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May 30, 2014

Supreme Court Gives a Primer on Laches in Intellectual Property Cases

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In a recent copyright case revolving around the film *Raging Bull*, the Supreme Court **held** that the equitable doctrine of laches, which generally prevents claims where there was an unreasonable delay, does not bar a claim brought within the three-year statute of limitations articulated in the Copyright Act. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. ____ (2014). The opinion went on to give a primer on the effects of delays in bringing intellectual property claims, particularly how the doctrines of laches and estoppel play out in copyright, trademark, and patent cases.

The Backstory:

Boxing champion Jake LaMotta and his friend Frank Petrella told the story of LaMotta's boxing career in two screenplays and a book, registered in 1963, 1970, and 1973. Metro-Goldwyn-Mayer (MGM) acquired the motion picture rights, and in 1980, released the film *Raging Bull*. A year later, in 1981, Petrella died. Upon his death, his renewal rights in his copyright reverted to his heirs (these works were registered before the current Copyright Act and **required renewals**). His heirs then had the right to renew the copyrights unburdened by any prior assignment, which his daughter did in 1991.

In 1998, Ms. Petrella's attorney wrote to MGM asserting that she owned the copyright in the screenplay and that the film *Raging Bull* infringed upon that copyright. For two years, they exchanged correspondence in which Ms. Petrella threatened suit. However, it was not until 2009 that she filed a copyright infringement suit.

On summary judgment, the district court held that the claims were barred by the doctrine of laches because Ms. Petrella unreasonably delayed for 18 years in bringing her claim. The Court of Appeals for the Ninth Circuit affirmed the laches-based dismissal. The Supreme Court granted certiorari "to resolve a split among the Circuits on the application of the equitable defense of laches to copyright infringement claims brought within the three-year look-back period prescribed by Congress." 572 U.S. ____, *10.

The Copyright Act Statute of Limitations:

The Copyright Act states that a claim for copyright infringement must be commenced within three years after it accrues. 17 U.S.C. §507(b). A copyright claim "accrues" when an infringing act occurs, which many Circuits count as when the plaintiff discovered, or with due diligence should have discovered, the infringement. 572 U.S. ____, *4. If a defendant commits successive violations, the statute of limitations runs separately from each violation – that is, each time an infringing work is reproduced or distributed, a new statute of limitations begins to run. *Id.* at *4. In essence, the Copyright Act's statute of limitations provides that a plaintiff may only seek damages running back three years.

The Supreme Court Lays it All Out:

Copyright: In the core of the Supreme Court's opinion, it articulates three primary rules for laches in a copyright case.

First, the equitable doctrine of laches cannot be a complete bar to a copyright infringement suit brought within the three-year statute of limitations. The Court explains that laches is meant to be a gap-filler where there is no statute of limitations, and if there is a statute of limitations, laches may not override such legislation. *Id.* at *14 (laches serves as "essentially gap-filling, not legislation-overriding"). Justice Ginsburg explains in the majority opinion that copyright owners need not "challenge each and every actionable infringement," and that "there is nothing untoward about waiting to see whether an infringer's exploitation undercuts the value of the copyrighted work, has no effect on the original work, or even complements it." *Id.* at *16-17. The majority goes on to explain that the three-year statute of limitations "allows a copyright owner to defer suit until she can estimate whether litigation is worth the candle." *Id.* at *17.

Second, in extraordinary circumstances, delay in commencing suit may curtail the availability of equitable relief, like destruction of infringing materials or an injunction against future infringement. *Id.* at *20. The Court adopted this standard from a Sixth Circuit case (*Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227 (6th Cir. 2007)), and used that case as an illustrative example. That Sixth Circuit case involved copyright infringement of architectural works; where there was a delay such that the allegedly infringing homes were already built and lived in, the Sixth Circuit held that the plaintiff would not be entitled to destruction of the homes.

Third, though not a bar, delay in bringing suit may be considered in assessing damages, particularly the defendant's reliance on the delay in calculating its profits.

Trademark: Although the Petrella case did not involve trademark claims, the Court specifically articulated that, unlike in copyright cases, laches *does* apply in trademark cases. In a footnote, the Court explains that, since the Lanham Act does not contain a statute of limitations, gap-fill is needed and laches would thus appropriately be applied as a defense. ___ at *13, n. 15.

Patent: As to patent cases, the Patent Act provides a six-year statute of limitations. 35 U.S.C. §286. Applying the Court's reasoning, since there is no gap-fill needed, it would seem that laches would be inappropriate as a bar in a patent case within six years of accrual. However, the Federal Circuit's current precedent in patent cases is that laches can bar damages incurred prior to the commencement of suit; in the same footnote, the Court explains that it is not weighing in on this – at least, not yet: "We have not had occasion to review the Federal Circuit's position." ___ at *13, n. 15.

Estoppel: Finally, the Court explained that, unlike laches, the defense of estoppel is not affected by a statute of limitations. Estoppel is a defense where the plaintiff engaged in "intentionally misleading representations concerning his abstention from suit, and the alleged infringer detrimentally relies on the copyright owner's deception." ___ at *19. Though delay may be involved in an estoppel defense, the Court explained that deception is the key element of estoppel. As such, a defense of estoppel would not override a statute of limitations, and thus the existence of a statute of limitations does not bar an estoppel defense.