

KIRKLAND ALERT

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Supreme Court Removes Laches Defense for Patent Cases: What Does This Mean for Lanham Act Cases?

In *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, the U.S. Supreme Court extended its 2014 decision in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, which eliminated the laches defense in copyright infringement cases, to apply in patent cases. *Petrella*, however, specifically noted that its decision regarding the availability of a laches defense in copyright cases does not extend to cases filed under the Lanham Act, and the Court's decision in *SCA Hygiene Products* did not alter that determination. Here, we discuss the Supreme Court's decisions in those two cases, as well as issues that parties should be aware of when dealing with potential laches issues in a Lanham Act case.

1. Background: *Petrella v. Metro-Goldwyn-Mayer*

Petrella v. Metro-Goldwyn-Mayer, Inc., 134 S. Ct. 1962 (2014)

Petrella concerned the film "Raging Bull", which was based on the life of professional boxer Jake LaMotta. In 1963, LaMotta and his friend Frank Petrella wrote a screenplay, and licensed film rights to United Artists Corporation (a subsidiary of respondent Metro-Goldwyn-Mayer), which then released the film.

Upon Petrella's death, the rights to renew the screenplay passed to his daughter Paula, who renewed the copyright in 1991. In 1999, Ms. Petrella notified MGM that she had renewed the copyright, and asserted that they infringed her rights, leading to responses by MGM denying any copyright infringement. In 2009, Ms. Petrella filed suit for copyright infringement under the Copyright Act. MGM moved for summary judgment on the defense of laches, arguing that Ms. Petrella's delay in filing suit from 1999 to 2009 barred her from recovering any monetary relief.

The trial court agreed with MGM and found that the suit was barred by laches. The U.S. Court of Appeals for the Ninth Circuit affirmed, observing that, "[i]f any part of the alleged wrongful conduct occurred outside of the limitations period, courts presume that the plaintiff's claims are barred by laches." The Supreme Court granted certiorari to resolve the split between circuits as to whether laches was an available defense in cases under the Copyright Act.

The Supreme Court held that "courts are not at liberty to jettison Congress' judgment on the timeliness of suit." The Court noted that Congress made a clear choice in the Copyright Act to require filing "within three years after the claim accrued" (17 USC § 115(b)), and that this statute of limitations "itself takes account of

The Supreme Court's ruling in *Petrella* that a laches defense is not available in cases under the Copyright Act is extended to cases under the Patent Act.

delay.” Thus, the Court ruled that the laches defense could not be used to preclude damages if the claim was brought within the Copyright Act’s three-year statute of limitations.

2. Extension to the Patent Act: *SCA Hygiene Products*

SCA Hygiene Prod. Aktiebolag v. First Quality Baby Prod., LLC, No. 15-927, 2017 WL 1050978 (U.S. Mar. 21, 2017)

In *SCA Hygiene Products*, the Supreme Court extended *Petrella*’s logic to the Patent Act, barring the application of laches in most patent cases. In 2003, the plaintiffs (collectively “SCA”) sent a letter to a competitor, First Quality, alleging that First Quality infringed one of SCA’s patents related to adult incontinence products. First Quality responded by sending SCA one of its own patents, and argued that patent invalidated the patent SCA asserted in its letter. When SCA did not respond, First Quality continued to market and sell its product. In 2010, SCA filed suit against First Quality after confirming the validity of its patent in a reexamination proceeding at the U.S. Patent and Trademark Office. First Quality moved for summary judgment on its laches defense, arguing that SCA’s delay in filing suit was unreasonable and barred the recovery of any damages. The trial court granted First Quality’s motion, the Federal Circuit affirmed, and then affirmed *en banc* in light of *Petrella*.

The Supreme Court reversed, holding that the logic of *Petrella* applied to Section 286 of the Patent Act, which states that “no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action.” The Court relied on what it described as the “long-standing rule” that “laches cannot be invoked to bar a claim for damages incurred within a limitations period specified by Congress.”

3. What These Cases Mean for Lanham Act Claims

With laches essentially eliminated in the patent and copyright context, many companies may be wondering what impact *Petrella* and *SCA Hygiene Products* will have on cases filed under the Lanham Act. As of now, the laches defense remains a viable option for Lanham Act defendants.

As an initial matter, the *Petrella* Court expressly distinguished the Lanham Act from the Copyright Act, noting that “[i]n contrast to the Copyright Act, the Lanham Act, which governs trademarks, contains no statute of limitations, and expressly provides for defensive use of equitable principles, including laches.” Since the *Petrella* decision, courts have declined to extend *Petrella* to the Lanham Act, stating that the close relationship between copyright and patent doctrines does not extend to trademark law. As the Tenth Circuit discussed in *Yeager v. Fort Knox Security Products*:

By its own terms *Petrella*’s holding does not apply to the Lanham Act claim in this case. *Petrella* sharply distinguished between the proper use of laches to bar claims for which Congress has pro-

Because Section 286 of the Patent Act contains a six-year limitation on damages, the Court relied on the rule that “laches cannot be invoked to bar a claim for damages incurred within a limitations period specified by Congress.”

vided no fixed time limitation, where the doctrine performs a gap-filling function, and its improper use to bar claims timely raised within a limitations period Congress has specified (as in the Copyright Act). As *Petrella* itself pointed out, “[i]n contrast to the Copyright Act, the Lanham Act ... contains no statute of limitations, and expressly provides for defensive use of ... laches.”¹

Courts have declined to extend *Petrella*'s reasoning to Lanham Act claims.

The *SCA Hygiene Products* decision did nothing to change this analysis, as the Court did not address the applicability of its holding to the Lanham Act.

Because the Lanham Act does not contain a statutory limitations period, courts deciding whether a laches defense bars monetary relief apply the most analogous state law's statute of limitations. Thus, plaintiffs considering bringing claims under the Lanham Act should consider that statute of limitations prior to filing to ensure that it would not pose a barrier to monetary relief. Similarly, defendants in Lanham Act cases should also evaluate the analogous state law's statute of limitations and whether a laches defense may be asserted.

¹ *Yeager v. Fort Knox Sec. Prod.*, 602 F. App'x 423, 430–31 (10th Cir. 2015)

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