CLOSING THE LACHES: DOES THE SPLIT DECISION IN THE *RAGING BULL* CASE FINALLY BRING SOME CONSISTENCY TO THE DOCTRINE OF LACHES IN COPYRIGHT INFRINGEMENT?

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INTRODUCTION

This article addresses the 2014 Supreme Court decision, *Petrella v. Metro Goldwyn Mayor, Inc.* In 2009, Paula Petrella sued MGM for copyright infringement claiming that her deceased father, Frank, wrote the screenplay that was made into the 1980 movie, *Raging Bull.* MGM prevailed in the district and appellate courts, but the Supreme Court reversed, ruling six-to-three that the defense of laches, the equitable argument that MGM relied upon to get a summary judgment, does not provide an automatic bar to pursuing copyright infringement cases.

The following sections examine the controversy surrounding the doctrine of laches in copyright cases and discusses inconsistent interpretations offered by various appellate jurisdictions. Part I analyzes the *Petrella case.* Part II discusses some details of U.S. copyright law including the historical background of the statute of limitations and the doctrine of laches. Part III examines the Supreme Court's rationale in *Petrella*, including a look at the dissent. Part IV discusses the potential impact of the decision for copyright infringement cases going forward.

I. THE *RAGING BULL* CASE

"You win, you win, if you lose, you still win." – Joey Lamotta

This well-known line from the Martin Scorsese film *Raging Bull* was spoken by Joey Lamotta as he tried to convince his brother Jake, nicknamed the Raging Bull, to fight at a lower weight in order to earn a shot at a title fight.[1] The line may work very well in this scene from the movie, but when it comes to the *Raging Bull* copyright infringement case, *Petrella vs. Metro*

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[1] Martin Scorsese: *Raging Bull*, MGM Studios (1981).

Goldwyn Mayer, Inc. (MGM), the win-win, lose-win philosophy was not going to work. In fact, MGM learned the hard way that even when you win, you can still lose. While MGM prevailed at the district and appellate court levels, the Supreme Court gave new life to the plaintiff's case by granting certiorari. The Supreme Court granted certiorari primarily to deal with the inconsistencies found in circuit court rulings in copyright infringement cases. Ultimately, on May 14, 2014, in a 6-3 decision, the Supreme Court ruled that the equitable defense of laches, the legal argument that MGM relied upon to obtain their summary judgment at the district court level, does not provide an automatic bar to pursuing copyright infringement cases.[2]

In this case, the Plaintiff Paula Petrella brought a copyright infringement suit in 2009 against MGM claiming that her deceased father, Frank Petrella, wrote the screenplay that was made into the movie *Raging Bull*, which was released in 1980.[3] Some of the essential facts of the case were not in dispute. Jake Lamotta did collaborate with Frank Petrella on two screenplays, copyrighted in 1963 and 1973 as well as the Jake Lamotta memoir, *Raging Bull: My Story*, published in 1970.[4] Jake LaMotta and Frank Petrella later assigned exclusive rights to the three works to Chartoff-Winkler Productions, Inc., which subsequently assigned those rights to United Artists Corporation, a subsidiary of MGM.[5] The film *Raging Bull* was copyrighted by MGM when it was released in 1980.[6]

When Frank Petrella passed away in 1981, Paula inherited the copyrights to her father's original 1963 screenplay, since it was still within the twenty-eight year copyright period.[7] In 1991, twenty-eight years after the 1963 copyright, Paula Petrella filed an application for the renewal of copyright for the original screenplay which was granted.[8] Although the copyright renewal was filed in a timely manner, Ms. Petrella did not

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[2] Petrella v. Metro Goldwyn Mayer, Inc., 134 S. Ct. 896 (2014). "Petitioner Paula Petrella, in her suit for copyright infringement, sought no relief for conduct occurring outside §507(b)'s three-year limitations period. Nevertheless, the courts below held that laches barred her suit in its entirety, without regard to the currency of the conduct of which Petrella complains. That position, we hold, is contrary to §507(b) and this Court's precedent on the province of laches." *Id.*

[3] Brad Newberg, *Why the Supreme Court should allow laches as a copyright defense*, MANAGING INTELL. PROP. (Feb. 26, 2014).

[4] Petrella v. Metro Goldwyn Mayer, Inc., 134 S. Ct. 896 (2014).

[5] *Id*.

[6] *Id*.

[7] Stewart v. Abend, 495 U.S. 207 (1990). "The distribution and publication of a derivative work during the copyright renewal term of a preexisting work incorporated into the derivative work infringes the rights of the owner of the preexisting work where the author of that work agreed to assign the rights in the renewal term to the derivative work's owner, but died before the commencement of the renewal period, and the statutory successor does not assign the right to use the preexisting work to the owner of the derivative work."

[8] Petrella v. Metro Goldwyn Mayer, Inc., 134 S. Ct. 896 (2014).

approach any discussion of the legal claim with MGM until 1998. That year, through her attorney, she communicated to MGM claiming her copyrights to the 1963 screenplay and any derivative works, and further claiming that MGM infringed on those rights with the *Raging Bull* film.[9] Despite a decade of back and forth communication, no progress was made to settle the dispute, and litigation was finally initiated in 2009.[10] With the filing of the 2009 suit, she sought to prove that the *Raging Bull* film infringed on her father's work in that original screenplay and claimed a percentage of the proceeds dating from 2006. While the passage of time between the film release and the filing of the copyright infringement suit was a total of twenty-nine years, Petrella was only claiming infringement damages since 2006 in keeping with the three year statute of limitations as set forth in 17 U.S.C. § 507 (b).[11]

Most certainly a delay of twenty-nine years is far outside the realm of the three year statute of limitations for civil remedies for copyright infringement, however, since MGM continues to distribute the movie through home videos, the alleged infringements and resulting damage claims brought forth in the suit had occurred within the three years before the claim was filed.[12] While she could not claim damages prior to 2006, the statute of limitations did allow for her claim of damages within the three-year time limitation. However, at the federal district court level, MGM's motion for summary judgment was granted.[13] To come to their decision, the district court applied a commonly used three-pronged approach to determine if the doctrine of laches applies in the case, namely, 1) there was a delay in filing the claim; 2) the delay was unreasonable and 3) the delay resulted in prejudice.[14] Upon applying these three factors to the facts of the case, the district court found that Petrella delayed in initiating the lawsuit; that her delay was unreasonable; and that her delay resulted in prejudice to the defendant.[15] Petrella appealed the decision, but the Ninth Circuit Court of Appeals affirmed the district court judgment. Ninth Circuit Court Judge Raymond Fisher wrote the majority opinion for the court expressing support for the district court decision and affirming their rationale.[16]

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[9] *Id.*
[10] *Id.*
[11] 17 U.S.C. § 507 (b) (2005). "No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued."
[12] Newberg, *supra* note 3.
[13] Petrella v. Metro Goldwyn Mayer, Inc., 695 F.3d 946 (9th Cir. 2012).
[14] Samuel Bray, *A Little Bit of Laches Goes a Long Way: Notes on Petrella v. Metro Goldwyn Mayer, Inc.,* 87 VAND.. L. REV. 1 (2014).
[15] Petrella v. Metro Goldwyn Mayer, Inc., 695 F.3d 946 (9th Cir. 2012).
[16] *Id*. "The district court held that Petrella's copyright infringement claim is barred by the doctrine of laches. We agree. 'Laches is an equitable defense that prevents a plaintiff, who with full knowledge of the facts, acquiesces in a transaction and sleeps upon his rights.'" Danjaq, 263 F.3d at 950–51 (internal quotation marks omitted). '[I]f any part of the alleged

The Supreme Court granted a writ of certiorari on October 1, 2013 to address the question of whether or not the non-statutory defense of laches is available without restriction to bar all remedies for civil copyright claims.[17] The Supreme Court granted certiorari in major part because of continuing disagreements among the circuits as to when the defense is valid and appropriate.[18] The Circuit Courts have been historically split concerning the doctrine of laches and copyright infringement suits, where three circuits prevent application of laches to copyright claims or severely restrict the application of the doctrine to such claims, and one circuit, the Ninth Circuit Court, which covers nine western states including California, which has been extremely lenient in applying the doctrine of laches as a presumed bar to civil copyright claims.[19] The remaining circuit courts found themselves somewhere in the middle of the two extremes, allowing for application of the doctrine given extraordinary circumstances. Obviously, had the *Petrella* claim been pursued in another jurisdiction, the outcome would have been different by the time the case reached the Circuit Court level. Therefore, the Supreme Court felt it necessary to provide some consistency in legal interpretation of the issue. The remainder of this article examines the historical background of copyright law in the United States with special attention to statute of limitations and doctrine of laches issues, the ongoing controversy surrounding the doctrine of laches and the inconsistent interpretation in different appellate court jurisdictions, explores the reasoning behind the recent Supreme Court decision and suggests potential impact for future litigation.

II. BACKGROUND: COPYRIGHT AND LACHES

There are certainly some strong reasons why courts would want plaintiffs to pursue legal claims to copyright infringement within a timely period. Even in those occasions when copyright claims are brought within

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wrongful conduct occurred outside of the limitations period, courts presume that the plaintiff's claims are barred by laches.' Miller v. Glenn Miller Prods., Inc., 454 F.3d 975, 997 (9th Cir.2006). The statute of limitations for copyright claims in civil cases is three years. See 17 U.S.C. § 507(b); see also 3 Nimmer § 12.05[A]. The underlying elements of a laches defense are factual determinations. A defendant must prove that (1) the plaintiff delayed in initiating the lawsuit; (2) the delay was unreasonable; and (3) the delay resulted in prejudice. *See* Danjaq, 263 F.3d at 951. The defendants have established that no genuine issue of material fact exists as to these three elements."

[17] Supreme Court Writ of Certiorari, *available at* http://sblog.s3.amazonaws.com/wp-content/uploads/2013/08/Petrella-v-MGM-filed-cert-petn-w-app.pdf.

[18] Emily Calwell, *Can the Application of Laches Violate the Separation of Powers?: A Surprising Answer from a Copyright Circuit Split,* 44 VAL. U. L. REV. 469 (2010).

[19] Supreme Court Writ of Certiorari, *available at* http://sblog.s3.amazonaws.com/wp-content/uploads/2013/08/Petrella-v-MGM-filed-cert-petn-w-app.pdf.

the three-year statute of limitations, copyright infringement cases can still take years to litigate. One of the longest running copyright infringement cases, the infamous *Bright Tunes v. Harrison's* case, began on February 10, 1971, when Bright Tunes Music Corporation, the copyright holder of the song *He's So Fine*, brought a copyright infringement lawsuit against George Harrison, alleging that Harrison's song, *My Sweet Lord*, infringed the previously copyrighted song *He's So Fine*. After determining that George Harrison plagiarized, even if subconsciously, the *He's So Fine* composition, the district court awarded damages amounting to $1,599,987, with a decision filed on February 19, 1981.[20]

Of course the district court decision was not the end of the litigation and the 1.6 million dollar award did not stand. The award was eventually offset by the fact that Allen Klein, George Harrison's former agent (as ABKCO Music Inc.) had, by this time, become the owner of the Bright Tunes catalog. The 12 year old case was finally completed on November 3, 1983 when the U.S. Court of Appeals, Second Circuit, reduced the awarded amount to the amount that Klein had paid for the worldwide rights to the Bright Tunes catalog, or $587,000 plus interest from the date of acquisition.[21] As seen in this illustration, copyright infringement cases can take years to muddle through, so an appropriate time limitation on the initiation of such legal action is certainly merited.

A. *The Statute of Limitations*

To deal with the issue of timeliness in bringing civil claims for copyright infringement, the three year statute of limitations is set forth in 17 U.S.C. § 507(b) which is the most recent amendment to the Copyright Act, and the applicable law in effect with the issue of the *Petrella* case.[22] Section 507(b) became law in 1998 as an amendment of the Copyright Act of 1976. The applicable language for the use of a statute of limitations is sub-section (b), providing that "no civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued," and represents the first time in the modern history of United States Copyright Law that a specific time limitation was placed on civil actions.[23] That it took over two hundred years for copyright law in the United States to include a statute of limitations for civil copyright disputes is of fairly important consequence.

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[20] ABKCO Music, Inc. v. Harrisongs Music, Ltd., 508 F.Supp. 798 (1981).
[21] *Id.* at 722 F.2d 988 (2nd Cir. 1983).
[22] 17 U.S.C. § 507 (b) (2005).
[23] Elizabeth Kim, *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 (2010).

The United States Congress first addressed the issue of copyright ownership with the Copyright Act of 1790, since copyright protection under English law, the Statute of Anne, did not apply.[24] The original 1790 Act consisted of only two pages, provided for very limited protections and left most issues open for the states and courts to decide. It provided for only the basics of copyright protection of initial written works, namely "maps, charts and books"[25] and such protection did not include any potential derivative works, such as is the subject of the *Petrella v. MGM* litigation. Protection under the 1790 Act was established for a fourteen-year period with potential for renewal for the same fourteen year period. It is also interesting to note that the Copyright Act of 1790 did address a very limited time frame for criminal litigation of copyright violations if "such action be commenced within one year after the cause of action shall arise, and not afterwards."[26]

Over the next two hundred years, the Copyright Act of 1790 would go through a continuous evolution. Since then, the protections offered under the act have been amended and expanded a number of times since that original two page law.[27] The Copyright Act of 1831 extended the initial term to twenty-eight years with a fourteen year renewal, extended the statute of limitations for criminal violations from one year to two and, in 1870, the Act of 1831 was amended to provide protections for derivative works.[28] However, it was not until 1958 that a statute of limitations was applied to civil claims in copyright law. The Copyright Act of 1909 expanded the three-year statute of limitations for criminal claims of copyright violations without addressing a time limitation for civil claims.[29] Potentially a civil claimant could pursue a claim decades after infringement and, as a result, some states took it upon themselves to set their own statute of limitations for civil claims.[30] For the astute litigant, claims could be pursued in the most favorable jurisdiction in that regard. Because of that lack of uniformity, Congress finally saw it necessary to minimize venue shopping by potential litigants and the Copyright Act Amendment of 1958 codified a federal three-

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[24] Copyright Act of 1790, http://www.copyright.gov/history/1790act.pdf.
[25] *Id*.
[26] *Id*.
[27] Daniel Gervais, *The Derivative Right, or Why Copyright Law Protects Foxes Better than Hedgehogs.* 15 VAND. J. ENT. & TECH. L. 785 (2013). "The derivative right is the result of an evolution that started in the 1870 Copyright Act, with the realization that copyright could be infringed by making something other than exact, "piratical" copies. Indeed, introducing a right against unauthorized translations and dramatizations implied that something protectable lay beneath a work's literal surface."
[28] *Id*.
[29] *Id.*
[30] *Id.*

year statute of limitations for civil claims.[31] The language of the three-year statute of limitations remained relatively intact through the Copyright Act of 1976 and the subsequent amendments to the current language in effect today. Today, the Copyright Act protects copyrighted works published before 1978, which includes the work involved in the *Petrella* case, for an initial period of 28 years, renewable for a period of up to 67 years.[32] The one remaining problem is that, unfortunately, the statute of limitations does not clearly define when a legal claim arises. This has led to a variety of interpretations depending on the particular judicial venue.[33] According the foremost authority on copyright law, a claim accrues when "one has knowledge of a violation or is chargeable with such knowledge,"[34] however, this is a question of fact left to the court's determination in the specific case.

B. *The Doctrine of Laches*

While the most common legal defense applicable to the timely filing of copyright lawsuits concerns the statute of limitations, there is an additional defense dealing with timeliness. As mentioned in the previous section, copyright protection, or legislatively enacted protection, is grounded in the specific legal principles spelled out in the language and interpretation of federal law. There is, however, an additional protection, not dependent on specific statutory wording and interpretation but instead grounded on equitable principles. This defense grounded in equity is known as the doctrine of laches and is the central subject of the *Petrella v. MGM* case. The doctrine of laches refers to a defensible legal position where the defendant can petition the court to reject the claim if the plaintiff unreasonably delays bringing the claim, if the delay is such that it prejudices the defendant.[35]

Laches, originating from the French word *laschesse* (best translated as slackness), is defined as "negligence in the observance of one's duty or opportunity"[36] and has been around since the 14th century. In fact, the doctrine of laches predates the application of statute of limitations to copyright claims, and, essentially acted as a "flexible statute of limitations"

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[31] David Harrell. *Difficulty Counting Backwards from Three: Conflicting Interpretations of the Statute of Limitations on Civil Copyright Infringement*. 48 SMU L. REV. 669 (1995).
[32] 17 U. S. C. §304(a) (1978).
[33] Vikas Didwania, Note, *The Defense of Laches in Copyright Infringement Claims*. 75 U. CHI. L. REV. 1227 (2008).
[34] MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.06[B] (2005).
[35] George Pike. *A Raging Bull of a copyright dispute.* INFORMATION TODAY 31, 3 (April, 2014).
[36] MIRIAM-WEBSTER ONLINE DICTIONARY, *available at* http://www.merriam-webster.com/dictionary/laches.

in English Courts of Equity.[37] As such, since the doctrine was based in equity and not in law, a plaintiff's claim could be denied, without reference to a specific designated limitation period such as designated by a statutory time limitation, if it could be shown that the plaintiff delayed in bringing the claim to the inordinate and prejudicial detriment of the defendant.[38]

Even in contemporary cases in the United States court system, where the federal law does contain a specific statutory term limit for bringing a copyright claim, the doctrine of laches has continued to provide a common and viable defense in copyright lawsuits.[39] There is a fairly good reason for the application of such a defense. In the 2008 article "When the Door Closes Early: Laches as an Affirmative Agreement to Claims of Copyright Infringement," author Jason Swartz quotes perhaps the most famous commentary on the doctrine of laches, which was written by Judge Learned Hand and recorded in the *Haas v. Leo Feist, Inc*., case nearly one hundred years ago:

> 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.[40]

Judge Learned Hand illustrates that the very real danger with delay is the possibility of unfair benefit to the plaintiff while the defendant bears all of the risk. Basically, this suggests a situation where a plaintiff can sit back and watch the struggle and efforts of the defendant to determine if any claim is worth pursuing in the end. To address this concern, some courts, though certainly not all, are quite generous in applying the doctrine.[41] As mentioned in the beginning of this article, the most commonly used approach when the doctrine of laches is applied to copyright claims is a three pronged test to examine the facts of the case for any unreasonable and prejudicial delay. In application of the test, the courts determine whether the plaintiff delayed in

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[37] Jason Swartz, *When the Door Closes Early: Laches as an Affirmative Agreement to Claims of Copyright Infringement*. 76 U. CIN. L. REV. 1457 (2008).
[38] *Id*.
[39] *Id*.
[40] *Haas v. Leo Feist.*, 234 F. 105, 108 (S.D.N.Y. 1916).
[41] Misty Kathryn Nall, *(In)Equity in Copyright Law: The Availability of Laches to Bar Copyright Infringement Claims*, 35 N. KY. L. REV. 325 (2008).

initiating the lawsuit; whether or not the delay was unreasonable; and ultimately if the delay resulted in prejudicial treatment to the defendant.[42]

The major contemporary problem with the application of the doctrine of laches to copyright claims has been the inconsistency in interpretation and judicial rulings. This is especially seen across the United States Circuit Court system.[43] The Ninth Circuit Court, covering the western states including California, and, as such, the venue for the *Petrella* case, has been the most lenient in the interpretation of the doctrine. One of the most well known cases from the Ninth Circuit, prior to the *Petrella v. MGM* case, was *Danjaq, LLC v. Sony Corp* where the court applied the doctrine of laches to bar the plaintiff from pursuing claims for copyright infringement.[44]

The *Danjaq* case shares some similarities to the *Petrella* situation and involved the claims of the late Kevin McClory. In 1959, Kevin McClory collaborated with Ian Fleming on the book *Thunderball* and retained screen rights to certain elements of the *Thunderball* story after the book was made into a movie of the same name in 1965.[45] McClory then made his own version of the story with a movie called *Never Say Never Again* in 1983.[46] When McClory wanted to make another movie in the 1990's working with Sony, who had by that time acquired the rights McClory had retained, Danjaq, LLC sought an injunction which was granted.[47] It was at that time that McClory finally determined to pursue a legal claim for copyright infringement. Essentially, McClory claimed ownership over some key elements developed in the *Thunderball* story, elements which included the James Bond character, but delayed pursuing any legal action until 1998.

At district court the determination was that statute of limitations did not prevent pursuit of a legal claim since, like in the *Petrella* case, the defendant continued to release movies and DVD's, thus continuing to reset the clock. The district court, however, did rule that despite this fact, the doctrine of laches should apply in the case. The court concluded that, due to his unreasonable and prejudicial delay, McClory's claims failed the three-prong test in reference to the doctrine of laches. The Ninth Circuit Court upheld their decision, writing: "the district court was correct to conclude that *Danjaq* established the prejudice element of laches and each of the other elements of the laches defense."[48]

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[42] Vikas Didwania, Note. *The Defense of Laches in Copyright Infringement Claims*, 75 U. CHI. L. REV. 1227 (2008).
[43] Nall*, supra* note 41.
[44] *Id*.; *see also* Danjaq L.L.C. v. Sony Corp., 263 F.3d 942, 951 (9th Cir. 2001).
[45] Danjaq L.L.C. v. Sony Corp., 263 F.3d 942, 951 (9th Cir. 2001).
[46] *Id.*
[47] *Id*.
[48] *Id*.

On the other extreme from the Ninth Circuit Court is the Fourth Circuit Court, which has ruled that the doctrine of laches should not bar a copyright infringement claim if it was brought within the statute of limitations. In a 2012 decision, the Fourth Circuit Court, in *Ray Communications, Inc. v. Clear Channel Communications*, Inc., overturned the district court ruling determining that the district court failed to apply an appropriate legal standard and that "the evidence is insufficient to establish Clear Channel's entitlement to the affirmative defense as a matter of law."[49] Essentially, the Fourth Circuit Court ruled that the plaintiff, although aware of the infringing use, delayed unreasonably in bringing their claim, which resulted in undue prejudice to the defendant.[50] This is a slightly different three-pronged approach, adding the question of whether or not the copyright owner knew of the infringing use.[51] In this and other cases, the Fourth Circuit Court has demonstrated that in order to bar injunctive relief by use of the doctrine of laches, a defendant must meet a higher standard than the traditional three-pronged approach.

The Ninth and the Fourth Circuit Courts represent two extremes. The other circuit courts remain in the middle, either restricting the application of laches to only the exceptional situations or severely limiting any potential remedies. In 2007, the Sixth Circuit Court in *Chirco v. Crosswinds Communities, Inc*., ruled that the doctrine of laches can and should be applied in a case where the defendant had already begun to construct condominiums based on the plaintiff's copyright plans.[52] Unfortunately for the plaintiff, the legal claim was brought eighteen months after the plaintiff first learned of the copyright infringement and after the defendant had constructed 168 out of the 252 planned units.[53] Most certainly, this delay in filing a legal claim could be classified as unreasonable considering the length of time the plaintiff knew of the infringement and the cost already incurred by the defendant in constructing the condos. While the court did not suggest that it would take an "expansive" view in applying the doctrine of laches, the facts of *Chirco v. Crosswinds Communities, Inc.,* did merit such selective application of the doctrine considering the "unusual circumstances" of the case.[54] In the words of the court:

> We have thus previously indicated that the equitable doctrine of laches may be raised as a defense in some copyright infringement

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[49] Ray Commc'ns v. Clear Channel Commc'ns, 673 F. 3d 294 (4th Cir. 2012).
[50] *Id.*
[51] *Id*.
[52] Nall, *supra* note 41.
[53] *Id*.
[54] *Id*.

> suits brought within this circuit, and we reemphasize that point today. Because the defendants have established, with uncontroverted facts, that the plaintiffs knew of the defendants' challenged construction plans and activities and yet failed to take readily-available actions to abate the alleged harm, and because the defendants and innocent third parties have been unduly prejudiced by that inaction, we affirm the judgment of the district court.[55]

The remaining circuit courts align themselves in the middle with the Sixth Circuit Court with varying levels of application of the doctrine. The Eleventh Circuit supports a "strong presumption" against allowing laches to bar a timely filed copyright infringement suit but allows for laches in select situations,[56] the Tenth Circuit allows laches for "rare case,"[57] and, while the Second Circuit Court has allowed the laches defenses as a bar injunctive relief, it does not apply the doctrine to award damages.[58]

The Eighth Circuit Court also follows the majority approach and allows laches in a copyright infringement action only in very specific situations. Generally, the Second Circuit Court is hesitant to allow for the doctrine. In *Champagne Louis Roederer v. J. Garcia Carrion, S.A*., the Second Circuit overturned the district court's grant of summary judgment to the defendants in a trademark infringement suit.[59] The district court had based their decision on the doctrine of laches due to the plaintiff's unreasonable delay in bringing the infringement action.[60] Roederer, the producer of Cristal champagne, filed suit in 2002 for trademark infringement based on the defendants' marketing of Cristalino wine. The court ruled that since the Cristalino product had been sold in the U.S. since 1993 and since Roederer could not provide a reasonable basis for the delay, the defendants would incur undue prejudice if the suit proceeded.[61] Thus, the court granted summary judgment in their favor. However, the Eighth Circuit Court disagreed finding that:

> When a defendant has invested generally in an industry, and not a particular product, the likelihood of prejudicial reliance decreases in proportion to the particular product's role in the business. Given this fact, Carrion has failed to show that it suffered undue prejudice as a result of Roederer's delay in bringing suit. This failure by itself

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[55] Chirco v. Crosswinds Comms*., Inc.*, 474 F.3d. 227, 227 (6th Cir, 2007).
[56] Peter Letterese & Assocs. v. World Inst. Scientology Enters., Int'l, 533 F.3d 1287, 87 U.S.P.Q.2d 1563 (11th Cir. 2008).
[57] Jacobsen v. Deseret Book Co., 287 F.3d 936, 62 U.S.P.Q.2d 1491 (10th Cir. 2002).
[58] New Era Publ'ns Int'l v. Henry Hold & Co., 873 F. 2d 576, 577 (2d Cir. 1989).
[59] Champagne Louis Roederer v. J. Garcia Carrion, S.A., 569 F.3d 855 (8th Cir. 2009).
[60] *Id.*
[61] *Id.*

> is sufficient to bar the appellees' laches defense. For the foregoing reasons, the district court abused its discretion in dismissing Roederer's suit. Accordingly, we reverse and remand for further proceedings consistent with this opinion.[62]

While the United States Supreme Court did address the doctrine of laches in a 1935 case, *United States v. Mack*, the case had nothing to do with copyright infringement.[63] The Mack case was actually a National Prohibition Act dispute involving the seizure of an American boat carrying a cargo of alcoholic beverages.[64] The boat was seized on July 31, 1930 but a complaint was not filed until July 19, 1933 and the Eighteenth Amendment was repealed on December 5th of that year.[65] The defendants tried to use the doctrine of laches, among other legal arguments, in their defense, but these arguments did not get very far. The court explained: "The point is faintly made that the government was at fault in failing to bring suit more promptly after the breach of the condition. The complaint was filed in July, 1933, while the Prohibition Act was still in force. Laches within the term of the statute of limitations is no defense at law."[66] The court reaffirmed that position in a 1985 case,[67] however, it was not until this year that the Supreme Court has finally addressed the question of whether or not laches should be an available defense in copyright cases.

III. THE *PETRELLA* DECISION

Due in large part to the inconsistencies in legal interpretation at the federal courts of appeals, the Supreme Court recognized the importance of providing some level of guidance for future copyright infringement cases and granted certiorari for the *Petrella v. MGM* case. Arguments in the Supreme Court began on January 19, 2014 to consider the question: "Whether the non statutory defense of laches is available without restriction to bar all remedies for civil copyright claims filed within the three-year statute of limitations prescribed by Congress, 17 U.S.C. § 507(b)."[68] The Supreme Court

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[62] *Id*.; *see* also Univ. of Pittsburgh v. Champion Prods., Inc., 686 F.2d 1040, 1048-49 (3d Cir.1982). The laches defense was held unavailable where the defendant's investment was in an entire industry, not simply in the plaintiff's particular mark.
[63] U.S. v. Mack, 295 U.S. 480, 489 (1935).
[64] *Id*.
[65] *Id*.
[66] *Id*.
[67] Emily Calwell, *Can the Application of Laches Violate the Separation of Powers?: A Surprising Answer from a Copyright Circuit Split,* 44 VAL. U. L. REV. 469 (2010); *see* also Cnty. of Oneida v. Oneida Indian Nation, 470 U.S. 226, 244 n.16 (1985).
[68] Petrella v. Metro Goldwyn Mayer, Inc., 134 S. Ct. 896 (2014).

considered the question after both the District Court and Ninth Circuit agreed with the MGM argument that the doctrine of laches should preclude the suit because the eighteen-year delay between the infringement and the actual legal filing was unreasonable and prejudicial. The decision was entered on May 19, 2014 when the Court reversed the Ninth Court decision and remanded for new proceedings. The 6-3 split decision determined that the Ninth Circuit Court's application of the doctrine of laches was in error and that Paula Petrella did not wait too long to file suit for alleged copyright infringement for those claims that were post-2006 and thus not subject the statute of limitations.[69]

A. *Majority Opinion*

In the majority opinion, written by Justice Ruth Bader Ginsburg, the Court laid out a pretty straightforward reasoning for their overturn of the Ninth Circuit decision. At the crux of the Supreme Court Majority Opinion is the understanding that the very reason the Copyright Act's statute of limitations was implemented was to deal with the delay problem.[70] Essentially, due the statute of limitations, a plaintiff would already be precluded from seeking damages for infringements outside of that three-year period and that "no recovery may be had for infringement in earlier years."[71] To be clear, the decision is not entirely surprising as it adheres to the plain text of the Copyright Act which sets forth the limitations period.

For the *Petrella* case, the three-year statute of limitations limited legal action to the infringements that occurred after 2006. In terms of the doctrine of laches, the majority opinion determined that the doctrine was designed to serve only as an equitable defense to be implemented when a statute did not specify a limitations period.[72] As such, the doctrine of laches was intended to be a gap-filling provision and, in the case of copyright infringement, which does have a set statute of limitations, only the most extraordinary situations would merit its application.[73] In the view of the Supreme Court, the *Petrella v. MGM* case was not one of those extraordinary situations. They disagreed with what they felt was the overreaching determination of the Ninth Circuit. The court explains:

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[69] *Id*.
[70] *Id*. "By permitting a successful plaintiff to gain retrospective relief only three years back from the time of suit, the copyright statute of limitations itself takes account of delay. Brought to bear here, §507(b) directs that Petrella cannot reach MGM's returns on its investment in Raging Bull in years before 2006."
[71] *Id*.
[72] *Id*. "In contrast, laches, which originally served as a guide when no statute of limitations controlled, can scarcely be described as a rule for interpreting a statutory prescription."
[73] *Id*.

> The expansive role for laches MGM envisions careens away from understandings, past and present, of the essentially gap-filling, not legislation-overriding, office of laches. Nothing in this Court's precedent suggests a doctrine of such sweep. Quite the contrary, we have never applied laches to bar in their entirety claims for discrete wrong occurring within a federally prescribed limitations period. Inviting individual judges to set a time limit other than the one Congress prescribed, we note, would tug against the uniformity Congress sought to achieve when it enacted §507(b).[74]

The majority opinion goes on to provide a lesson in the subtle but important differences between a statute of limitations and the doctrine of laches. The court explains that the central key to a statute of limitations is simply the focus on time, three years in the case of civil claims for copyright infringement, without any other consideration such as prejudice or reasonableness. In addition, a statute of limitations operates under the separate-accrual method where, in the case of successive violations, a new infringing act begins a new period.[75] This was the situation in the *Petrella* case, as MGM continued to market and distribute the film. Therefore, Petrella met the statute of limitations requirement and was legally permitted to seek damages that had occurred within that permissible time period. The doctrine of laches, however, is dependent upon other factors pertinent to the specific case under consideration and is "more focused on the equitable conduct of the plaintiff."[76]

For MGM a core argument was the hypothesis that, absent the doctrine of laches, a plaintiff could sit idly by and wait for the defendant to make substantial investments in the project and then wait to see if the project actually turned a profit. At that point, if they imagine that legal action could be lucrative, the plaintiff could initiate a claim to try and capitalize on the effort and investment of the defendant. The Court was not swayed by this argument and determined that "there is nothing untoward about waiting to see whether an infringer's exploitation undercuts the value of the copyrighted work, has no effect on that work, or even complements it. Section 507(b)'s limitations period, coupled to the separate-accrual rule, allows a copyright

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[74] *Id*.

[75] *Id*. ". . . the limitations period generally begins to run at the point when the plaintiff can file suit and obtain relief. A copyright claim thus arises or "accrue[s]" when an infringing act occurs." *See also Stone v. Williams*, 970 F. 2d 1043, 1049 (2d Cir. 1992). "Each act of infringement is a distinct harm giving rise to an independent claim for relief."

[76] *Id*. "Last, but hardly least, laches is a defense developed by courts of equity; its principal application was, and remains, to claims of an equitable cast for which the Legislature has provided no fixed time limitation. See 1 D. Dobbs, Law of Remedies §2.4(4), p. 104 (2d ed. 1993)."

owner to defer suit until she can estimate whether litigation is worth the candle."[77]

The court did imply that, while laches should not be applied for cases brought within the Copyright Act's three-year statute of limitations, in extraordinary circumstances, the doctrine may substantially limit or negate the potential legal remedies. To illustrate this point, the majority opinion referenced the use of laches in two cases, one the *Chirco* case, previously mentioned in this article, where it certainly would have been inequitable to destroy a housing project already under construction, and the *New Era Publications International v. Henry Holt and Co*, where the district court applied the doctrine of laches to prevent the destruction of publications that had already been printed, packed and shipped.[78] Those two cases represented two very unique and extraordinary situations, such situations that where the application of laches would be quite reasonable in order to create an even greater inequity.

However, according to the majority opinion, the lower courts were erroneous in applying the doctrine of laches to the Petrella claim, since the action was initiated within the particular limits of the Copyright Act's statute of limitations, and the case did not represent potential inequitable remedies as represented in *Chirco* and *New Era*. The court explains: "No such extraordinary circumstance is present here. Petrella notified MGM of her copyright claims before MGM invested millions of dollars in creating a new edition of Raging Bull, and the equitable relief she seeks—e.g., disgorgement of unjust gains and an injunction against future infringement—would not result in anything like 'total destruction' of the film."[79] Thus, the doctrine of laches should not have been used a bar in the *Petrella* case, but instead the court did suggest the plaintiff's delay could be used in the determination of potential damages to be awarded.[80] Justice Ruth Bader Ginsberg was joined by Justices Alito, Kagan, Scalia, Sotomayor, and Thomas in the majority opinion.

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[77] *Id*. "If the rule were, as MGM urges, "sue soon, or forever hold your peace," copyright owners would have to mount a federal case fast to stop seemingly innocuous infringements, lest those infringements eventually grow in magnitude. Section 507(b)'s three-year limitations period, however, coupled to the separate-accrual rule, see supra, at 3–6, avoids such litigation profusion."

[78] *Id.*; *see also New Era Publications Intern. v. Henry Holt & Co.*, 695 F.Supp. 1493 (1988).

[79] *Id*.

[80] *Id*. "Should Petrella ultimately prevail on the merits, the District Court, in determining appropriate injunctive relief and assessing profits, may take account of her delay in commencing suit."

B. *Dissenting Opinion*

The voting in the *Petrella v. MGM* case represented a unique 6-3 split. Justice Stephen G. Breyer, joined by Chief Justice John G. Roberts Jr. and Justice Anthony M. Kennedy, wrote the dissent. A key component of Breyer's dissent is the view that a three-year limitations period for copyright violations is a very generous period especially considering that it represents a "rolling limitations period" beginning anew with each separate violation.[81] Since the statutory time period is generous enough, the doctrine of laches should be available in cases where an unreasonable delay proves prejudicial to the defendant. As such, Justice Breyer feels that to allow a claim, eighteen years after the fact as seen in the Petrella case, would be inequitable.[82] The dissenting opinion recognizes that every situation is different and while, in some cases, "additional safeguards like laches are not needed," in other cases, the doctrine of laches might provide the only equitable solution. Once again it is a question of fairness considering that a plaintiff could simply wait a significant period of time until determining whether or not the cause is worth pursuing. During this delay the defendant may well be undertaking all of the risk, and the statute of limitations, due to the "rolling limitations period," does not always remedy the inequity. For example, Justice Breyer writes: "if the plaintiff waits from, say, 1980 until 2001 to bring suit, she cannot recover profits for the 1980 to 1998 period. But she can recover the defendant's profits from 1998 through 2001, which might be precisely when net revenues turned positive."[83]

The dissent refers to several previously adjudicated cases where plaintiffs brought claims years after accrual, giving rise to inequitable situations and resulting in judicial application of the doctrine of laches.[84] Among the cases mentioned was the James Bond case, *Danjaq LLC* v. *Sony Corp.*, where we have already noted in this article that, during the plaintiff's delay, "many of the key figures in the creation of the James Bond movies had died" and "many of the relevant records [went] missing."[85] Thus the major consideration in the fairness argument is an honest appreciation for the inequities that a delay can bring when witnesses die, paperwork is destroyed

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[81] *Id*.
[82] *Id*.
[83] *Id*.
[84] *Id;. see also Ory v. McDonald*, 141 Fed. Appx. 581, 583., Involving a "claim that a 1960's song infringed the "hook or riff " from the 1926 song "Muskrat Ramble," brought more than 30 years after the song was released."
[85] *Id;.see* also Jackson v. Axton, 25 F. 3d 884, 889 (9th Cir. 1994). overruled on other grounds, 510 U. S. 517 "claim of co authorship of the song 'Joy to the World,' brought 17 years after the plaintiff learned of his claim such that memories faded, the original paper containing the lyrics was lost, and the recording studio (with its records) closed."

or lost, and substantial financial investments are made by the defendants.[86] In the *Petrella* case these facts are fairly clear considering that in the 18 years between Petrella's renewed copyright and her lawsuit, three key witnesses died or were otherwise unavailable. Also during the eighteen year period, MGM was spending millions of dollars on marketing and product development.[87]

Therefore, Justices Breyer, Kennedy and Roberts, believe that, in select situations when the three year statute of limitations, with its rolling period provisions, allows a claim to move forward, the doctrine of laches should be available to deal with the possibility of inequity to the defendant. In their view, the *Petrella v. MGM* case represents this type of inequitable situation, and the three justices felt that the majority opinion was overreaching in its bar to the doctrine of laches given the facts of the case. They are duly concerned that the court's decision may stand in the way of future cases where copyright infringement defendants are prejudiced by a plaintiff's unreasonable delay. This concern is summed up in the final paragraph:

> In sum, as the majority says, the doctrine of laches may occupy only a "'little place'" in a regime based upon statutes of limitations. *Ante,* at 20 (quoting 1 D. Dobbs, Law of Remedies §2.6(1), p. 152 (2d ed. 1993)). But that place is an important one. In those few and unusual cases where a plaintiff unreasonably delays in bringing suit and consequently causes inequitable harm to the defendant, the doctrine permits a court to bring about a fair result. I see no reason to erase the doctrine from copyright's lexicon, not even in respect to limitations periods applicable to damages action. Consequently, with respect, I dissent.[88]

IV. GOING FORWARD

Notwithstanding the final paragraph of the dissent, the majority opinion in *Petrella* should not be seen as a "knock-out punch" to the application of the doctrine of laches in copyright infringement actions, though the decision definitely changes legal application of the doctrine.[89] While the majority opinion continues to recognize the appropriate use of the doctrine of laches

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[86] *Id; see* also *Newsome v. Brown*, SDNY, Mar. 16, 2005. "claim regarding the song 'It's a Man's World,' brought 40 years after first accrual, where the plaintiff 's memory had faded and a key piece of evidence was destroyed by fire."
[87] *Id*.
[88] *Id*.
[89] Edwin Komen & Dylan Price, *Laches, Statutes of Limitations and Raging Bull: The Supreme Court Re-Emphasizes The Pitfalls of Delay In Copyright Cases*, INTELL. PROP. L. (July 7, 2014).

in very select situations, the decision does negate the Ninth Circuit's interpretation of the doctrine. Essentially, even if the plaintiff has engaged in an unreasonable delay and even if that delay has greatly harmed the defendant's ability to defend itself against the infringement claim, the laches defense remains barred for those cases meeting the statute of limitations requirement.

However, there are other uses of the doctrine of laches. So while the decision in the *Petrella* case severely restricts the use of the doctrine in copyright infringement claims for those actions that occur within the statute of limitations, it can still be applied to limit the plaintiff's available equitable remedies. The doctrine of laches remains available to limit the plaintiff's ability to enjoin infringing conduct as well as to limit the plaintiff's ability to meet their burden of proof. These two limitations can prove to be substantial enough barriers for prospective plaintiffs as to avoid any potential disadvantage to defendants as a result of this decision.[90]

In addition, the majority opinion explains that other legal defenses remain available to defendants facing copyright infringement actions. The doctrine of estoppel is another equitable doctrine that could serve to protect defendants from inequitable decisions. Estoppel could potentially deny a plaintiff damages if the defendant can show that plaintiff's deception was involved. Further, while some regard the decision as a blow to film and recording studios, studios still have the ability to file for declaratory judgments in situations where they believe that a copyright owner might bring an infringement lawsuit in the future.[91] This ability to be proactive in their establishment of a legal claim to the material in question provides a potentially effective method to deal with the unreasonable delay concern. By filing for a declaratory judgment a potential defendant can stave off a prospective plaintiff's wait and see approach. The bottom line is that quite a number of other legal defenses and remedies remain available to both plaintiffs and defendants even after this Supreme Court decision.

Perhaps the most concerning scenario going forward is the potential of increased copyright infringement litigation following this decision. It will be interesting to see if a flood of litigants will emerge to file infringement actions claiming ownership of successful creative works.[92] This is a real possibility that will only be revealed in time. Most certainly, the Supreme Court decision in the *Petrella* case "has redistributed a portion of the balance

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[90] Daniel Fisher, *Unusual Split As Supreme Court Upholds 'Raging Bull' Suit V. MGM*. FORBES (May 19, 2014).
[91] *Id*.
[92] Steven Seidenberg, *US High Court Opens Door To More (And Older) Copyright Suits*, INTELL. PROP. WATCH, (May 20, 2014).

of power in Hollywood between small-time rights holders and the studios."[93] It also remains to be seen whether or not the case and accompanying analysis will be applied outside the realm of copyright infringement cases in the future. Trademark infringement cases have also dealt with the doctrine of laches as an equitable defense, and the *Petrella* decision may alter legal interpretation in future trademark lawsuits as well. Most understandably, if potential claimants in copyright or trademark infringement cases feel that they take that wait and see approach without bearing a risk of being blocked by the doctrine of laches, there is likely to be an increase in such claims.

There is, for example, one high profile copyright infringement claim emerged very soon after the Supreme Court decision was handed down in the *Petrella* case. This claim involves one of the most popular songs in rock history. It turns out that the opening guitar solo to the rock classic "Stairway to Heaven," released in 1971, was long rumored to be an infringement of a 1968 instrumental song written by the group *Spirit*.[94] The striking musical similarities combined with the fact that *Led Zeppelin* was the opening act for *Spirit* at that time, provide for a solid copyright infringement case.[95] However, it is quite interesting that no lawsuit was filed until 2014.[96]

In May 2014, the same month the *Petrella* decision was handed down, Mark Andes, former bass player of *Spirit*, finally filed a copyright infringement suit.[97] To address the reasons for the delay, Andes claimed that he and other members of the band did not have the financial resources to pursue legal action and they also believed that "the stature of limitations was done."[98] If the lawsuit is successful, past royalties earned by the song, very easily more than half a billion dollars, will not be involved due to the statute of limitations.[99] However, money earned the past three years, along with any future earnings, will be on the table. Because of the *Petrella* decision, Mark Andes' stairway to heaven may very well be paved with gold.

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[93] Bonnie Eskenazi and Jonathan Sokol, *Supreme Court Has Shifted Copyright Risk to Entertainment Studios*. THE HOLLYWOOD REPORTER, (May 24, 2014), *available at* http://www.hollywoodreporter.com/thr-esq/supreme-court-has-shifted-copyright-706893.
[94] Clyde Hughes, '*Stairway to Heaven' A Ripoff? Led Zeppelin Plagiarism*, NEWSMAX.COM, (May 21, 2014), *available at* http://www.newsmax.com/TheWire/stairway-to-heaven-led-zeppelin-sued-plagiarism/2014/05/20/id/572381/.
[95] *Id*.
[96] *Id.*
[97] Melissa Locker, *Led Zeppelin is getting sued over "Stairway to Heaven,"* TIME.COM, (May, 19, 2014), *available at* http://time.com/105016/led-zeppelin-is-getting-sued-over-stairway-to-heaven/.
[98] *Id*.
[99] *Id.*