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INTELLECTUAL PROPERTY LAW

Intellectual Property Alert:

Supreme Court Debates Laches Defense — Change Is Coming

By Marc S. Cooperman

Jan. 22, 2014 — In an energetic oral argument on Jan. 21 that would have made first-year law students cringe, the Supreme Court debated the proper role of laches as a defense against the backdrops of statutory language versus Congressional intent, equitable versus legal remedies, and the Rules Enabling Act (for those of you who may not remember that, it's the 1934 Act leading to the creation of the Federal Rules of Civil Procedure). Specifically, in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, the Justices will decide what role, if any, the venerable equitable defense of laches plays under the Copyright Statute, where Congress has provided for an express three-year statute of limitations. Notably, based on the Court's questions, it is plausible that the decision will impact patent and trademark litigation as well, where laches is also frequently raised as a defense.

"Raging Bull"

The case involves a claim of copyright infringement concerning the movie and screenplay for the boxing biography "Raging Bull." Petrella — the daughter of one of the authors — sued MGM claiming both damages and an injunction for violation of her father's copyrights. MGM won summary judgment that laches barred the suit because Petrella had delayed too long (allegedly 19 years) in filing suit. On appeal the Ninth Circuit affirmed, rejecting Petrella's argument that laches could not bar relief for infringing acts occurring within the three-year statute of limitations time period before suit was filed. The Supreme Court granted certiorari due to the split among the circuits as to the availability of laches as a defense in copyright cases, and what impact the defense has if it is available.

Supreme Court Argument

Every Justice except Thomas expressed views during the oral argument, in which the government also participated. Predictably, Justice Scalia was most active, interrupting Petrella's counsel immediately after he started. Scalia traded barbs with both sides, at one point suggesting to MGM's counsel that the Courts may not have the authority to even consider certain equitable defenses such as laches. Much of the debate focused on the "background" cases against which Congress legislated when it added the limitations statute, in an effort to discern the legislative intent. Several of the Justices agreed that laches — which addresses prejudice to one party caused by the unreasonable delay of the other party — serves a different purpose than a statute of limitations, and suggested that both can coexist. There was significant discussion, however, on the impact of a laches defense on the remedies available.

A Pox on the Federal Circuit?

Siding completely with neither party, the government advocated that laches should be available in "exceptional cases" as a defense within the three-year statutory period, but only as a bar to equitable relief, not damages. Justice Ginsburg pointed out that this does not align with the Federal Circuit's precedent in patent cases, which holds just the opposite: that laches bars pre-suit damages but not equitable relief. The government's counsel recognized this distinction and argued it was justified based on the differing statutory contexts. MGM's counsel went further, arguing that the Federal Circuit "can't be right" about preventing laches from impacting injunctive relief, as that was based on pre-*eBay* case law and reflects the Federal Circuit's "predilection" for "categorical rules."

Conclusion

It seems unlikely that the Supreme Court will adopt Petrella's argument that laches is not available as a defense in copyright cases. What will likely come from the decision is guidance from the Justices concerning the proper role of laches when it is proven — specifically whether it may be considered when considering damages, injunctive relief, or both. This could have far reaching consequences into trademark and patent litigation, just as the Supreme Court's copyright decision in *Grokster* provided guidance to the Federal Circuit in reshaping its induced infringement jurisprudence. The Court's decision is expected by June.