damages. Actual damages could be considered directly relational to the size or financial status of a defendant. The larger or wealthier the defendant, the larger the actual damages, due to the effect of infringement of intellectual property rights. The larger a defendant, the larger the damage they may cause to a plaintiff. This is a result of the relationship between the size of a business and its profits. Since the profits realized by an infringer are recoverable by the plaintiff, the larger those profits, the larger the treble damages.(3 times the profit)

In general, plaintiffs can recover higher punitive damage awards from corporations or big business. As this paper has shown, punitive damage awards have been paid to defendants by individuals, as well as corporations, for many types of actions. However, it is the general trend that those with "deep pockets" pay higher awards. In the realm of intellectual property infringement actions, one is generally more likely to recover punitive damages from a intentionally infringing large corporation, than an infringing individual or small business.

⁶⁷ United States v. Carroll Towing Co., 159 F.2d 169, 173 (2d Cir. 1947)

⁶⁸ Section 35 of the Lanham Act

CONCLUSION

It is apparent that Illinois punitive damage awards for trademark infringement are well established when tortious conduct is apparent. The process in which Illinois developed the recovery of those damages by way of various torts is not completely traceable, but nonetheless it does exist. The federal courts do recognize that Illinois, as well as many other states allow punitive or exemplary damages in trademark cases, but choose to simply ignore or forget about it.

As of 1993, the United Supreme Court has not dealt with the issue of punitive damages under the Lanham Act, excluding the awarding of attorney's fees, and it is questionable what a decision of this caliber might result in. One can only ponder on the sufficiency or usefulness of state common law trademark rights, when federal judges and justices of today trump them with little or no explanation. While one is entitled to punitive damages under state law for unfair competition, deceptive trade practices, and especially trademark infringement, chances are that if the holding in that state level court is appealed, the punitive damage award will be thrown out. Under the Lanham Act, Federal Courts will not allow the state court punitive or exemplary awards in trademark cases.

Another point in which the majority is lacking is the Related Goods and Services Doctrine. While the majority recognized the Doctrine as related to L'Oreal and its payment to Riviera Slacks, a senior trademark holder who manufactured clothing, they neglected to use the Doctrine, when it came to Zazu Designs and the relationship between haircare services and haircare products.

These examples of the majority failing to observe basic trademark law precedent lead to the failure to recognize the reasoning behind Judge Marshall's punitive damage award. Since it was impossible for the majority to decipher between innocent and willful infringement, it was also impossible for them to recognize the need for punitive damages under the Illinois statutes. The majority used an analysis that Zazu Designs could simply acquire a new mark, misunderstanding the basic trademark theory that " a new mark is not as good as an old established one".

THE SIZE OF AN AWARD RELATED TO SIZE OR FINANCIAL STATUS OF THE DEFENDANT

In analyzing the recovery of punitive damages, it is necessary to look at the relationship between the amount of the award, and the size of the defendant. Analyzing the previous materials, one can only ponder on the future awards of punitive damages. However, it is necessary to attribute the amount of a punitive damage award to some means. Looking to previously discussed cases, courts have indirectly and directly stated that the size of an award is related to the size or financial position of a Defendant. Courts have stated that Illinois law clearly allows evidence of the defendant's net worth and pecuniary position in cases in which punitive damages are proper. The goal thus being to apprise the jury of the information needed to assess

However, in analyzing the actual punitive damage award the majority in the Appellate level seems to depart completely from established Illinois law and the law of the Seventh Circuit.⁶² Judge Marshall's award of punitive damages arose under Illinois law. He properly based the punitive damage award on L'Oreal's conduct and on its net worth.⁶³

The majority in the Appellate level simply ignore Illinois' unfair competition statutes. Those statutes prohibit deceptive trade practices, including trademark, service mark, trade dress, and trade name infringement.⁶⁴ In calculating and ordering punitive damages, Judge Marshall relied on The Illinois Consumer Fraud and Deceptive Business Practices Act, which provides for awards of actual and punitive damages⁶⁵, and the Illinois Uniform Deceptive Practices Act, which allows for injunctions against violation of its provisions.⁶⁶ Both statutes allow for the awarding of attorney's fees in appropriate cases. In light of what the majority labels L'Oreal's "misconduct", Judge Marshall's punitive damage award was fully justified.⁶⁷

In analyzing preemption of Illinois state statutory and common law by the Lanham Act, and its barring of state law punitive damages in trademark cases, it is difficult if not impossible to trace the routes of state law being swept under the mat to make way for the LANHAM ACT. As one may easily see, Illinois has allowed for punitive damages in trademark infringement cases, and Federal Courts have taken notice to those damage recoveries. Further looking to this issue of preemption, the U.S. Supreme Court Has held that where punitive damages are awarded under

⁶² Petition for Rehearing, United States Court of Appeals for the Seventh Circuit, No. 91-2842 at pg 12.

⁶³ Hazelwood v. Illinois Central Gulf R.R. Co., 144 Ill.App.3d 703 (1983), Petition for Rehearing, United States Court of Appeals for the Seventh Circuit, No. 91-2842

⁶⁴ Petition for Rehearing, United States Court of Appeals for the Seventh Circuit, No. 91-2842 at pg 13.

⁶⁵ Ill. Rev. Stat. ch. 121 1/2, sec. 261

⁶⁶ Id at sec. 311

⁶⁷ Petition for Rehearing, United States Court of Appeals for the Seventh Circuit, No. 91-2842 at pg 13.

state law, state law determines the approach to calculating such damages.⁶⁸ However, it is questionable why this opinion was never reviewed by the Appellate level in *Zazu*.

The majority decision in the *Zazu* appeal makes fundamental changes in long established trademark law. Without declaring it in so many words, the decision radically abridges, if not totally eliminates, the "common law" trademark rights federally recognized in section 43(a) of the Lanham Act, 15 U.S.C. sec. 1125. It also vitiates the Illinois trademark and unfair competition statutes asserted against L'Oreal, by denying *Zazu Designs* any relief under those provisions.⁶⁹

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However, trade is no longer local, but is national. Marks used in interstate commerce are properly subject of federal regulation...⁷¹ Since as the Senate Report makes clear, the federal courts often looked to state law for the scope of trademark protection when interpreting previous statutes, precedents from the pre-Lanham Act period are not definitive. Thus we do not regard as controlling the holding in *Aladdin Mfg. v. Mantle Lamp Co.*, 116 F.2d 708 (7th Cir. 1941) that

⁶⁸ *Browning-Ferris Industries, Inc. v. Kelco Disposal, Inc.*, 109 S.Ct. 2909, 2922 (1989).

⁶⁹ Petition for Rehearing, United States Court of Appeals for the Seventh Circuit, No. 91-2842 at pg 1.

⁷⁰ 520 F.2d 269 (1975)

⁷¹ S. Rep. No. 1333 (1946)

punitive damages could be awarded under earlier statute..." The court here relies on the preemption of state or common law by federal law or statute. Namely the Lanham Act preempts Illinois Common Law's awards of punitive damages in trademark infringement cases.

Judge Easterbrook, in his opinion, stated that Judge Marshall's punitive damage award was problematic because the Lanham Act, although providing for the trebling of compensatory damages, forbids other penalties. He stated that the district court, namely Judge Marshall, found a punitive award authorized by the law of Illinois, without explaining where one finds such authority. Judge Easterbrook also stated that "since some old cases say that Illinois law supports punitive damage awards in trademark cases...we press forward." While Judge Easterbrook avoided the subject of Illinois Law as precedent, apparently, had Judge Marshall given a more concise or detailed opinion on Illinois cases, such as *Aladdin*, his ruling would not have been reversed, on the subject of punitive damages.

While the Appellate level went into a detailed analysis, to support their reversal of Judge Marshall's earlier decision, it simply did not seem that they understood basic long held trademark principles, or recent controlling Supreme Court decisions regarding common law trademarks, or they simply chose to ignore them.

Easterbrook and the appellate court failed to take notice of several theories observed by Marshall. Among other things, Easterbrook did not analyze the controlling recent Supreme Court decision, *Two Pesos Inc. v. Taco Cabana Inc.*, where the Supreme Court unambiguously supports the continuing viability of common law marks, and declares that legal considerations are the same for common law marks as for registered marks.⁷² Also by its ruling, the majority overturns Section 43(a) of the Lanham Act, as well as state statutes that are not preempted by federal law.

⁷² Two Pesos, Inc. v. Taco Cabana, Inc. 112 S.Ct. 2753, 2755 (1992).