

Supreme Court Limits Laches as a Defense in Copyright Infringement  
Suits  
by David R. Todd

On May 19, 2014, the Supreme Court issued its decision in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, addressing the applicability of the defense of laches in copyright infringement suits. Laches is an equitable defense that traditionally applies when there is an unreasonably long and prejudicial delay in bringing suit. In *Petrella*, the Supreme Court held that only the three-year statute of limitations in the Copyright Act, and not laches, can preclude a claim for damages in copyright cases. The Court also held that only in “extraordinary circumstances” can laches completely bar a claim for equitable relief, such as a claim for an injunction or disgorgement of an infringer’s profits, even though a copyright plaintiff’s delay can be taken into account “at the remedial stage” in determining “appropriate injunctive relief.”

*Petrella* arises out of MGM’s creation and continued distribution of the motion picture *Raging Bull*. The motion picture is allegedly based on the story found in two screenplays, registered in 1963 and 1973, and in a book, registered in 1970. Works from this time period are subject to an initial copyright term and a renewal term. Significantly, if an author dies before the renewal term begins, the law cuts off any rights in the renewal term that may have been assigned by the author, and those rights revert to the author’s heirs.

During the initial term, the authors of these three works assigned all of their rights to MGM’s predecessor, and MGM created and released the movie *Raging Bull* in 1980. However, Petrella, the sole listed author of the 1963 screenplay, died the next year. Therefore, all the rights in the renewal term for the screenplay presumably reverted to Petrella’s heirs, and MGM’s rights were cut off. In 1991, Petrella’s heirs filed for renewal of the copyright. However, it was not until 1998 that Petrella’s daughter contacted MGM, asserted infringement, and threatened to take legal action. And it was not until 2009 that Petrella filed suit. Consistent with the Copyright Act’s three-year statute of limitations, the suit only sought damages and profits for infringement occurring since 2006.

The district court dismissed the suit, concluding that Petrella had unreasonably delayed filing suit for eighteen years from 1991 to 2009 and that MGM had been prejudiced by the delay. The Ninth Circuit affirmed, stating that if any infringement occurs before the three-year limitations period, there is a presumption of laches.

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The Supreme Court reversed. Justice Ginsburg, writing for a 6-3 majority, relied primarily on the presence of the three-year statute of limitations in the Copyright Act and Supreme Court precedent counseling against invoking laches to bar legal relief (i.e., damages). The statute of limitations provides: “No civil action shall be maintained...unless it is commenced within three years after the claim accrued.” 17 U.S.C. § 507(b). The Court first observed that when a defendant has committed successive copyright violations, each infringing act starts a new limitations period. But a successful plaintiff “can gain retrospective relief only three years back from the time of suit.” As such, the Court concluded that “the copyright statute of limitations...itself takes account of delay.” For example, here, MGM’s profits from Raging Bull before 2006 “remain the defendant’s to keep,” but profits after that time are subject to the suit. In contrast, the lower courts had effectively given MGM “a cost-free license to exploit Raging Bull throughout the long term of the copyright.”

The Court also found it significant that it had repeatedly “cautioned against invoking laches to bar legal relief,” and that there has been “no case in which this Court has approved the application of laches to bar a claim for damages brought within the time allowed by a federal statute of limitations.” As such, the Court held that only the three-year statute of limitations in the Copyright Act, and not laches, can preclude a claim for damages in copyright cases.

The Court further held that only in “extraordinary circumstances” can laches completely bar a claim for equitable relief, such as a claim for an injunction or disgorgement of an infringer’s profits. The Court cited two circuit court cases as examples of such “extraordinary circumstances.” In the first case, defendants used a copyrighted architectural design to build a housing development, and although the copyright owner knew about the infringement, the owner took no steps to halt the development until dozens of the units had already been built and occupied. Even though the case was filed within the three-year statute of limitations, the court concluded that the plaintiff was not entitled to its requested order mandating destruction of the housing project. In the second case, the copyright owner was aware that a book containing infringing material would be published but waited for two years to bring suit, after the book had been printed, packed, and shipped. The court concluded that the plaintiff

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was limited to a damages remedy. After reciting these examples, the *Petrella* Court expressly stated that the circumstances before it did “not present extraordinary circumstances” of the kind involved there. Specifically, Petrella had notified MGM of her copyright claims before the infringement for which she was seeking relief and was not seeking destruction of the film, only disgorgement of profits and an injunction. The Court recognized that “[t]he circumstances here may or may not...warrant limiting relief at the remedial stage, but they are not sufficiently extraordinary to justify threshold dismissal.”

The Court’s ruling could have an effect in patent cases. The Federal Circuit has held in patent cases that laches can bar damages incurred prior to the commencement of suit but not injunctive relief. In a footnote, the *Patrella* Court explained that “[w]e have not had occasion to review the Federal Circuit’s position.” In that same footnote, the Court distinguished trademark cases governed by the Lanham Act, noting that the Act “contains no statute of limitations” and “expressly provides for defensive use of ‘equitable principles, including laches.’”

Justice Breyer dissented and was joined by Chief Justice Roberts and Justice Kennedy. In Justice Breyer’s view, there could be sufficiently exceptional cases that laches should be available to bar damage claims in copyright cases even when the case has been brought within the three-year statute of limitations.