ARE Copyright Law Alert:
Supreme Court Limit Laches For Copyright Claims

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On May 19, 2014, the U.S. Supreme Court, in a 6-3 decision, held that while laches cannot be invoked to bar a plaintiff's claim for damages brought within Copyright Act's three-year statute of limitations, there may be "extraordinary circumstances" where laches may limit equitable relief. In holding so, the Court reversed the Ninth Circuit Court of Appeals, and remanded the case for further proceedings.

Factual Background

Frank Petrella wrote and registered the screenplay to *Raging Bull* in 1963. After MGM acquired the motion picture rights to the screenplay and released the movie in 1980, Mr. Petrella died in 1981, and his copyright renewal rights ultimately reverted to his daughter Paula. In 1991, Ms. Paula Petrella renewed the copyright of the screenplay and contacted MGM regarding their possible infringement in 1998. In 2009, Ms. Petrella brought suit against MGM, alleging infringement of the copyrighted screenplay.

The Copyright Act contains a three-year statute of limitations in § 507(b), which states that

"[n]o civil action shall be maintained under the [Act] unless it is commenced within three years after the claim accrued."

Petrella sought limited damages for acts of infringement occurring since the three-year window began in 2006. Under the theory of laches, the District Court found Petrella to have unreasonably delayed in bringing her claims from 1991 to 2009, thereby prejudicing MGM. That court dismissed Petrella's complaint on summary judgment, and the Ninth Circuit Court of Appeals affirmed.

Analysis

Justice Ginsberg, writing for the majority, held that laches cannot be used to prevent a claim for damages brought within the Copyright Act's three-year window provided by the statute of limitations. However, Justice Ginsberg tempered her holding by stating that "in extraordinary circumstances, laches may, at the very outset of the litigation, curtail the relief equitably awarded". While "extraordinary circumstances" was not defined, the Court suggested that the applicability of laches should be evaluated in view of the reasonableness of delay and the equity of the relief sought. The Court thus remanded the case for further proceedings to

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determine the length and reason for Petrella's delay, and bases for MGM's reliance upon it.

The Supreme Court notably distinguished the Copyright Act at issue in this case with other intellectual property legislation, including Trademark and Patent law.

Significantly, three Justices dissented from the decision. In particular, Justice Breyer, writing for the dissent, deemed that the laches defense should be applied here when the plaintiff had waited 18 years to bring suit. Furthermore, the dissent postulated that the majority's ruling will allow a plaintiff to wait until a defendant's profit turns positive, then bring suit "every three years thereafter until the copyright expires." Justice Breyer explained that the doctrine of laches occupy an importance space within copyright law, and should be applied to achieve more equitable results.

Conclusion

The decision is an significant development in the usage of laches as an equitable defense in Copyright cases.

We will continue to monitor the law for further updates in Copyright law.

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