

## PATENT AND TRADEMARK LAW



# Laches in Trademark Infringement: How Long Can You Sleep on Rights?

Trademark infringement litigation typically centers around requests for injunctive relief. Although monetary relief is regularly sought, damages are awarded in only a small percentage of cases. Because the courts' equitable powers are called upon, the principles (and maxims) of equity are frequently invoked, including unclean hands ("he who comes into equity must do so with clean hands") and laches ("equity aids the vigilant, not those who slumber on their rights"). Because the consuming public's interest in not being exposed to confusingly similar trademarks is held to be paramount to the interests of the private litigants, an interesting body of laches case law has arisen regarding the circumstances in which a plaintiff's delay in taking action is so inexcusable that it can be barred from all relief.

There are two types of injunctions that come into play in trademark cases: preliminary and permanent. Not surprisingly, the delay that can bar a preliminary injunction or temporary restraining order is much shorter than that which will bar permanent relief; the former is measured in weeks or months, the latter in years or even decades.

By  
**Robert C.  
Scheinfeld**



### Preliminary Injunctions

Many trademark cases involve requests for preliminary injunctions, and the courts typically take a particularly hard look at how quickly plaintiffs have acted to seek this extraordinary relief. The reason is that in order to prove entitlement to preliminary injunctive relief, a plaintiff must prove that it is likely to succeed on the merits of its infringement claim and that it is suffering irreparable harm. The courts have found that a delay of even a few months between the time a plaintiff "knew or should have known" of the alleged infringement and the filing of a motion for a preliminary injunction can bar the relief, as such delay undercuts the claim that a party is suffering immediate irreparable harm.

The U.S. Court of Appeals for the Second Circuit has for many years been the strictest court in the country on this issue and has been willing to reverse the issuance of a preliminary injunction where it finds the plaintiff has inexcusably delayed. It should be noted that in this context, the

plaintiff's delay is the sole focus, and the courts do not even inquire into whether the defendant has suffered prejudice as a result of the delay, typically the second prong of the laches inquiry. Thus, in the seminal decision of *Citibank N.A. v. CityTrust*,<sup>1</sup> the Second Circuit reversed the entry of a preliminary injunction, finding that the plaintiff had delayed for 10 weeks after receiving actual notice of the defendant's use, that it "should have known" of defendant's use months earlier, and that, as a result, the plaintiff's claim of irreparable harm was rebutted by its delay in seeking relief.

Since the Citibank reversal in 1985, the district courts within the Second Circuit have taken a hard line on the plaintiff's need to quickly seek preliminary injunctive relief or else lose the presumption that irreparable harm is occurring. Thus, studies establish that courts within the Second Circuit are significantly less lenient than the district courts in other circuits.<sup>2</sup> Delays of up to six months or more are sometimes excused in other courts, but within the Second Circuit, delays of more than three months are rarely excused.

### Permanent Injunctions

When a defendant asserts a laches defense on the merits of a trademark infringement claim, it bears the burden of proving inexcusable delay, and

ROBERT C. SCHEINFELD is the partner-in-charge of, and head of the intellectual property group in, the New York office of Baker Botts.

its own prejudice resulting from that delay. Even where a laches defense is held to apply, some courts are hesitant to find that it bars all relief, including an injunction. That is because of the public interest and the concern that consumers<sup>8</sup> will suffer confusion in the absence of an injunction, despite the plaintiff's seeming lack of concern regarding confusion during the many years it delayed in taking action. However, the longer the delay, the more willing the courts appear to be to find that laches will bar all relief, including a permanent injunction.

### How Long Is Too Long?

The answer to this question is "it depends." Trademark cases are highly fact-specific in nature, and as a result, there is no specific time period, such as a statute of limitations, which the practitioner can look to in determining whether laches applies, and if so, what relief will be barred. However, some guidelines can be gleaned from the case law. In order for laches to apply on the merits of a claim and with respect to permanent relief, the plaintiff's delay will likely need to have been for several years. For laches to bar all relief, the delay will likely need to be longer than three years, although a delay of less than four years has resulted in all relief being barred. In one "outlier" decision, discussed below, an injunction was found to be appropriate after a 13-year delay.

In *Golden West Brewing Co. v. Milonas & Sons*,<sup>3</sup> a three-year delay was held to bar monetary relief, but not an injunction. In *Columbia University v. Columbia/HCA Healthcare Corp.*,<sup>4</sup> a three-and-a-half-year delay was found sufficient to bar all relief. Similarly, in *Grupo Gigante SA v. Dallo & Co.*,<sup>5</sup> the U.S. Court of Appeals for the Ninth Circuit found a four-year delay sufficient to bar all relief, and in *Conopoco v. Campbell Soup*<sup>6</sup> the Second Circuit

reached a similar conclusion due to a five-year delay. Similar conclusions have been reached by courts with respect to delays of six (*Valvoline Oil v. Halvoline Oil*),<sup>7</sup> seven (see, e.g., *American Dietetics Co. v. Plus Products*)<sup>8</sup> and eight years (see, e.g., *Landers, Frary & Clark v. Universal Cooler Corp.*).<sup>9</sup>

A plaintiff's delay in taking action is a potential factor in all trademark litigation.

Interestingly, there are two circuit court rulings which involved nine-year delays and which reached different results on the question of whether laches barred all relief. In *Layton Pure Food Co. v. Church & Dwight Co.*,<sup>10</sup> the U.S. Court of Appeals for the Eighth Circuit upheld the grant of an injunction despite the plaintiff's nine-year delay. But this decision dates from 1910 and therefore may have limited applicability in today's economy.

In *Chattanooga Mfg. v. Nike*,<sup>11</sup> the U.S. Court of Appeals for the Seventh Circuit found that plaintiff's nine-year delay in taking action against Nike's famous JORDAN trademark was so "egregious" that all relief was barred, despite the fact that plaintiff had priority of use of the JORDAN trademark and continued to sell JORDAN clothing. Thus, when viewed in the context of the above decisions, in which delay of less than four years has been held to bar all relief, and longer delays have resulted in the same conclusion, the Nike decision would appear to reflect the "modern" view of the laches defense.

The one "outlier" decision referred to above is the Seventh Circuit's decision in *James Burroughs v. Sign of Befeater*.<sup>12</sup> There, the court held that a 13-year delay did not bar injunctive

relief. This decision, however, can be explained by several unique facts. It was the second time the Seventh Circuit had reversed the district court, and in the first appeal the appeals court had instructed the district court to enter an injunction, which it refused to do, finding for the second time that such relief was barred by laches. Also, there was evidence of actual consumer confusion resulting from the parties' concurrent use of the BEEFEATER trademark, and the defendant had expanded its use of the mark by opening additional BEEFEATER restaurants even after suit was filed. The sui generis nature of the inquiry is evidenced by the fact that in its Nike decision more than two decades later, the Seventh Circuit did not cite or distinguish *Burroughs*, and found that a nine-year delay barred all relief.

### Conclusion

A plaintiff's delay in taking action is a potential factor in all trademark litigation. Even a very short delay can result in a denial of preliminary relief. A longer delay and a showing of defendant's prejudice resulting from that delay would seem to be required for a laches defense to be successful. But the case law demonstrates that delays as short as three-and-a-half years can serve to bar all relief, and delays of four or more years will likely lead to this result.

- .....●.....
1. 756 F.2d 273, 276 (2d Cir. 1985).
  2. Edelman, Delay in Filing Preliminary Injunction Motions: A Five Year Update, 85 Trademark Rep. 1 (1995).
  3. 104 F.2d 752 (9th Cir. 1939).
  4. 964 F.Supp. 733 (S.D.N.Y. 1997).
  5. 391 F.3d 1088 (9th Cir. 2004).
  6. 95 F.3d 187 (2d Cir. 1996).
  7. 211 F. 189 (D.N.Y. 1913).
  8. 412 F.Supp. 691 (S.D.N.Y. 1976) aff'd. 551 F.2d 299 (2d Cir. 1976).
  9. 85 F.2d 46 (2d Cir. 1936).
  10. 182 F. 35 (8th Cir. 1910).
  11. 301 F.3d 789 (7th Cir. 2002).
  12. 572 F.2d 574, 578-79 (7th Cir. 1978).