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BATCHES OF MISMATCHES REGARDING LACHES: A COPYRIGHT-FOCUSED ANALYSIS OF LACHES WHEN THE STATUTE OF LIMITATIONS HAS NOT YET RUN

*Scott M. Salomon**

This comment analyzes the Circuit split regarding whether laches can bar copyright infringement claims prior to the statute of limitations running and offers a recommendation for a resolution when the United States Supreme Court rules in *Petrella v. Metro-Goldwyn-Mayer*. The comment is split into five sections. First, it provides background information, including historical and general information on copyright, laches, the statute of limitations, and the difference between equitable and legal remedies. Next, the comment analyzes cases from each Circuit to understand where they lie on the spectrum of the Circuit split, ranging from complete prohibition of laches to allowing it as a complete bar to all remedies. The comment then discusses the Ninth Circuit's treatment of *Petrella* and the possibility that the concurring opinion signals a shift in jurisprudence. Ultimately, the comment recommends that the Supreme Court should establish a rule consistent with the legislative history of the Copyright Act and hold that laches should be available as a defense to copyright infringement and that it should only bar equitable remedies.

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I. INTRODUCTION

In one of the most memorable scenes from the movie *Raging Bull*, Robert De Niro's character, Jake LaMotta, warns his wife who is cooking him a steak, "Don't overcook it. You overcook it, it's no good. It defeats its own purpose."¹ In some sense, overcooking a steak is an excellent analogy for waiting too long to bring a claim for copyright infringement, which will result in the statute of limitations or the equitable doctrine of laches barring remedies otherwise available. Similar to LaMotta's overcooked steak, this outcome is likely to leave claimants with a bad taste in their mouths.

Raging Bull is a particularly apt analogy because it is also the subject matter of a recent Ninth Circuit case, *Petrella v. Metro-Goldwyn-Mayer*.² Judge Fletcher's concurring opinion in *Petrella* outlined the Circuit split over whether laches may bar a copyright infringement claim brought within the statute of limitations, and if so, which remedies that defense bars.³ On one end of the spectrum, the Fourth Circuit has held that laches may never be brought as a defense when the statute of limitations has not yet run.⁴ It also held that the statute of limitations can bar all remedies, while laches can only bar equitable remedies⁵ and not any of the civil remedies specifically addressed within the Copyright Act.⁶ On the other end of this spectrum, the Ninth Circuit has held that laches applies before the statute of limitations has run, and if proven, bars all legal and equitable remedies.⁷ Other Courts of Appeals have landed somewhere in between the Fourth and the Ninth Circuits⁸ or have never directly addressed the issue.⁹ The United

1. RAGING BULL (United Artists 1980).

2. See *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946, 949-50 (9th Cir. 2012).

3. See *id.* at 958 (Fletcher, J., concurring).

4. See *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 797 (4th Cir. 2001).

5. See *id.*

6. See Copyright Act of 1909, Pub. L. No. 60-349, 35 Stat. 1075, 1081-82 (1909).

7. See *Petrella*, 695 F.3d at 958 (Fletcher, J., concurring); *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 959-60 (9th Cir. 2001); *Jackson v. Axton*, 25 F.3d 884, 888 (9th Cir. 1994).

8. See, e.g., *New Era Publ'ns Int'l v. Henry Holt & Co.*, 873 F.2d 576, 584-85 (2d Cir. 1989) (allowing laches to be brought before the statute of limitations runs, but only as a bar to injunctive relief, not money damages); *Chirco v. Crosswinds Cmtys., Inc.*, 474 F.3d 227, 233 (6th Cir. 2007) (presuming that an action is timely if brought within the statute of limitations, but still willing to use

States Supreme Court granted *certiorari* in *Petrella* on October 1, 2013, and will soon resolve this Circuit split.¹⁰

This Comment is organized into five sections. Part II provides background information on copyright law, the difference between legal and equitable remedies and defenses, and laches in a general sense. Part III is an overview of the aforementioned Circuit split, by analyzing how each Circuit has addressed the issue, if at all. Part IV thoroughly discusses the most recent case, *Petrella*, and how its concurring opinion may signal a shift within the Ninth Circuit. Part V analyzes the impact and significance of the Circuit split. Finally, Part VI sets forth a recommendation as to how the Supreme Court should rule in *Petrella* and thus resolve the Circuit split.

This Comment ultimately asserts that, in the interest of fairness to the copyright holder, laches should remain unavailable to willful infringers. However, in the interest of fairness to an innocent infringer who takes a risk while a copyright holder sleeps on its rights with actual knowledge of the infringement, defendants should be allowed to utilize the laches defense before the statute of limitations has run. In terms of establishing laches, courts should allow defendants to prove evidentiary-based prejudice by showing that the defendant expended time, money, and effort exploiting the copyright that the defendant would not have spent had the plaintiff not slept on its rights. Furthermore, the mere existence of profits should not preclude a defendant's showing of prejudice. If successfully proved, laches should only bar equitable remedies, not legal remedies.

II. BACKGROUND

Before delving into the Circuit split, it is helpful to begin with the history of copyright law in the United States and to look at the legislative intent for including a statute of limitations. This section will also provide background information about the difference between legal and equitable remedies, which is relevant to another issue of disagreement between the Circuits—whether laches bars all remedies or only equitable remedies. Finally, because laches is at the heart of the dispute, this section will address the laches defense generally, and compare it with the statute of limitations defense.

laches to bar injunctive relief in “the most compelling of cases”). This is given more in-depth treatment in Part III.

9. See, e.g., *Lotus Dev. Corp. v. Borland Int'l Inc.*, 831 F. Supp. 202, 220 (D. Mass. 1993), *rev'd on other grounds*, 49 F.3d 807 (1st Cir. 1995), *aff'd*, 516 U.S. 233 (1996).

10. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 50 (2013) (mem.).

A. A Brief History of Copyright Law in America

The Constitution grants the legislative branch the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”¹¹ Congress first used this power in 1790, vesting certain exclusive rights in authors of maps, charts, and books, and giving them a cause of action against those who infringe upon those rights.¹² Congress subsequently amended, expanded, and revised the copyright law several times.¹³

Neither the Copyright Act of 1909 nor preceding versions contained a statute of limitations.¹⁴ Instead, when the issue of how much time a plaintiff took to bring a claim was in dispute, courts simply applied the law of the states where the action was brought.¹⁵ However, Congress observed that this created a bevy of problems in selecting an analogous state tort, as courts disagreed whether to choose conversion, injury to property, or trover, all of which often had different statutes of limitations within a state.¹⁶ Also, the length of time for the statute of limitations to run for identical torts varied from state to state, incentivizing plaintiffs to engage in forum shopping.¹⁷ In 1957, Congress responded to these problems by amending the Copyright Act of 1909 to include a three-year statute of limitations, thereby preempting state statutes of limitations.¹⁸ However, the Act remained silent as to the availability of laches, or any other equitable defenses.¹⁹ The Senate Report noted:

With respect to the question of specifically enumerating various equitable situations on which the statute of limitations is generally suspended, the House Judiciary Committee reached the conclusion that this was unnecessary, inasmuch as the

11. U.S. CONST. art. I, § 8, cl. 8.

12. *See* Copyright Act of 1790, ch. 15, 1 Stat. 124, 124-26 (1790).

13. *See* 1 WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 1, 1-3 (1995).

14. *See* Copyright Act of 1909, Pub. L. No. 60-349, 35 Stat. 1075 (1909); *Petrella*, 695 F.3d at 958.

15. *See* S. REP. NO. 85-1014 (1957), *reprinted in* 1957 U.S.C.C.A.N. 1961, 1961.

16. *See id.* at 1961-62.

17. *See id.* at 1962.

18. *See* Act of Sept. 7, 1957, Pub. L. No. 85-313, 71 Stat. 633 (1957).

19. S. REP. NO. 85-1014, *supra*, at 1963.

‘Federal district courts, generally, recognize these equitable defenses anyway.’ This committee concurs in that conclusion. The committee points out further that a person in court normally expects the equitable consideration of the locality to apply. A specific enumeration of certain circumstances or conditions might result in unfairness to some persons.²⁰

Additionally, the Committee recognized that “courts generally do not permit the intervention of equitable defenses or estoppel where there is a limitation on the *right*.”²¹ For this reason, the Committee emphasized its “intention that the statute of limitations . . . is to extend to the *remedy* of the person affected thereby, and not to his substantive *rights*.”²² This seemingly suggests that the legislative intent was to enact a statute of limitations that in some circumstances allows equitable defenses.

The most recent general revision to copyright law occurred in the Copyright Act of 1976 (hereinafter “the Act” or “the Copyright Act”).²³ The 1976 version kept the three-year statute of limitations for civil copyright infringement claims²⁴ which remains the law today.²⁵ Therefore, for all claims where the statute of limitations has run, defendants will not need to rely on the defense of laches because the statute of limitations is a complete bar to the plaintiff’s ability to bring forth a claim, regardless of the remedy sought.²⁶ However, “because each act of infringement is a distinct harm,” the statute of limitations bars all claims that accrued more than three years prior to filing but not those that accrued within the statutory period.²⁷ This may force defendants to rely solely on laches, if permitted to do so.

Title 17 of the United States Code lists some other defenses to

20. *Id.*

21. *Id.* (emphasis added).

22. *Id.* (emphasis added).

23. *See* Act of Oct. 19, 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified at 17 U.S.C. §§ 101-810 (1988)).

24. *Id.*

25. *See* 17 U.S.C. § 507(b) (effective Oct. 28, 1998) (“CIVIL ACTIONS.— No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.”).

26. *See id.*; *Burnett v. N.Y. Cent. R.R. Co.*, 380 U.S. 424, 428 (1965) (discussing the nature of statute of limitations).

27. *Bridgeport Music, Inc. v. Rhyme Syndicate Music*, 376 F.3d 615, 621 (6th Cir. 2004); *see also Love v. Nat’l Med. Enter.*, 230 F.3d 765, 773-74 (5th Cir. 2000) (discussing the history of the “separate accrual rule”).

copyright infringement, such as fair use²⁸ and copyright invalidity,²⁹ but remains silent as to whether laches is a defense to copyright infringement. As a result, the various Courts of Appeals disagree whether laches is a valid defense to copyright infringement.

B. *The Difference Between Law and Equity*

Whether a claim is brought in law or in equity depends on the relief sought by the plaintiff.³⁰ In short, a plaintiff seeking monetary damages brings her claim in law.³¹ Conversely, a plaintiff seeking non-monetary relief such as an injunction or specific performance brings her claim in equity, as “equity regards as done that which ought to be done in fairness and good conscience.”³²

Prior to 1938, there were separate federal courts for law and equity.³³ For example, a copyright holder would have to sue in a court of law to receive monetary damages for past infringements, and sue again on the same facts in a court of equity to receive an injunction against the infringer to prevent him from continuing to sell the infringing material. In 1938, the Federal Rules of Civil Procedure merged law and equity into “one form of action to be known as ‘civil action.’”³⁴ However, post-merger, courts have struggled with applying equitable defenses to legal remedies and vice-versa.³⁵

The Copyright Act establishes injunctions,³⁶ impounding and

28. 17 U.S.C. § 107 (2006).

29. *See id.* § 408 (2012). For more defenses to copyright infringement, *see id.* §§ 107-22 (2012).

30. Misty Kathryn Nall, Note, *(In)equity in Copyright Law: The Availability of Laches to Bar Copyright Infringement Claims*, 35 N. KY. L. REV. 325, 327 (2008).

31. 2 JOHN J. KIRCHNER & CHRISTINE M. WISE, PUNITIVE DAMAGES: LAW AND PRACTICE § 20:03 (2000) (“The phrase ‘adequate remedy at law’ has been said to be a term of art which equity jurisprudence regards as a reference to the remedy of damages in a civil law court.”).

32. 27A AM. JUR. 2D *Equity* § 89 (2008).

33. *See Nat’l Life Ins. Co. v. Silverman*, 454 F.2d 899, 903 (D.C. Cir. 1971) (describing the history of law and equity in American courts).

34. Fed. R. Civ. P. 2.

35. *See Nall, supra* note 30, at 327; Dylan Ruga, *The Role of Laches in Closing the Door on Copyright Infringement Claims*, 29 NOVA L. REV. 663, 671 (2005).

36. *See* 17 U.S.C. § 502 (2006).

disposition of infringing articles,³⁷ damages and profits,³⁸ and costs and attorney's fees³⁹ as civil remedies for parties that successfully prove copyright infringement. When a defendant successfully proves laches, the Courts of Appeals disagree whether laches bars all or none of these remedies.⁴⁰

C. *The Defense of Laches*

Laches, or “undue delay,” is “an equitable defense that prevents a plaintiff who ‘with full knowledge of the facts, acquiesces in a transaction and sleeps upon his rights.’”⁴¹ In order to prove laches, a defendant must show that the plaintiff's delay was unreasonable and that the delay prejudiced or harmed the defendant.⁴² Laches is not available as a defense when a plaintiff proves the defendant was a willful infringer.⁴³ While the Courts of Appeals agree that these are the basic elements for proving laches, they disagree over how to calculate the length of the delay⁴⁴ and whether prejudice can be evidentiary⁴⁵ or expectations-based.⁴⁶

37. *See id.* § 503.

38. *See id.* § 504 (2010).

39. *See id.* § 505 (2006).

40. This is discussed further in Part V.

41. *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 950-51 (9th Cir. 2001) (quoting *S. Pac. Co. v. Bogert*, 250 U.S. 483, 500 (1919) (McReynolds, J., dissenting)).

42. *See, e.g., Nat'l R.R. Passenger Corp. v. Morgan*, 536 U.S. 101, 103 (2002).

43. *See Danjaq*, 263 F.3d at 957; 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.06[B][5] (2000); 2 PAUL GOLDSTEIN, COPYRIGHT § 9.5.1 (2d ed. Supp. 2005); 1 NEIL BOORSTYN, BOORSTYN ON COPYRIGHT § 12.08 (Dvora Parker ed., 2d ed. 2000).

44. *See NIMMER & NIMMER, supra* note 43, § 12.06[B][2] (explaining some different ways courts have calculated length of delay); *see also* GOLDSTEIN, *supra* note 43, § 9.5.1 (explaining how some courts have not penalized delays of 13 years, and others have penalized delays of less than 5 months; this includes whether the clock starts with actual or constructive knowledge of an impending infringement or if it starts with actual or constructive knowledge of an actual infringement).

45. *See Danjaq*, 263 F.3d at 955 (citing *Jackson v. Axton*, 25 F.3d 884, 889-90 (9th Cir. 1994) (“Evidentiary prejudice includes such things as lost, stale, or degraded evidence, or witnesses whose memories have faded or who have died.”)); *Trs. For Alaska Laborers Constr. Indus. Health & Sec. Fund v. Ferrell*, 812 F.2d 512, 518 (9th Cir. 1987); *Lotus Dev. Corp. v. Borland Int'l Inc.* 831 F. Supp. 202, 221 (D. Mass. 1993), *rev'd on other grounds*, 49 F.3d 807 (1st Cir. 1995), *aff'd*, 516 U.S. 233 (1996).

Laches is essentially the equitable equivalent of a statute of limitations defense. However, they are not identical. Unlike a statute of limitations analysis, where the single consideration is the accrual of a claim, in a laches analysis, time is but one of several factors a court considers in determining the reasonableness of the delay.⁴⁷ As a result, laches analyses are considerably more complex than statute of limitations analyses. Further, Congress enacted the copyright statute of limitations, while laches is “entirely a judicial creation.”⁴⁸

In past cases, the United States Supreme Court has seemingly disapproved of laches as a complete bar when the claim is brought before the statute of limitations has run, but has not addressed this specifically within the realm of copyright law.⁴⁹ Scholars, as well as the Circuit Courts, disagree on whether a court can find laches when the statute of limitations has not yet run for copyright claims.⁵⁰

46. See *Danjaq*, 263 F.3d at 955 (citing *Jackson*, 25 F.3d at 889 (“A defendant may also demonstrate prejudice by showing that it took actions or suffered consequences that it would not have, had the plaintiff brought suit promptly.”)); *Russell v. Price*, 612 F.2d 1123, 1126 (9th Cir. 1979); *Lotus Dev. Corp. v. Borland Int’l Inc.* 831 F. Supp. 202, 220 (D. Mass. 1993), *rev’d on other grounds*, 49 F.3d 807 (1st Cir. 1995), *aff’d*, 516 U.S. 233 (1996).

47. See, e.g., *Danjaq*, 263 F.3d at 954-55 (considering time, the cause of the delay, and justification for the delay, in its “reasonableness” determination).

48. *Petrella*, 695 F.3d at 958 (Fletcher, J., concurring).

49. See, e.g., *Cope v. Anderson*, 331 U.S. 461, 463-64 (1947) (“Even though these suits are in equity, the states’ statutes of limitations apply . . . equity will withhold its relief in such a case where the applicable statute of limitations would bar the concurrent legal remedy.”); *United States v. Mack*, 295 U.S. 480, 489 (1935) (“Laches within the term of the statute of limitations is no defense at law.”); *Cnty. of Oneida v. Oneida Indian Nation*, 470 U.S. 226, 244 n.16 (1985) (“[A]pplication of the equitable defense of laches in an action at law would be novel indeed.”).

50. Compare 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 20:55 (2012) (“[t]he availability of laches for conduct occurring within the limitations period is impermissible.”), Elizabeth T. Kim, Comment, *To Bar or Not to Bar? The Application of an Equitable Doctrine Against a Statutorily Mandated Filing Period*, 43 U.C. DAVIS L. REV. 1709, 1728 (2010) (arguing that laches is improper in copyright cases when brought before the statute of limitations runs), and Nall, *supra* note 30, at 326 (arguing that laches should not be available when claim is brought within the statute of limitations period), with Emily A. Calwell, Note, *Can the Application of Laches Violate the Separation of Powers? A Surprising Answer from a Copyright Circuit Split*, 44 VAL. U. L. REV. 469, 504-06 (2010) (arguing that laches should be available, but courts should presume timeliness, when brought within the statute of limitations), Vikas F. Didwania, Comment, *The Defense of Laches in Copyright Infringement Claims*, 75 U. CHI. L. REV. 1227, 1257 (2008) (arguing that laches should be available within the statute of limitations and applied liberally), and Ruga, *supra* note 35, at 684 (arguing that laches should be available, but only as a bar to equitable remedies).

Nearly all courts⁵¹ addressing the application of laches to copyright infringement claims quote or cite Judge Learned Hand's opinion in *Haas v. Leo Feist Inc.*:

It must be obvious to everyone familiar with equitable principles that it is inequitable for the owner of a copyright, with full notice of an intended infringement, to stand inactive while the proposed infringer spends large sums of money in its exploitation, and to intervene only when his speculation has proved a success. Delay under such circumstances allows the owner to speculate without risk with the other's money; he cannot possibly lose, and he may win. If the defendant be a deliberate pirate, this consideration might be irrelevant . . . but it is no answer to such inequitable conduct, if the defendant Feist is innocent, to say that its innocence alone will not protect it. It is not its innocence, but the plaintiff's availing himself of that innocence to build up a success at no risk of his own, which a court of equity should regard.⁵²

However, as the Eleventh Circuit has pointed out, "at the time of that writing, 'there was no statute of limitations on civil suits relating to copyright infringement, and courts applied the law of the state in which the action was brought.'"⁵³ Also, because *Haas v. Leo Feist, Inc.* was decided before 1938, courts of law and equity had not yet merged.⁵⁴ Others believe this passage is really an invocation of equitable estoppel⁵⁵ and have

51. *See, e.g., Danjaq*, 263 F.3d at 956-957 (9th Cir. 2001); *Chirco v. Crosswinds Cmty., Inc.*, 474 F.3d 227, 232 (6th Cir. 2007); *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters., Int'l*, 533 F.3d 1287, 1320 (11th Cir. 2008).

52. *Haas v. Leo Feist, Inc.* 234 F. 105, 108 (S.D.N.Y. 1916). This case involved a suit brought in equity to seek relief against a song which allegedly infringed the plaintiff's copyrighted song. The copyright holder heard the allegedly infringing song while it was gaining popularity, but waited over a year to file a lawsuit. By then, the song had sold over 650,000 copies. The court found sufficient evidence of infringement and concluded that the plaintiff had an unquestionable right to damages, but the plaintiff could not recover accounting of profits for any time after he learned of the infringement.

53. *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters., Int'l*, 533 F.3d 1287, 1320 (11th Cir. 2008) (quoting *Prather v. Neva Paperbacks, Inc.*, 446 F.2d 338, 339 (5th Cir. 1971)).

54. *See Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 798 (4th Cir. 2001).

55. Equitable estoppel is an affirmative defense that prevents a party "from pursuing a claim where: (1) the party makes a misrepresentation of fact to another

criticized courts for confusing this passage as an endorsement of laches.⁵⁶

In summation, laches is a complex equitable doctrine that has been universally accepted as a bar to equitable relief when no statute of limitations exists or when the claim is brought after the statute of limitations has already run.⁵⁷ Disagreement exists over whether laches may also bar legal relief and whether laches can prevail when the statute of limitations has not yet run.⁵⁸

III. ANALYSIS OF THE CIRCUIT SPLIT

Having established the history of the Copyright Act, the difference between law and equity, and the defense of laches generally, it is important to next examine how appellate courts have addressed the issue of laches as a defense to copyright infringement. Some Courts of Appeals have yet to address the issue.⁵⁹ In those cases, it is helpful to look at the relevant opinions of the district courts located within the Circuit or at the Circuit's treatment of laches as a defense in other areas of law. Upon closer examination of the Circuits that have addressed the issue, the Circuits disagree whether laches is a defense to copyright infringement, and if so, which remedies the defense bars.⁶⁰

party with reason to believe that the other party will rely on it; (2) the other party relies on the misrepresentation to his detriment." *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 292 (2d Cir. 2002) (internal citation omitted). Estoppel bars all relief, equitable and legal. *See* 1 Dan B. Dobbs, *DOBBS LAW OF REMEDIES* 86 (2d ed. 1993); *DeCarlo v. Archie Comic Publ'ns Inc.*, 127 F. Supp. 2d 497, 509 (S.D.N.Y. 2001), *aff'd*, 11 Fed. Appx. 26 (2d Cir. 2001). Successful claims of equitable estoppel in the copyright setting are rare; therefore, it is unknown how courts would react to equitable estoppel claims brought within the statute of limitations. *See* PATRY ON COPYRIGHT, *supra* note 50, § 20:58.

56. *See, e.g., Petrella*, 695 F.3d at 959 (Fletcher, J., concurring); PATRY ON COPYRIGHT, *supra* note 50, § 20:55.

57. However, because a statute of limitations is a complete bar to bringing forth the action, 17 U.S.C. § 507(b), practically speaking, no defendant would ever need to assert a laches defense after the statute of limitations has run.

58. *See Petrella*, 695 F.3d at 958 (Fletcher, J., concurring).

59. The First, Fifth, Eighth, and District of Columbia Circuits have never addressed the issue.

60. *See Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946, 958 (9th Cir. 2012) (Fletcher, J., concurring).

A. *One End of the Spectrum: The Pro-Defendant Ninth Circuit*

The Ninth Circuit has been described as “the most hostile to copyright owners of all the Circuits.”⁶¹ This is because the Ninth Circuit has held that laches can bar all relief, both legal and equitable,⁶² and both retrospective and prospective,⁶³ when the statute of limitations has not yet run.⁶⁴ In *Danjaq LLC v. Sony Corp.*, the parties disputed ownership to the James Bond movie franchise.⁶⁵ The district court found that laches barred the plaintiffs’ claim because the plaintiffs’ delay from discovery of the infringement to the initiation of the lawsuit lasted “at least twenty-one years—and more likely thirty-six years,” causing “overwhelming and uncontroverted evidence of substantial prejudice.”⁶⁶ The Ninth Circuit, unsure of which standard of review to apply, found no abuse of discretion or clear error by the district court.⁶⁷

The Ninth Circuit most recently readdressed this issue in *Petrella v. Metro-Goldwyn-Mayer, Inc.*⁶⁸ The court, bound by the precedent of *Danjaq*, once again held that laches was a complete bar to a claim for copyright infringement.⁶⁹ However, in a concurring opinion, Judge Fletcher argued that the Ninth Circuit allowance of laches is in conflict with congressional intent.⁷⁰ Instead, Judge Fletcher preferred the application of the equitable estoppel defense.⁷¹ This may reflect a shift in Ninth Circuit jurisprudence and will be explored further in Part IV.

61. *Id.*

62. *Id.*

63. *See Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 959-60 (9th Cir. 2001).

64. *See Jackson v. Axton*, 25 F.3d 884, 888 (9th Cir. 1994); *Kling v. Hallmark Cards Inc.*, 225 F.3d 1030, 1038 (9th Cir. 2000) (reasoning that laches can bar a claim that is still valid under the statute of limitations because “while the statute of limitations is triggered only by violations—*i.e.*, actual infringements—the laches period may be triggered when a plaintiff knows or has reason to know about an *impending* infringement”).

65. *Danjaq*, 263 F.3d at 947.

66. *Id.* at 950.

67. *See id.* at 951-52 (noting intracircuit conflict regarding the appropriate standard of review did not have to be resolved because laches must stand regardless of whether the abuse of discretion or clear error standard is applied).

68. *See Petrella*, 695 F.3d 946.

69. *Id.* at 956.

70. *Id.* at 958 (Fletcher, J., concurring).

71. *See id.* at 959 (Fletcher, J., concurring).

B. The Other End of the Spectrum: The Pro-Plaintiff Fourth Circuit

In contrast with the Ninth Circuit, the Fourth Circuit is the only Circuit to expressly hold that the doctrine of laches cannot ever apply to copyright claims brought within the statute of limitations.⁷² Its leading case on the matter, *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, involves the copyright and trademark infringement of the children's television character "Barney"⁷³ by a discount costume company.⁷⁴ The district court found that the copyright holder, Lyons, became aware of Morris' infringement four years before commencing a lawsuit.⁷⁵ The court described this length of time as "inexcusable" and barred the claim because of laches and the statutes of limitations.⁷⁶ On appeal, the Fourth Circuit made three holdings regarding the doctrine of laches:

While we agree with Lyons that the district court erred as a matter of law when it found that laches barred Lyons' claims, both legal and equitable, we do so for more fundamental reasons. First, laches is a doctrine that applies only in equity to bar equitable actions, not at law to bar legal actions. Second, we note that, in any event, in connection with the copyright claims, separation of powers principles dictate that an equitable timeliness rule adopted by courts cannot bar claims that are brought within the legislatively prescribed statute of limitations. Finally, even in equity under the Lanham Act, laches does not bar a claim for prospective injunctive relief.⁷⁷

The court reasoned that in deference to the doctrine of separation of powers, Congressional enactments trump judicially created doctrines,⁷⁸ and therefore, "a court should not apply laches to overrule the legislature's judgment as to the appropriate time limit to apply for actions brought under

72. *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 797 (4th Cir. 2001).

73. *See id.* at 794-95 (explaining that Barney is a purple and green dinosaur, the star of the children's television show "Barney and Friends").

74. *See id.* at 795.

75. *Id.* at 796.

76. *Id.*

77. *Id.* at 797.

78. *Lyons*, 243 F.3d at 798.

the statute.”⁷⁹ Furthermore, “when Congress creates a cause of action and provides both legal and equitable remedies, its statute of limitations for that cause of action should govern, regardless of the remedy sought.”⁸⁰ So, while “laches may be applied to *equitable* claims brought under the Lanham Act,” this does not include injunctive relief because Congress explicitly mentions injunctive relief as a civil action governed by the statute of limitations.⁸¹

C. *The Spectrum: Other Circuits and Their Approaches*

Several Courts of Appeals recognize laches as a valid defense to copyright infringement in specific circumstances or in relation to specific relief sought by a plaintiff. Others have not directly addressed the issue, though district courts in those circuits have seemingly approved of using laches to bar copyright claims.

1. The Second Circuit Approach

The Second Circuit recognizes laches as a valid defense to copyright infringement, even when the statute of limitations has not yet run.⁸² However, in this Circuit, the defense of laches only bars equitable relief, not damages at law.⁸³ A good illustration of this is *New Era Publ'ns Int'l, ApS v. Henry Holt & Co.*⁸⁴ In *New Era*, the plaintiff, which held some of L. Ron Hubbard's copyrights, sought to recover damages and to enjoin publication of a biography about Hubbard that contained some infringing material.⁸⁵ The district court found that the plaintiff failed to seek a restraining order until 1988, despite knowing that the book with infringing material was published in 1986.⁸⁶ As a result of this delay, 12,000 copies of the book already had been printed, packed and, except for 3,000 copies, shipped.⁸⁷ The Second Circuit agreed with the district court that “such

79. *Id.* However, Part VI-(A) of this Comment below argues that no separation of powers dilemma exists.

80. *Lyons*, 243 F.3d at 798.

81. *Id.* at 799 (emphasis in original).

82. *See, e.g., New Era Publ'ns Int'l, ApS, v. Henry Holt & Co.*, 873 F.2d 576, 584-85 (2d Cir. 1989).

83. *See, e.g., id.*

84. *See id.* at 576.

85. *Id.* at 576-77.

86. *Id.* at 584.

87. *Id.*

severe prejudice, coupled with unconscionable delay already described, mandate denial of the injunction for laches and relegation of New Era to its damages remedy.”⁸⁸ In doing so, the court in *New Era* struck a balance between the copyright interests of the plaintiff and fairness to the publishing company.⁸⁹

2. The Sixth Circuit Approach

The Sixth Circuit takes a slightly different approach.⁹⁰ When the statute of limitations has not yet run, there is a presumption against laches that can only be rebutted by “the most compelling of cases.”⁹¹ *Chirco v. Crosswinds Cmtys., Inc.* involved the infringement of a copyrighted architectural design of a “twelve-plex” condominium.⁹² Though the three-year statute of limitations had not run prior to the filing of the complaint, the district court found that an unnecessary delay between plaintiff learning of the planned construction and filing the lawsuit prejudiced the defendants, and thus granted summary judgment to the defendants.⁹³

The Sixth Circuit held that the presumption against laches prevails for the plaintiff’s requests for monetary damages and injunctive relief, but the request for the demolition of defendant’s condominium was barred by laches.⁹⁴ The court explained:

In most cases, efforts by a plaintiff to obtain the monetary or injunctive relief authorized by statute within the limitations period provided by the Copyright Act will be allowed to proceed. In those unusual cases, however, when the relief sought will work an *unjust* hardship upon the defendants or upon innocent third parties, the courts, as a co-equal branch of the federal government, must ensure that judgments never envisioned by the legislative drafters are not allowed to stand. We have thus previously indicated that the equitable doctrine of

88. *New Era*, 873 F.2d at 585.

89. Barring the injunction resulted in the publisher not having to pay the economic costs of reprinting the 12,000 books without the infringing parts, but still having to pay the plaintiff damages for the amount that does infringe.

90. *See, e.g.*, *Chirco v. Crosswinds Cmtys., Inc.*, 474 F.3d 227 (6th Cir. 2007).

91. *Id.* at 233.

92. *See id.* at 229.

93. *Id.*

94. *Id.* at 236.

laches may be raised as a defense in some copyright infringement suits brought within this Circuit, and we reemphasize that point today.⁹⁵

Therefore, unlike the Fourth Circuit, the Sixth Circuit allows the application of laches prior to the statute of limitations running, providing the Sixth Circuit some flexibility the Fourth Circuit lacks. Furthermore, while the Fourth Circuit argues the application of laches prior to the statute of limitations running is a violation of the principle of separation of powers,⁹⁶ the Sixth Circuit applies laches in such a scenario, claiming to use its authority as a “co-equal branch of the federal government.”⁹⁷

3. The Tenth Circuit Approach

Similar to the Sixth Circuit, the Tenth Circuit generally defers to the statute of limitations because of separation of powers.⁹⁸ However, the Tenth Circuit has recognized that there are some circumstances, usually involving very long delays between plaintiff having notice of a claim and filing a lawsuit, where “a court can apply laches in a copyright case.”⁹⁹ Therefore, while defendants can argue for the application of laches, the Tenth Circuit is likely to be receptive to their arguments only in exceptional cases.

4. The Eleventh Circuit Approach

The Eleventh Circuit, similar to the Sixth Circuit, has a strong presumption against applying laches.¹⁰⁰ However, unlike the Ninth Circuit, the Eleventh Circuit will only bar recovery of retrospective damages and will never bar prospective relief if a defendant successfully establishes a laches defense.¹⁰¹ The Eleventh Circuit reasoned that it was important to forbid laches from precluding prospective relief because “[p]ermitting

95. *Id.*

96. *Lyons*, 243 F.3d at 797.

97. *Chirco*, 474 F.3d at 236.

98. *See, e.g., Jacobsen v. Deseret Book Co.*, 287 F.3d 936, 950 (10th Cir. 2002).

99. *Id.* at 951 (holding that the district court erred by granting summary judgment based on laches, citing a material issue of fact regarding the reasonableness of the delay).

100. *See Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enter., Int'l*, 533 F.3d 1287, 1320 (11th Cir. 2008).

101. *See id.* at 1321.

laches to operate as a bar on post-filing damages or injunctive relief would encourage copyright owners to initiate much needless litigation in order to prevent others from obtaining effective immunity from suit with respect to future infringements.”¹⁰²

5. Other Circuits Which Have Acknowledged the Possibility of Laches as a Defense to Copyright Infringement

The Third and Seventh Circuits have both acknowledged the availability of laches as a defense to copyright infringement.¹⁰³ However, neither has held that a defendant successfully met the burden of proof.¹⁰⁴ In *MacLean Assocs., Inc. v. WM. M. Mercer-Meidinger-Hansen, Inc.*, the Third Circuit vacated a directed verdict for the defendant because it found insufficient evidence of unreasonable delay and prejudice.¹⁰⁵ However, the court noted that the defendant “is not precluded from introducing in its defense other facts that might establish laches” on remand.¹⁰⁶ The lack of applicable precedent in this Circuit makes it difficult to predict the effect of laches if a defendant meets its burden of proof.

However, the Seventh Circuit’s treatment of laches in other areas of law makes it easier to predict the effect it would give to laches in the realm of copyright. In *Teamsters & Employers Welfare Trust of Ill. v. Gorman Bros. Ready Mix*, the Seventh Circuit articulated that “just as various tolling doctrines can be used to lengthen the period for suit specified in a statute of limitations, so laches can be used to contract it.”¹⁰⁷ Similarly, in *Hot Wax, Inc. v. Turtle Wax, Inc.*, the Seventh Circuit held that laches can be a defense in trademark law, barring all relief, equitable and legal, even when the statute of limitations has not yet run.¹⁰⁸ These decisions demonstrate a stark disagreement with the Fourth Circuit’s interpretation of

102. *Id.*

103. *See, e.g., MacLean Assocs., Inc. v. WM. M. Mercer-Meidinger-Hansen, Inc.*, 952 F.2d 769, 779-81 (3d Cir. 1991); *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 942 (7th Cir. 1989).

104. *See, e.g., MacLean Assocs.*, 952 F.2d at 779-81; *Roulo*, 886 F.2d at 942 (concluding that defendant failed to prove “unreasonable delay” because plaintiff waited less than two years to file, and this delay was due to evaluating the merits of her claim).

105. *MacLean Assocs.*, 952 F.2d at 780.

106. *Id.* at 781 n.9.

107. *Teamsters & Employers Welfare Trust of Ill. v. Gorman Bros. Ready Mix*, 283 F.3d 877, 881 (7th Cir. 2002).

108. *Hot Wax, Inc., v. Turtle Wax, Inc.*, 191 F.3d 813, 821 (7th Cir. 1999).

the separation of powers principle applied to laches and suggests that it would be very hostile to copyright holders who have unreasonably delayed in bringing a claim for infringement.

6. Other Circuits Which Have Never Directly Addressed the Issue

In regard to Circuits that have never directly addressed whether laches applies to claims under the Copyright Act, it is helpful to look at the district courts within those Circuits.¹⁰⁹ At least one district court in the First Circuit has recognized generally the applicability of laches as a defense to copyright infringement, though it did not actually apply it in the case at hand.¹¹⁰ Similarly, a district court in the District of Columbia Circuit allowed a defendant to attempt to prove that laches barred the plaintiff's copyright infringement claim, but the facts of the case did not warrant such a finding.¹¹¹ One district court in the Fifth Circuit found a plaintiff's copyright infringement claim was barred by laches.¹¹² However, on appeal the Fifth Circuit solely relied on the jury's finding of fair use to affirm the finding of no infringement, neither approving nor disapproving of the district court's application of laches.¹¹³ Therefore, district courts in these Circuits may continue to allow defendants to present laches defenses to copyright infringement claims until the Supreme Court resolves this issue.

While the Eighth Circuit has not directly addressed whether laches is a defense to copyright infringement, it has recognized generally that laches cannot bar a federal statutory claim when timely under the statute of

109. *Ocasio v. Alfanno*, 592 F. Supp. 2d 242, 245 (D.P.R. 2008); *see also* *Tech 7 Sys., Inc. v. Vacation Acquisition, L.L.C.*, 594 F. Supp. 2d 76, 84-85 (D.D.C. 2009) (declining to grant summary judgment based on laches because material issue of fact about the length of the delay existed).

110. *See Ocasio*, 592 F. Supp. 2d at 246 (holding that the defendants failed to meet their burden of proving unreasonable delay and prejudice).

111. *Radji v. Khakbaz*, 607 F. Supp. 1296, 1299 n.6 (D.C. Cir. 1985).

112. *Compaq Computer Corp. v. Ergonome Inc.*, 210 F. Supp. 2d 845, 848-49 (S.D. Tex. 2002), *aff'd in part, rev'd in part on other grounds*, 387 F.3d 403 (5th Cir. 2004).

113. *Compaq Computer Corp. v. Ergonome Inc.*, 387 F.3d 403, 406-07 (5th Cir. 2004); *see also* *Goodman v. Lee*, 78 F.3d 1007, 1013-14 (5th Cir. 1996) (refusing to consider a laches defense in a copyright case where a plaintiff sued for declaratory relief and accounting under Louisiana law because "[t]he Louisiana Supreme Court has specifically stated that the common law doctrine of laches does not apply to actions maintained under Louisiana law" and "even if we were to assume *arguendo* that a federal common law doctrine of laches applies to Goodman's action, the Lee's argument would still fail" because the delay was excusable).

limitations because of the principle of separation of powers.¹¹⁴ This seemingly suggests that the Eighth Circuit would join the Fourth Circuit in holding that laches is not a defense to copyright claims brought within the statute of limitations,¹¹⁵ or at least that the Eighth Circuit, similar to the Sixth Circuit, would strongly presume against its application.¹¹⁶

D. Other Persuasive Jurisdictions

The Federal Circuit allows laches as a defense to patent infringement when the six-year statute of limitations has not yet run.¹¹⁷ While patent law and copyright law are distinctive, they are derived from the same clause of the Constitution.¹¹⁸ Therefore, the use of laches to bar patent claims before the statute of limitations has run establishes persuasive support for the same practice in the realm of copyright.

While decisions in foreign jurisdictions are not binding on the United States, decisions from Canada and the United Kingdom are sometimes influential upon the United States Supreme Court.¹¹⁹ The aforementioned Second Circuit case, *New Era*, mentions that parallel lawsuits were filed to enjoin publication in England and Canada, and each of these suits was dismissed due to laches.¹²⁰ Consequently, these foreign jurisdictions provide additional persuasive support for allowing laches as a defense to copyright infringement.

114. See, e.g., *Ashley v. Boyle's Famous Corned Beef Co.*, 66 F.3d 164, 170 (8th Cir. 1995) (abrogated on other grounds by *Rowe v. Hussman Corp.*, 381 F.3d 775 (8th Cir. 2004)).

115. See *Lyons*, 243 F.3d at 797-98.

116. See *Chirco*, 474 F.3d at 233.

117. See, e.g., *MCV, Inc. v. King-Seeley Thermos Co.*, 870 F.2d 1568, 1571-72 (Fed. Cir. 1989) (finding laches when plaintiff waited four years to bring claim for co-inventorship after expressly agreeing to not being named a co-inventor); *Rosemount, Inc. v. Beckman Instruments, Inc.*, 727 F.2d 1540, 1550 (Fed. Cir. 1984) (finding laches when plaintiff waited three years after notice of an additional infringing product before amending its infringement complaint to list it).

118. See U.S. CONST. art. I, § 8, cl. 8.

119. See, e.g., *Thompson v. Oklahoma*, 487 U.S. 815, 830-31 (1988) (considering the views of Canada and leading members of the Western European community); *but see Atkins v. Virginia*, 536 U.S. 304, 322 (2002) (Rehnquist, C.J., dissenting) (denouncing the Court's decision to place weight on foreign laws in reaching its conclusion).

120. *New Era*, 873 F.2d at 577.

E. Summary of the Circuit Split

The Circuits split along a spectrum, ranging from the Ninth Circuit, which is very receptive to the defense of laches, to the Fourth Circuit, which refuses to apply laches at all. Of the other Circuits, the Second, Sixth, Tenth, and Eleventh Circuits occupy the middle of the spectrum, not willing to outright bar the defense, but also not nearly as hostile to copyright owners as the Ninth Circuit. Of the Circuits that have not directly addressed the issue, the Seventh Circuit appears to be most similar to the Ninth Circuit, and the Eighth Circuit is most naturally grouped with the Fourth Circuit.

In essence, this split breaks down into three issues. The first issue is whether laches is incompatible with the statute of limitations because of separation of powers (Fourth Circuit approach) or if they can coexist (Ninth Circuit approach). If no separation of powers issue exists, the second issue is the effect of laches if proven by the defendant. The answer ranges from a limited effect of barring only equitable remedies (Second Circuit approach) to a broad effect of barring all legal and equitable remedies (Ninth Circuit approach). The final issue is whether laches can only bar retrospective damages (Eleventh Circuit approach) or if it may also bar prospective relief (Ninth Circuit approach). These issues will be further discussed in Part V.

IV. PETRELLA: A CHANGE OF HEART WITHIN THE NINTH CIRCUIT?

This section provides an in-depth understanding of how the Ninth Circuit currently handles laches with copyright infringement, provides the facts of *Petrella v. Metro-Goldwyn-Mayer, Inc.* for reference when analyzing the significance of the Circuit split in Part V, and introduces an alternative theory addressed in the concurring opinion.¹²¹

A. The Majority Opinion

Professional boxer Jake LaMotta collaborated with his friend Frank Peter Petrella (“F. Petrella”), to create three works about LaMotta’s life: a book registered for copyright in 1970 and two screenplays registered in 1963 and 1973, respectively.¹²² These works allegedly became the basis for the movie *Raging Bull*.¹²³ In 1976, F. Petrella and LaMotta expressly

121. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946 (9th Cir. 2012).

122. *Id.* at 949.

123. *Id.*

assigned all of the copyrights in the book and screenplays to Chartoff Winkler Productions, Inc. (“Chartoff Winkler”), “exclusively and forever, including all periods of copyright and renewals and extensions thereof.”¹²⁴ In 1978, Chartoff Winkler expressly assigned the motion picture rights for *Raging Bull* to United Artists, a wholly owned subsidiary of Metro-Goldwyn-Mayer (“MGM”), which promptly registered the film in 1980.¹²⁵ In 1981, F. Petrella passed away, leaving his daughter, Patricia Petrella (“Petrella”) as his heir.¹²⁶

In 1990, the United States Supreme Court held in *Stewart v. Abend* that when the author of a copyrighted work dies before the 28-year renewal period begins,¹²⁷ his heir is entitled to renewal rights, even if the author previously assigned the rights to another party.¹²⁸ Upon learning about her rights under *Stewart v. Abend*, Petrella filed a renewal application for the 1963 screenplay in 1991.¹²⁹ However, it was not until 1998 that Petrella contacted the defendants to complain about their alleged infringement of her exclusive rights by exploiting *Raging Bull*, a derivative work of her copyrighted material.¹³⁰ Petrella testified that her reason for waiting eight years to contact the defendants was because “the film was deeply in debt and in the red and would probably never recoup” and she “did not know there was a time limit to making such claims.”¹³¹

Over the next two years, Petrella threatened to but did not pursue legal action against the defendants.¹³² Nine years later, in 2009, Petrella sued the defendants for copyright infringement, seeking restitution for unjust enrichment and accounting.¹³³ Petrella stated that the delay in bringing suit was due to her taking care of her ill brother and mother, her mother’s fear of retaliation, and her family’s inability to afford a lawsuit.¹³⁴ The District Court granted summary judgment to the defendants, holding

124. *Petrella*, 695 F.3d at 950.

125. *Id.*

126. *Id.*

127. *Stewart v. Abend*, 495 U.S. 207, 215 (1990).

128. *Id.* at 219.

129. *Petrella*, 695 F.3d at 950.

130. *Id.*

131. *Id.* at 952.

132. *Id.* at 950-51.

133. *Id.* at 951.

134. *Id.* at 952.

that Petrella's claims were barred by laches.¹³⁵

The Ninth Circuit first looked at whether the copyright infringement claim was correctly barred by laches.¹³⁶ The Ninth Circuit agreed with the District Court, finding an 18-year delay because Petrella was aware of her potential claims since at least 1991 but did not file a lawsuit until 2009.¹³⁷ The Court then assessed the reasonableness of the 18-year delay, determining that the "true cause of Petrella's delay was, as she admits, that 'the film hadn't made money,'" which the court did not find to be a reasonable justification.¹³⁸ Finally, the Court considered whether the delay created either expectations-based or evidentiary prejudice against the defendants.¹³⁹ In the Ninth Circuit, a defendant may establish expectations-based prejudice by merely showing that "during the delay, it invested money to expand its business or entered into business transactions based on [its] presumed rights."¹⁴⁰

The defendants stated that they had spent nearly \$8.5 million since 1991 on distribution, marketing, and advertising costs that they would not have otherwise spent had they not believed they were the true owners of *Raging Bull*.¹⁴¹ The Ninth Circuit relied on these facts to uphold the finding of expectations-based prejudice, despite defendants profiting from Petrella's delay.¹⁴² The court also held that Petrella had failed to present sufficient evidence that the defendants were willful infringers.¹⁴³ Therefore, the Ninth Circuit held that Petrella's copyright infringement claim was barred by laches.¹⁴⁴ The Court also ruled that laches barred

135. *Petrella*, 695 F.3d at 951.

136. *See id.* (noting a Circuit split on whether the abuse of discretion or clearly erroneous standard of review is used to determine whether a plaintiff's conduct constitutes laches; the court did not resolve the issue because it found no error under either standard).

137. *Id.* at 952.

138. *Id.* at 953.

139. *See id.* (discussing elements of expectations-based and evidentiary prejudice).

140. *Id.* (quoting *Miller v. Glenn Miller Prods. Inc.*, 454 F.3d 975, 999 (9th Cir. 2006)).

141. *Petrella*, 695 F.3d at 953-54.

142. *Id.*

143. *Id.* at 956 n.4.

144. *Id.* at 956.

other equitable remedies, unjust enrichment, and accounting not provided for by contract.¹⁴⁵

B. *The Concurring Opinion*

Judge Fletcher concurred with the majority opinion because he believed it was a faithful application of the binding precedent of *Danjaq*.¹⁴⁶ However, he argued that the Ninth Circuit “has taken a wrong turn in its formulation and application of laches in copyright cases.”¹⁴⁷ Judge Fletcher blamed the *Danjaq* Court for misinterpreting Judge Hand’s opinion in *Haas v. Leo Feist, Inc.*¹⁴⁸ as an invocation of laches when, in his opinion, it really embodied the principles of equitable estoppel, which prevents a party from doing something it might otherwise be legally permitted to do.¹⁴⁹ He preferred equitable estoppel because he argued the elements of a laches defense were not sufficiently demanding to protect innocent copyright holders who bring infringement lawsuits within the statute of limitations.¹⁵⁰

Specifically, Judge Fletcher took issue with the Ninth Circuit applying laches when infringers only show that copyright holders had constructive knowledge, not actual knowledge, of the defendants’ infringement.¹⁵¹ Judge Fletcher also disapproved of infringers being able to establish expectation-based prejudice by merely showing that the infringer invested money to exploit the copyright without proving actual harm.¹⁵² Equitable estoppel, by contrast, requires showings of a misleading communication that the other party relied on to its detriment.¹⁵³ Therefore, equitable estoppel inherently requires the copyright holder’s actual

145. *Id.*

146. *Id.* at 958 (Fletcher, J., concurring).

147. *Petrella*, 695 F.3d at 959 (Fletcher, J., concurring).

148. *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916).

149. *Petrella*, 695 F.3d at 959 (Fletcher, J., concurring) (citing 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 20:55 (2012)).

150. *Id.* (Fletcher, J., concurring).

151. *Id.* (Fletcher, J., concurring) (citing *Kling v. Hallmark Cards Inc.*, 225 F.3d 1030, 1036 (9th Cir. 2000)).

152. *Id.* (Fletcher, J., concurring) (implying that when the defendant has made a profit as a result of the delay, he should not be able to argue that he suffered expectation-based prejudice).

153. *See Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 292 (2d. Cir. 2002).

knowledge of the facts and the infringer's actual harm as a result.¹⁵⁴

Judge Fletcher also invoked a separation of powers argument, similar to that of the Fourth Circuit, to disapprove of the use of laches in the realm of copyright.¹⁵⁵ After discussing the legislative history of the Copyright Act and the adoption of the three-year statute of limitations, Judge Fletcher concluded that laches is “entirely a judicial creation. . . that is in tension with Congress’ intent.”¹⁵⁶

C. Analysis

The result in *Petrella* is hardly surprising. *Petrella* slept on her rights for eighteen years with actual knowledge of the defendants’ infringement because the film had not made money,¹⁵⁷ which is precisely the evil which Judge Learned Hand warned against in *Haas v. Leo Feist, Inc.*¹⁵⁸ The majority opinion used laches to bar the claim while the concurring opinion would have preferred to use equitable estoppel, but this distinction is practically meaningless as applied to these facts because they would generate the same result.

Therefore, the most interesting and potentially significant aspect of *Petrella* is the concurring opinion’s dicta signaling a potential shift in the Ninth Circuit away from laches and toward equitable estoppel. Alternatively, the concurring opinion might be interpreted as Judge Fletcher’s plea to the Supreme Court to not adopt the Ninth Circuit approach. Yet, Judge Fletcher’s opinion is flawed. For example, Judge Fletcher argues that laches, a judicial creation, is in tension with Congress’ intent as reflected in the three-year statute of limitations.¹⁵⁹ However, if this were true, the same would be true for equitable estoppel, which is also a judicial creation.¹⁶⁰ Thus, to avoid this supposed separation of powers problem, Judge Fletcher’s model must not allow equitable estoppel to bar a claim before the statute of limitations has run. This potentially incentivizes copyright holders to “speculate without risk with the other’s money” and

154. *Petrella*, 695 F.3d at 959 (Fletcher, J., concurring) (citing *Hampton v. Paramount Pictures Corp.*, 279 F.2d 100, 104 (9th Cir. 1960)).

155. *Id.* at 958 (Fletcher, J., concurring).

156. *Id.*

157. *Id.* at 952-53.

158. *Haas*, 234 F. at 108.

159. *Petrella*, 695 F.3d at 958 (Fletcher, J., concurring).

160. *See* *Office of Pers. Mgmt. v. Richmond*, 496 U.S. 414, 430 (1990) (discussing the “judicial doctrine of estoppel”).

bring the claim right before the statute of limitations has run when a bona fide infringer's risk yields a reward.¹⁶¹

Judge Fletcher also suggests that when an infringer profits from the delay, he should not be allowed to argue that the delay created an expectation-based prejudice.¹⁶² However, this provides too much protection to copyright holders who refuse to sue while the infringer's efforts are not profitable, yet sue to recover profits once the infringer's risk-taking turns a profit. For example, if MGM were unable to prove expectation-based prejudice because it made a profit by exploiting *Raging Bull*, then Petrella's copyright infringement claim would have proceeded, and she would have possibly recovered those profits under the accounting and unjust enrichment claims. MGM would have been left with nothing to show for the amount of money and time spent, while Petrella would have been rewarded for taking advantage of MGM's mistaken belief that it was the true copyright holder.

Still, Judge Fletcher's opinion has some merit. The Ninth Circuit is too hostile towards copyright holders by requiring that infringers only show the copyright holder's constructive knowledge, not actual knowledge, of defendant's infringement.¹⁶³ The concept of equity and fairness go hand-in-hand.¹⁶⁴ It seems inherently unfair to accuse a copyright holder of undue delay in bringing a lawsuit without proving that the holder was actually aware of infringement in the first place.

V. ANALYZING THE IMPACT AND SIGNIFICANCE OF THE CIRCUIT SPLIT

As discussed in Part III, the Circuit split regarding the application of laches in copyright infringement has yielded roughly six different approaches. The Supreme Court likely granted *certiorari* because until the split is resolved, there is a high risk of inconsistent results and forum shopping. To illustrate this better, consider how the other Circuits would have decided *Petrella*, keeping in mind that despite the eighteen-year delay, some of the defendants' ongoing infringements occurred within three years of Petrella filing and thus could not be barred by the statute of limitations.

If Petrella had filed her case in the Second Circuit, defendants would

161. *Haas*, 234 F. at 108.

162. *Petrella*, 695 F.3d at 959 (Fletcher, J., concurring).

163. *See* *Kling v. Hallmark Cards Inc.*, 225 F.3d 1030, 1036 (9th Cir. 2000).

164. *See* *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 814 (1945).

still be permitted to present a laches defense, as the defendant successfully did in *New Era*. Compared to the plaintiff's two year delay in *New Era*, Petrella's eighteen-year delay for the purpose of MGM substantially investing in the movie and making it profitable is a much more compelling case for finding laches.¹⁶⁵ Therefore, both the Ninth and Second Circuits would uphold a finding of laches. However, under *New Era*, the Second Circuit would have only barred Petrella's equitable claims, while allowing any legal claims to survive.¹⁶⁶ Therefore, Petrella would have been marginally better off filing in the Second Circuit, where she would have partially survived summary judgment if she sought legal remedies for the infringements occurring within three years of filing the lawsuit.

The outcome in the Tenth Circuit, which generally defers to the statute of limitations because of separation of powers, is much less clear. The Tenth Circuit recognized in *Jacobsen v. Deseret Book Co.* that there are some circumstances, usually involving very long delays between plaintiff having notice of a claim and filing a lawsuit, where "a court can apply laches in a copyright case."¹⁶⁷ The Tenth Circuit rejected the applicability of laches despite a seven-year delay in *United States v. Rodriguez-Aguirre*,¹⁶⁸ but Petrella's eighteen-year delay is considerably longer and thus better suited to fall within the Tenth Circuit's rare exception. Because the Tenth Circuit has never yet applied laches in the copyright setting, its effect on Petrella's remedies is unknown. Therefore, it is conceivable that the Tenth Circuit could have reached the identical result as the Ninth Circuit, or that it would have followed the Second Circuit's hypothetical result, or that it would have concluded that the eighteen-year delay is not exceptional enough to warrant laches and would have reached the opposite result as the Ninth Circuit.

In the Fourth Circuit, Petrella's claims would not be barred by laches because laches is not a defense to copyright infringement.¹⁶⁹ Petrella not only would have survived summary judgment, but also she would have been able to seek any of the remedies listed in the Copyright Act, including MGM's profits.¹⁷⁰ She would almost certainly succeed on the merits of her

165. *New Era Publ'ns Int'l v. Henry Holt & Co.*, 873 F.2d 576, 584-85 (2d Cir. 1989).

166. *See id.* at 585.

167. *Jacobsen v. Deseret Book Co.*, 287 F.3d 936, 950-51 (10th Cir. 2002).

168. *United States v. Rodriguez-Aguirre*, 264 F.3d 1195, 1208 (10th Cir. 2001).

169. *See Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 797-98 (4th Cir. 2001).

170. 17 U.S.C. § 504(b) (2010).

claim based on *Stewart v. Abend*,¹⁷¹ despite the fact that she delayed filing the lawsuit until the movie became profitable and that the movie only became profitable because MGM invested so much time, money, and effort into the movie upon the belief it was the true owner of the copyright. At the very least, she would be permitted to argue her case on the merits rather than losing at the summary judgment stage.

The Sixth Circuit would strongly presume against laches, as it only allows laches in the “most compelling of cases.”¹⁷² Unlike in *Chirco*, where the plaintiff sought the destruction of a building,¹⁷³ Petrella only sought the profits resulting from MGM’s infringement. This likely does not qualify as a sufficiently compelling case because the remedy sought was monetary in nature, MGM profited during the delay, and the remedy would not have created an unjust hardship on innocent third parties.¹⁷⁴ Therefore, Petrella likely would have survived summary judgment in the Sixth Circuit.

Finally, the Eleventh Circuit, like the Sixth Circuit, would also strongly presume against laches.¹⁷⁵ For similar reasons as in the Sixth Circuit, MGM’s laches defense would probably not prevail.¹⁷⁶ However, if MGM were to succeed, Petrella would have been barred from recovering retrospective damages, but would not have been barred from prospective relief.¹⁷⁷

These inconsistent results are the natural consequence of the unequal administration of the law. Petrella would have been barred by laches in the Second Circuit, but not in the Fourth, Sixth, and Eleventh Circuits, with the Tenth Circuit conceivably going either way. She would have been entitled to damages in every Circuit but the Ninth. When the statute of limitations has not yet run, a plaintiff will be tempted to forum shop for a better result, which is precisely the practice the United States Supreme Court sought to eliminate in *Erie R.R. Co. v. Tompkins*.¹⁷⁸ Given the reality of ongoing infringements in the copyright realm, and thus the need for many

171. *Stewart v. Abend*, 495 U.S. 207, 219 (1990).

172. *Chirco v. Crosswinds Cmty., Inc.*, 474 F.3d 227, 233 (6th Cir. 2007).

173. *Id.* at 235-36.

174. *See id.* at 236.

175. *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters., Int’l*, 533 F.3d 1287, 1320 (11th Cir. 2008).

176. *See generally id.*

177. *See, e.g., id.* at 1321.

178. *See Erie R.R. Co. v. Tompkins*, 304 U.S. 64, 74-75 (1938).

defendants to assert laches defenses, the threat of inconsistent results will remain present until the United States Supreme Court rules in *Petrella*.

VI. RECOMMENDATIONS

When the United States Supreme Court creates a rule to resolve the Circuit split, it must balance the competing interests of the copyright holder and the innocent, risk-taking infringer, and make a determination on three crucial questions as they relate to copyright infringement: (1) whether laches should ever be available as a defense to copyright infringement; (2) if available as a defense, what facts may a court consider when a defendant attempts to prove unreasonable delay and prejudice; and (3) if a defendant proves laches, which remedies are barred?

This Comment recommends that laches should be available as a defense to copyright infringement. The length of the delay should be determined by the plaintiff's actual knowledge, not constructive knowledge, of defendant's infringement. The innocent infringer should be able to prove evidentiary or expectation-based prejudice, but if the infringer wishes to prove expectation-based prejudice, he must establish that the copyright holder availed himself of the infringer's innocence "to build up a success at no risk of his own."¹⁷⁹ If proven, laches should bar all equitable remedies, including remedies located within the Copyright Act that the Court deems equitable in nature, but not bar any legal remedies, which can only be barred by the statute of limitations.

A. *Laches Should Be Available In Copyright Infringement Lawsuits*

Several courts and scholars have expressed concern that allowing laches to bar a copyright infringement claim otherwise valid under the statute of limitations would raise issues of separation of powers.¹⁸⁰ When the Fourth Circuit concluded in *Lyons* that separation of powers principles precluded it from applying laches because Congress had enacted a statute of limitations, it neither looked at the statutory history of copyright law nor the legislative history of the amendment that added the statute of limitations; rather, it relied on cases completely unrelated to copyright that held that laches cannot bar federal claims filed in a timely manner under

179. *Haas*, 234 F. at 108.

180. *See, e.g., Petrella*, 695 F.3d at 958 (Fletcher, J., concurring); *Lyons*, 243 F.3d at 797; William Patry, *Laches and the Statute of Limitations*, THE PATRY COPYRIGHT BLOG, <http://williampatry.blogspot.com/2006/07/laches-and-statute-of-limitations.html> (Jul. 26, 2006, 9:36 AM) ("where the legislature has acted, laches should not be available").

their corresponding statutes of limitations.¹⁸¹

In *Petrella*, Judge Fletcher did look at the legislative history of the Copyright Act when he concluded that laches is in tension with Congress' intent,¹⁸² but failed to interpret it correctly. Judge Fletcher argued that the Senate Report accompanying the 1957 amendments, which added the three-year statute of limitations, "noted that the adoption of a federal limitations period would extinguish equitable defenses such as laches."¹⁸³ However, the text of that Senate Report indicates the contrary. The Senate Report merely noted that statute of limitations can either limit substantive rights or remedies, and only if it limits substantive rights do courts generally refuse to allow equitable defenses.¹⁸⁴ However, the Committee emphasized its "intention that the statute of limitations . . . is to extend to the *remedy* of the person affected thereby, and not to his substantive *rights*."¹⁸⁵ The Senate Report also noted that specifically enumerating equitable defenses was unnecessary because federal district courts often recognize them anyway, and that a specific enumeration of certain circumstances or conditions in that regard may result in unfairness.¹⁸⁶ This demonstrates Congress' anticipation of equitable defenses and the statute of limitations coexisting, but was ignored by Judge Fletcher and other courts alleging a separation of powers violation.

Generally, a separation of powers violation occurs when there is an "encroachment or aggrandizement of one branch at the expense of the other."¹⁸⁷ To determine whether "encroachment" or "aggrandizement" has occurred, Courts often rely on Justice Jackson's concurring opinion in

181. *Lyons*, 243 F.3d at 798 (citing *Cnty. of Oneida v. Oneida Indian Nation*, 470 U.S. 226 (1985) (fair rental value of land); *Holmberg v. Armbrrecht*, 327 U.S. 392 (1946) (shareholder liability); *Ivani Contracting Corp. v. City of N.Y.*, 103 F.3d 257 (2d Cir. 1997) (racial and gender discrimination); *Ashley v. Boyle's Famous Corned Beef Co.*, 66 F.3d 164 (8th Cir. 1995), *abrogated by Rowe v. Hussmann Corp.*, 381 F.3d 775 (8th Cir. 2004) (gender discrimination); *Miller v. Mawell's Int'l Inc.*, 991 F.2d 583 (9th Cir. 1993) (gender and age discrimination)).

182. *Petrella*, 695 F.3d at 958 (Fletcher, J., concurring).

183. *Id.* (Fletcher, J., concurring) (quoting the report) ("[C]ourts generally do not permit the intervention of equitable defenses or estoppel where there is a [statute of] limitation on the right.").

184. S. REP. NO. 85-1014, at 3 (1957), *reprinted in* 1957 U.S.C.C.A.N. 1961, 1963 ("It may be well to point out that statutes of limitations take the form of a limitation upon the substantive right or upon the remedy.").

185. *Id.*

186. *Id.*

187. *Buckley v. Valeo*, 424 U.S. 1, 122 (1976) (per curiam).

*Youngstown Sheet & Tube Co. v. Sawyer*¹⁸⁸ for cases involving the relationship between the Executive and Legislative branches.¹⁸⁹ According to Justice Jackson, executive action pursuant to an express or implied authorization of Congress has the highest possible authority and does not present a problem concerning separation of powers.¹⁹⁰ Executive action taken when Congress remains silent falls within a “zone of twilight” where there might be concurrent power or where distribution of power is uncertain.¹⁹¹ Finally, action that is incompatible with Congress’ expressed or implied intent is “at its lowest ebb” and will only be upheld when justified by the executive branch’s independent constitutional powers.¹⁹² Since Justice Jackson’s model simply presents a sliding scale of bilateral relationship, it arguably provides a useful framework for measuring all bilateral conflicts, including the alleged separation of powers issue between the Legislative and Judicial branches. Substituting the Judiciary for the Executive branch in this framework, there is a compelling argument that no separation of powers violation has occurred when courts allow laches before the statute of limitations has run.

The language of the Senate Report clearly states that both houses of Congress authorized the use of equitable defenses in addition to the statute of limitations; the only reason it was not enumerated was fear that it would unfairly limit the full array of equitable defenses afforded by the locality.¹⁹³ Therefore, Congress has given the Judiciary implied authorization to allow for the defense of laches in copyright infringement actions. This falls squarely in the first category suggested by Justice Jackson, and thus does not violate the separation of powers doctrine. In other words, the implied authorization signals that the Judiciary has not encroached upon the Legislature or aggrandized its power.

However, even if Congress’ failure to enact a statute authorizing the defense of laches were treated as silence or disapproval, no separation of powers violation occurs. As the Sixth Circuit explained in *Chirco*, when the Court applies laches in copyright infringement actions, it uses its

188. *Youngstown Sheet & Tube Co. v. Sawyer*, 343 U.S. 579, 635-37 (1952) (Jackson, J. concurring).

189. *See, e.g., Am. Int'l Grp., Inc. v. Islamic Republic of Iran*, 657 F.2d 430, 439 (D.C. Cir. 1981).

190. *Youngstown*, 343 U.S. at 635-37 (Jackson, J. concurring).

191. *Id.* at 637 (Jackson, J. concurring).

192. *Id.* at 637-38 (Jackson, J. concurring).

193. S. REP. NO. 85-1014, at 3 (1957), *reprinted in* 1957 U.S.C.C.A.N. 1961, 1963.

authority “as a co-equal branch of the federal government.”¹⁹⁴ Similarly, the defense of laches and statutes of limitations are not actually in conflict with each other. The copyright statute of limitations says that “[n]o civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.”¹⁹⁵ In other words, the statute of limitations establishes what happens in the event that a plaintiff fails to bring a claim within three years. It does not, on its face, guarantee that bringing a claim within three years makes the claim immune to other affirmative defenses by the defendant. Absent this facial conflict, the defense of laches and statute of limitations cannot be “in tension”¹⁹⁶ with each other. Therefore, laches should be available as a defense to copyright infringement.

B. *Proposals for Uniformity in the Elements of Laches*

Judge Fletcher’s concurrence in *Petrella* rightfully blamed the Ninth Circuit for establishing too lenient of a test for proving laches.¹⁹⁷ As Judge Fletcher suggests, the test should require that the plaintiff have actual knowledge, not constructive knowledge, of the defendant’s infringement.¹⁹⁸ This is the fairest way to ensure that the plaintiff’s delay was actually unreasonable, as one cannot expect a copyright holder to file an infringement lawsuit when the holder does not actually know about the infringement.

However, Judge Fletcher goes too far in requiring actual harm to prove expectation-based prejudice because it would be impossible for any infringer who has profited to succeed on its laches defense. If that were the case, a copyright holder who intentionally slept on its rights would be entitled to equitable remedies. Consequently, the innocent infringer would be left with nothing to show for its risk, time, and effort invested in the copyright. As this raises concerns of fairness, the infringer’s profits should not preclude a laches defense. The defendant should still have to prove prejudice. However, if the defendant wishes to prove expectation-based prejudice, it should have to prove that the copyright holder availed himself of the infringer’s innocence “to build up a success at no risk of his own,”¹⁹⁹

194. *Chirco v. Crosswinds Cmty., Inc.*, 474 F.3d 227, 236 (6th Cir. 2007).

195. 17 U.S.C. § 507(b) (2010).

196. *Petrella*, 695 F.3d at 958 (Fletcher, J., concurring).

197. *Id.* at 959 (Fletcher, J., concurring).

198. *Id.*

199. *Haas*, 234 F. at 108.

in addition to the amount of time, money, and effort the innocent infringer invested in exploiting the copyright.

*C. If Proven, Laches Should Only Bar Equitable Remedies,
Not Legal Remedies*

Unlike a statute of limitations, which affects a plaintiff's ability to bring a claim and thus affects all remedies, laches should have a narrower effect. The Ninth Circuit goes too far by allowing laches to be a complete bar to equitable and legal remedies. This treatment appears to be inconsistent with the United States Supreme Court, which has instead limited the defense of laches to equitable remedies only.²⁰⁰

Therefore, courts considering the defense of laches must define the remedies for infringement provided by the Copyright Act as either legal or equitable. These remedies include injunctions, impound and disposition of infringing articles, damages and profits, and costs and attorney's fees.²⁰¹ In *Chauffeurs, Teamsters, & Helpers, Local No. 391 v. Terry*, the Supreme Court held that remedies are categorized as equitable or legal based on the nature of the issues involved in the claim as originally brought in England prior to the merger of law and equity and, more importantly, based on whether the remedy sought is legal or equitable in nature.²⁰² Defining copyright remedies as legal versus equitable is beyond the scope of this Comment. For the purposes of this article, it is enough to recommend that however the Supreme Court classifies the remedies in the Copyright Act, laches should only bar equitable remedies, while statutes of limitations should continue to bar all remedies. The Court should not follow the Fourth Circuit, which deems all remedies enumerated in the Copyright Act as immune to laches without undertaking a *Terry* analysis.²⁰³

D. Petrella's Fate Under the Recommended Approach

Following the approach recommended in this Comment, all of *Petrella's* claims dating back more than three years would be barred by the statute of limitations. Defendants would be permitted to bring forth a laches defense to the remaining claims and would be successful in proving the defense. Defendants satisfy the unreasonable delay prong because an

200. *See Cnty. of Oneida*, 470 U.S. at 244 n.16.

201. 17 U.S.C. §§ 502, 503, 505 (2006); 17 U.S.C. § 504(a) (2010).

202. *Chauffeurs, Teamsters & Helpers Local No. 391 v. Terry*, 494 U.S. 558, 565 (1990).

203. *Lyons*, 243 F.3d at 799.

18-year delay from the time Petrella had actual knowledge of her rights until the time she filed her lawsuit is objectively unreasonable, especially because she admitted that she waited for the defendants' efforts to become profitable for her to file suit. Defendants satisfy the prejudice prong because they spent nearly \$8.5 million since 1991 on distribution, marketing, and advertising costs that they would not have spent had they not believed they were the true owners of *Raging Bull*.²⁰⁴ The fact that the defendants profited during the period of delay does not change the analysis of the prejudice prong. Because defendants would be able to prove laches, the court would grant summary judgment to defendants on all claims seeking equitable remedies, though claims seeking legal remedies, if Petrella prayed for such relief, would be tried on the merits.

VII. CONCLUSION

By granting *certiorari* in *Petrella*, the Supreme Court has taken a major step toward resolving the inconsistent and potentially unjust results caused by the Circuit split on the issue of laches as a defense to copyright infringement. Otherwise, plaintiffs would likely have continued to forum shop in order to file copyright infringement lawsuits in the Fourth Circuit, or at the very least to avoid filing suit in the Ninth Circuit. When the Supreme Court rules in *Petrella*, it should keep in mind the legislative history of the 1957 amendments to the Copyright Act, which show that Congress declined to explicitly include equitable defenses only because it was obvious that courts should allow them.²⁰⁵ However, the split among the Circuits that have ruled on whether defendants may use laches as a defense to copyright infringement demonstrates that a court's consideration of equitable defenses such as laches is anything but obvious today. Therefore, the Supreme Court should establish a rule consistent with the legislative history of the Copyright Act and hold that laches should be available as a defense to copyright infringement and that it should only bar equitable remedies.

Laches is an important shield for defendants finding themselves in a situation like that presented in *Petrella*. In cases such as the film rights to the story of Jake LaMotta, the laches defense is the only way to protect defendants from a raging bull.

204. *Petrella*, 695 F.3d at 953-54.

205. S. REP. NO. 85-1014, at 3 (1957), reprinted in 1957 U.S.C.C.A.N. 1961, 1963.