

No. 12-1315

IN THE
Supreme Court of the United States

PAULA PETRELLA,
Petitioner,
v.

METRO-GOLDWYN-MAYER, INC., *et al.*,
Respondents.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF FOR THE MOTION PICTURE ASSOCIATION
OF AMERICA, INC., THE ASSOCIATION OF
AMERICAN PUBLISHERS, INC., THE NATIONAL
CABLE & TELECOMMUNICATIONS ASSOCIATION,
AND THE SOFTWARE & INFORMATION INDUSTRY
ASSOCIATION AS AMICI CURIAE IN SUPPORT OF
RESPONDENTS

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INTEREST OF AMICI CURIAE¹

The Motion Picture Association of America, Inc. (“MPAA”) is a not-for-profit trade association founded in 1922 to address issues of concern to the U.S. motion picture industry. Its members include Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLC, Walt Disney Studios Motion Pictures, and Warner Bros. Entertainment Inc. MPAA’s members and their affiliates are the leading producers and distributors of filmed entertainment in the theatrical, television, and home entertainment markets.

The Association of American Publishers, Inc. (“AAP”) is the national trade association of the U.S. book and journal publishing industry. Its membership of some 300 companies and organizations includes most of the major commercial book and journal publishers in the United States, as well as numerous smaller and non-profit publishers, university presses, and scholarly societies. AAP members publish literary works in hardcover and paperback formats in every field of human interest, including trade books of fiction and non-fiction; textbooks and other instructional materials for the elementary, secondary, and postsecondary educational markets; reference works; and scientific, technical, medical, professional, and scholarly books and

¹ Letters consenting to the filing of amicus briefs have been filed by the parties with the Clerk of Court. No counsel for a party authored this brief in whole or in part, and no person, other than amici, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief. Some amici’s members include corporate affiliates of respondent Twentieth Century Fox Home Entertainment LLC, but none of those affiliated entities made any monetary contribution toward the preparation or submission of this brief.

journals. In addition to publishing in print formats, AAP members are active in the e-book and audio-book markets, and also produce computer programs, databases, websites, and a variety of multimedia works for use in online and other digital formats. AAP advocates for the public policy interests of its members, including the protection of intellectual property rights in all media, the defense of both the freedom to read and the freedom to publish at home and abroad, the advancement of education, and the promotion of literacy and reading.

The National Cable & Telecommunications Association (“NCTA”) is the principal trade association of the cable industry in the United States. Its members include owners and operators of cable television systems serving over 90 percent of the nation’s cable television customers, as well as more than 200 cable program networks. NCTA also represents equipment suppliers and others interested in or affiliated with the cable television industry.

The Software & Information Industry Association (“SIIA”) is the principal U.S. trade association committed to promoting and protecting the interests of the software and information industries. SIIA represents over 700 member companies, including prominent publishers of software and information products for reference, education, business, consumer, internet, and entertainment uses. SIIA has been an industry leader in addressing intellectual property issues in the software and information industries for many years.

As owners of numerous copyrights, amici’s members and their affiliates share petitioner’s strong interest in robust copyright protection, which is essential to the health of creative industries and the U.S. economy

as a whole. At the same time, amici's members recognize the importance of a viable laches defense in the extraordinary cases where a plaintiff's unreasonable delay causes the defendant substantial prejudice. Creative industries are particularly vulnerable to the prejudice that results from long-delayed suits. Once created, movies and books often remain in distribution long after their initial release. And advances in technology frequently require the commitment of additional resources to create and distribute reformatted versions of existing works. Because each new act of distribution may be challenged as an independent act of infringement subject to the Copyright Act's three-year statute of limitations, this extended life cycle gives putative copyright owners endless contemporary opportunities to bring suit over what is often an archaic legal dispute.

Such suits present factual issues that can be difficult to litigate if important evidence has been lost or witnesses have become unavailable. These suits also pose significant financial threat to the creators and distributors that have made continuing investments in the development, preservation, restoration, and distribution of films, books, and other works over a long period of years in reliance on licenses and the long-term failure of any party to seek to enforce any copyright claim. Amici accordingly submit this brief in support of the court of appeals' judgment.

SUMMARY OF ARGUMENT

Petitioner argues that laches should be categorically unavailable in all cases that are subject to a statute of limitations—regardless of the relief sought, the unreasonableness of the plaintiff's delay, or the prejudice suffered by the defendant. This expansive position ignores the history of laches and its distinct role. Unlike

the statute of limitations, which is categorical and takes account only of the lapse of time, laches is a discretionary doctrine that considers the equities of the individual case. It asks not only whether there has been delay, but also whether that delay was unreasonable and whether it caused prejudice. Because of these divergent functions, courts have traditionally applied laches even to claims brought within the statute of limitations in the extraordinary circumstances in which the laches standard is met. Petitioner offers no convincing reason why this Court should end this practice.

Like other equitable doctrines, laches has long been available in copyright cases, and the doctrine is particularly appropriate in this context. Given the continuing investments that are required to support the long-term distribution of works such as motion pictures and books, copyright infringement claims in those fields that are brought years or decades after the dispositive events can impose significant evidentiary and economic prejudice on studios, publishers, and distributors. When a plaintiff engages in unreasonable delay that produces such prejudice, laches should be available as a potential defense to claims for equitable relief and money damages in the extraordinary cases where the laches standard is met.

Petitioner's contention that applying laches in copyright cases would violate the constitutional separation of powers rests in part on the mistaken premise that judicial application of laches improperly displaces the legislative judgment embodied in the statute of limitations. But the doctrine of laches serves a distinct purpose and reflects a different set of judgments than the statute of limitations. Moreover, Congress legislates against the backdrop of traditional equitable doctrines, including laches. Petitioner does not dispute that other

equitable doctrines such as tolling and estoppel may apply in copyright cases. There is no reason why laches should not also be available. To the contrary, nothing in the Copyright Act signals any congressional intent to dismantle courts' traditional discretion to prevent a plaintiff's unreasonable delay from causing significant prejudice.

Certain unique features of the copyright context allow Copyright Act plaintiffs to bring infringement actions long after the occurrence of the events giving rise to the alleged infringement—as occurred in this case. Although the factors that must be present to meet the laches standard might be found only rarely when suit is brought within the statute of limitations, the doctrine of laches should be available for those extraordinary cases, like this one, in which a plaintiff's unfair delay places a substantial burden on the defendant. The continued use of laches in such cases serves the policies of the Copyright Act without generating the ill effects petitioner predicts.

ARGUMENT

I. LACHES SHOULD BE AVAILABLE IN COPYRIGHT ACT CASES WHERE A PLAINTIFF'S UNREASONABLE DELAY CAUSES SUBSTANTIAL PREJUDICE

Petitioner starts from the proposition that laches is essentially redundant of the statute of limitations. On that view, a court's application of laches in a case governed by a statute of limitations serves no purpose other than to displace the legislative judgment embodied in the statute. In fact, however, the doctrine of laches serves its own distinct purposes, and courts have accordingly recognized that laches may apply even to suits brought within the statutory limitations period. As experiences with stale copyright litigation in crea-

tive fields such as the motion picture and publishing industries illustrate, laches plays an important and useful role in those extraordinary cases where the laches standard is met. The defense should remain available to serve those important purposes in copyright cases.

A. Laches And The Statute Of Limitations Serve Distinct Purposes And Provide Independent Defenses

1. Enacted by legislatures and traditionally applied to actions at law, statutes of limitations are “founded upon the general experience of mankind that claims, which are valid, are not usually allowed to remain neglected.” *Riddlesbarger v. Hartford Ins. Co.*, 74 U.S. (7 Wall.) 386, 390 (1869). They reflect a categorical social judgment that at a certain point, the interests in repose and relief from stale litigation come to outweigh the plaintiff’s interest in a remedy. Statutes of limitations are thus designed to encourage diligence by plaintiffs, to prevent stale litigation where evidence has been lost and memories have faded, and to provide peace of mind to potential defendants after the specified time has passed. See *United States v. Oregon Lumber Co.*, 260 U.S. 290, 300 (1922); *Guaranty Trust Co. v. United States*, 304 U.S. 126, 136 (1938). “Mere delay, extending to the limit prescribed,” is therefore “a conclusive bar.” *Wood v. Carpenter*, 101 U.S. 135, 139 (1879).

The doctrine of laches is different. Reflecting the maxim that “[h]e who seeks equity must do equity,” 2 Pomeroy, *A Treatise on Equity Jurisprudence* § 418 (5th ed. 1941), laches seeks not only to relieve defendants and courts from stale litigation and to encourage vigilant prosecution of claims, but also to prevent a particular plaintiff’s unreasonable conduct from prejudic-

ing a defendant in a particular case. “[L]aches is not, like a limitation, a mere matter of time; but principally a question of the inequity of permitting the claim to be enforced—an inequity founded upon some change in the condition or relations of the property or the parties.” *Gallagher v. Cadwell*, 145 U.S. 368, 373 (1892).

Accordingly, application of laches, unlike the statute of limitations, requires more than mere delay. The delay must be unreasonable under the circumstances, evincing, for example, “acquiescence in the alleged wrong or lack of diligence in seeking a remedy.” *Southern Pac. Co. v. Bogert*, 250 U.S. 483, 488-489 (1919). Thus, while “lapse of time is one of the chief ingredients” in a laches defense, “there are others of almost equal importance.” *Patterson v. Hewitt*, 195 U.S. 309, 317 (1904). As this Court has recognized, “[c]hange in the value of the property between the time the cause of action arose and the time the bill was filed, complainant’s knowledge or ignorance of the facts constituting the cause of action, as well as his diligence in availing himself of the means of knowledge within his control, are all material to be considered upon the question whether the suit was brought without unreasonable delay.” *Id.* at 317-318.

Moreover, unlike under a statute of limitations, the plaintiff’s unreasonable delay must cause significant prejudice to the defendant. *Gutierrez v. Waterman S.S. Corp.*, 373 U.S. 206, 215 (1963). Courts generally recognize two categories of prejudice: evidentiary prejudice and economic (or “expectations”) prejudice. See *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1033 (Fed. Cir. 1992). “Evidentiary prejudice encompasses such things as lost, stale or degraded evidence or witnesses whose memories have faded or who have died.” *Ray Commc’ns, Inc. v. Clear*

Channel Commc'ns, Inc., 673 F.3d 294, 305 (4th Cir. 2012); *see also, e.g., Barrois v. Nelda Faye, Inc.*, 597 F.2d 881, 885 (5th Cir. 1979) (finding prejudice when defendant “established that it has no available witnesses who have any recollection of the alleged incident”).

Economic or expectations prejudice occurs when the defendant invests resources during the delay in reliance on his or her presumed rights. As one court has explained, “it does not seem equitable for a person with full knowledge to sleep on his rights” for a period of years “and then, when [the defendant] has made large investments and built up a good business, punish him and innocent investors for doing what might have been prevented by timely action on the part of the [plaintiff].” *Westco-Chippewa Pump Co. v. Delaware Elec. & Supply Co.*, 64 F.2d 185, 186 (3d Cir. 1933); *see also, e.g., Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 999-1000 (9th Cir. 2006) (applying laches where defendant had invested in the development of its business in reliance on the legitimacy of the licenses forming the basis of the claim).

Thus, while laches and statutes of limitations are certainly related, they are not a substitute for one another. Each serves its own purpose and requires its own showing.

2. Consistent with these distinct purposes and standards, courts have traditionally applied laches even to claims brought within the statutory limitations period when the independent laches standard was met. Equity courts evaluating laches often referred to analogous statutory periods, *see 2 Pomeroy* § 419a, and, ordinarily, laches would not bar a case brought within the analogous statute of limitations. But “if unusual conditions or extraordinary circumstances ma[d]e it inequi-

table to allow the prosecution of a suit” within the statutory period, “the court [would] determine the extraordinary case in accordance with the equities which condition it.” *Id.* Thus, as this Court has recognized, “equity would sometimes refuse relief where a shorter time than that prescribed by the statute had elapsed without suit.” *Richards v. Mackall*, 124 U.S. 183, 188 (1888); *see also Brown v. Buena Vista County*, 95 U.S. 157, 160 (1877) (acknowledging that the statute of limitations may apply, “[b]ut a court of equity applies the rule of laches according to its own ideas of right and justice. Every case is governed chiefly by its own circumstances.”).

Since the merger of law and equity, courts have continued to entertain the laches defense even when a statute of limitations applies. In the vast majority of cases, claims brought within the limitations period are not barred by laches. But, consistent with the doctrine’s equitable roots, laches will occasionally bar a claim brought within the limitations period when the defendant demonstrates unreasonable and prejudicial delay. *See, e.g., Hinds v. Titan Wheel Int’l, Inc.*, 45 F. App’x 490, 495 (6th Cir. 2002) (“[w]hen a claim is not barred by the statute of limitations, laches is disfavored,” but will “be available if the court finds special conduct or circumstances justifying the remedy”); *K-Mart Corp. v. Oriental Plaza, Inc.*, 875 F.2d 907, 911 (1st Cir. 1989) (“When a plaintiff brings suit within the limitation period, a defendant claiming laches has the burden of proving both unreasonableness of the delay and the occurrence of prejudice.” (footnote omitted)); *In re Brin-Mont Chems., Inc.*, 154 B.R. 903, 907 (M.D.N.C. 1993) (“[T]he doctrine of laches can, under exceptional circumstances, cut short an express statute of limitations.”); *Clark v. Chase*, 64 A. 493, 494-495 (Me.

1906) (holding that the court could exercise equitable power to enjoin an action at law for laches even though the action was commenced within the statute of limitations).

This Court thus recognized in *National Railroad Passenger Corp. v. Morgan* that, in actions brought under Title VII, laches was an available defense notwithstanding the time limits set forth in 42 U.S.C. § 2000e-5(e)(1). *See* 536 U.S. 101, 121-122 (2002). In that case, the Court held that plaintiffs may bring hostile work environment claims under Title VII so long as at least one act constituting the hostile work environment occurred within the statutory charging period. *Id.* at 122. In reaching that conclusion, the Court reasoned that the rule would not prejudice employers because they “may raise a laches defense” in cases of unreasonable delay. *Id.* at 121. Thus, contrary to petitioner’s contention, no categorical rule bars the application of laches in the face of a statute of limitations in all cases.

B. Copyright Cases Are Especially Susceptible To The Delay And Prejudice That Laches Was Intended To Ameliorate

Several features of copyright law make it more likely than in other contexts that litigation might not commence until long after the events giving rise to the alleged infringement. For example, under the well-settled “separate accrual rule” that courts have applied to the Copyright Act’s statute of limitations, a plaintiff can sue to challenge acts of infringement occurring within the preceding three years even if the challenged acts simply continue a pattern of acts of “prior infringement by the same party as to the same work” as to which suit is “barred because they occurred more than three years previously.” 3 *Nimmer on Copyright*

§ 12.05[B][1][b] (2012). It is thus sometimes unavoidable that, in some cases, infringement claims will require resolution of factual questions—*e.g.*, was the allegedly infringing work independently created? which copyrighted material was the allegedly infringing work derived from? did the creator of the allegedly infringing work have access to the copyrighted material?—that turn on events long predating the commencement of litigation. Application of the separate accrual rule and other features of copyright law means that timely litigation of alleged infringements within the statutory period will sometimes depend on decades-old facts about decades-old allegedly infringing acts. When that lapse of time simply results from the ordinary operation of the copyright law, rather than from the plaintiff’s unreasonable conduct, laches will pose no obstacle to a diligent copyright owner’s efforts to enforce his or her rights.²

As is evident from this case, however, a dilatory plaintiff can sometimes delay unreasonably in commencing litigation, causing substantial prejudice to the defendant. It is in these extraordinary situations that laches has a role to play. For example, creators and distributors of derivative works such as movies or

² Thus, a holding that laches may be available in copyright cases would not mean that “*Stewart* claims will rarely if ever succeed,” as petitioner claims (at 53). As discussed, laches cannot bar a suit based on passage of time alone. It requires delay that is unreasonable under the circumstances and prejudicial to the defendant. If petitioner “had sued in 1991,” upon renewal of her late father’s copyright (*id.*), laches could not have foreclosed her claim because the passage of time and loss of witnesses that occurred between the writing of the 1963 screenplay and the hypothetical 1991 lawsuit could not have been attributed to any unreasonable delay by petitioner.

books often reasonably rely on assignments of rights to continue publishing and distributing the works. If a putative copyright owner believes the work infringes his or her rights but then delays suit for a long period after the claim has ripened—perhaps waiting while evidence grows cold to see how great a profit results from the assignee’s continuing investments—the creator or distributor of the derivative work may be significantly prejudiced despite his or her own good faith. If laches remains unavailable even in those circumstances, courts would lack any means of redressing that unfair prejudice.

Experience in amici’s industries illustrates the point. Motion pictures and books, for example, frequently derive from licensed source materials, such as novels, plays, or nonfiction works, or incorporate other copyrighted works pursuant to licenses, such as photographs, figures, clips, and music. As such, numerous licenses, sublicenses, and assignments of rights might be executed before a studio or publisher can produce and distribute a new movie or book. Once made, movies and books must often be released at different times in different markets and remain in circulation long after their initial release. For example, studios invest significant financial and creative resources in preserving, remastering, and converting movies to new formats to keep up with advances in technology and in distributing movies through evolving channels such as cable television and third party vendors like Netflix, iTunes, and Amazon—all in reliance on the original licenses and assignments and on the passage of years or decades without copyright suit. Entities down the stream of distribution, in turn, such as the cable channels that broadcast movies for television, also rely on the validity of licenses and assignments and may be drawn into and

prejudiced by stale litigation over old disputes. Similarly, publishers must often produce a particular book in multiple editions and in different formats, as updates to content become necessary or as consumers' preferences for e-book technologies change. Like movie studios, publishers rely on original copyright ownership, licenses, and assignments when investing in the distribution of derivative works. When plaintiffs unreasonably sit on their rights and sue only after putative defendants have devoted significant resources to making the copyrighted material profitable, laches serves important interests of fairness and finality, without which the validity of a work's further distribution would remain permanently in doubt.

The case of *Danjaq, LLC v. Sony Corp.*, 263 F.3d 942 (9th Cir. 2001), demonstrates the type of extraordinary situation that occasionally arises and warrants the application of laches. *Danjaq* involved a dispute over the James Bond movies. Kevin McClory, a plaintiff in that case, claimed that in the 1950s he collaborated with author Ian Fleming and another screenwriter on the screenplay *Thunderball*. He claimed that this screenplay created the first "cinematic James Bond" character (as opposed to the "literary James Bond" depicted in Fleming's books), as well as certain themes that later appeared in multiple Bond movies. *Id.* at 947-948. McClory secured certain rights to *Thunderball* in a settlement following a copyright infringement suit against Fleming in England in the 1960s.

Meanwhile, Fleming transferred the film and television rights to his books to defendant Danjaq, which proceeded to produce and release many Bond films. Decades later, after "Danjaq had produced movie after movie, and James Bond had become a cinematic icon and a huge box office success," McClory asserted in lit-

igation that “[b]ecause ... he possessed the rights to both the novel *Thunderball* and the materials developed during the writing of the initial *Thunderball* script, he also possessed the rights to certain plot elements that first appeared in those works.” 263 F.3d at 949. Based on that theory, McClory asserted in the late 1990s a copyright infringement claim for damages and profits arising from every Bond film Danjaq had released to that point, including later-released versions of each film on DVD and other media, and sought a prospective injunction against future infringement. *Id.* at 949-950, 959-960.

As the district court in *Danjaq* found, McClory had waited “at least twenty-one years—and more likely, thirty-six years” after learning of the potential claim before initiating litigation. But because the contested Bond films had been re-released on DVD within the three years preceding the suit, the infringement claims were not barred by the statute of limitations. 263 F.3d at 953. The district court nonetheless held, and the court of appeals agreed, that the claim was barred by laches. Because the allegedly infringing aspects of the re-released DVDs were identical to those of the original films, there was no reason McClory could not have brought suit when the original films were released. *Id.* McClory’s extreme delay was therefore unjustified and unreasonable. That delay in turn prejudiced Danjaq. “[M]any of the relevant records [were] missing,” and many of the witnesses who knew the Bond history had died, including Fleming. *Id.* at 955. Without that evidence, Danjaq would have been hindered in demonstrating its films’ “independent creation”—which would have been a complete defense. *Id.* at 956. The court also found economic prejudice in light of Danjaq’s billion-dollar investment in the James Bond movies. *Id.*

The *Danjaq* case illustrates the important and distinct purposes that laches may serve in copyright infringement cases even when suit is technically brought within the statute of limitations. Under petitioner's rule, McClory could have continued to wait for decades more before initiating litigation. And so long as the defendant had made or distributed at least one James Bond movie in the three years preceding the suit, the defendant could do nothing to protest the plaintiff's delay, even if no evidence remained available concerning the work's creation. In such extraordinary cases of unreasonable delay, however, as Judge Learned Hand observed, "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." *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916).

C. Laches Should Be Available As A Defense To Copyright Claims For Equitable Relief And Money Damages

1. As the foregoing shows, in the extraordinary cases where the laches standard is met, the doctrine's application fulfills a need that can be acute in the copyright context and that is not met by mechanical application of the statute of limitations. Petitioner and her amici dispute whether evidentiary or economic prejudice is likely to arise in many cases. But the fact that laches may not be necessary in many cases does not mean it should be unavailable in those cases where significant prejudice is shown. In any event, the contention lacks merit.

With respect to evidentiary prejudice, petitioner contends (at 16-17) that copyright litigation "depends

primarily on the copyright registration certificate and the factfinder's own comparison of the original and allegedly infringing works," making historical fact witnesses and contemporaneous evidence "relatively unimportant." *See also* Pet. Br. 54-56. That is incorrect. Copyright litigation regularly requires resolution of factual issues concerning the copyrighted work's creation. Petitioner's own brief, for example, quarrels with respondents' contention in the courts below that the late Mr. Petrella's book was written before (and therefore did not derive from) the 1963 screenplay. *See id.* at 10-11 (debating what the evidence showed concerning the source and creation of the book and screenplay).

Other factual issues can frequently arise. In addition to establishing his or her ownership of a valid copyright, a copyright plaintiff must prove unauthorized copying of the copyrighted work. *See, e.g., Jorgensen v. Epic/Sony Records*, 351 F.3d 46, 51 (2d Cir. 2003). To prove unauthorized copying, a plaintiff might rely on indirect evidence that the creator of the allegedly infringing work had access to the copyrighted work and that there are similarities between the works indicative of copying. *Id.* The question of the alleged copier's access to the copyrighted work is a fact-specific inquiry for which evidence is required. *See id.* at 51-56. In *Towler v. Sayles*, for example, the plaintiff relied on deposition testimony to show that the defendant had access to her copyrighted screenplay. 76 F.3d 579, 582 (4th Cir. 1996). To rebut that testimony and show that he never saw her screenplay, the defendant offered his own deposition testimony as well as circumstantial evidence including book receipts and other documents showing his own research on the allegedly infringing screenplay. *Id.* Such testimony and evidence may be

impossible to assemble if many years or decades pass before litigation commences.

Similarly, evidence that an alleged infringer independently created a disputed work is a defense to copyright infringement. When a plaintiff establishes a presumption of copying by “showing that the infringer had access to the work and that the two works are substantially similar,” *Shaw v. Lindheim*, 919 F.2d 1353, 1356 (9th Cir. 1990), the defendant may rebut the presumption with evidence that the allegedly infringing work was independently created. *See, e.g., Calhoun v. Lil-lenas Publ’g*, 298 F.3d 1228, 1232 (11th Cir. 2002). As the *Danjaq* case illustrates, proving independent creation decades after the fact when authors or artists have died and records have disappeared may be extremely difficult if not impossible. When litigation of a copyright claim requires resolution of such factual questions, the mere fact that other claims might not present factual disputes should not preclude the application of laches if the plaintiff’s unreasonable delay causes substantial prejudice.³

³ Petitioner (at 54-56) and amicus California Society of Entertainment Lawyers (at 10-11) contend that copyright infringement plaintiffs are more likely to be prejudiced by significant delay than defendants due to the allocation of the burden of proof. A plaintiff who knows she is contemplating litigation, however, is fully on notice of the need to gather and preserve evidence; the defendant has no such notice and must simply guess whether and what potential evidence to preserve. In any event, the fact that there might be cases where delay hurts only the plaintiff and poses no significant prejudice to the defendant simply means that laches will not always bar a claim. It does not mean laches should be unavailable in those cases where the plaintiff’s unreasonable delay resulted in missing witnesses or evidence that were needed to prove a defense such as independent creation. *See, e.g., Danjaq*, 263 F.3d at 956 (noting necessity of documents and witness to

With respect to economic prejudice, the court of appeals properly found that respondents had made continuing investments over a long period of years in reliance on the original license granted by the late Mr. Petrella and on Ms. Petrella's long-term failure to initiate litigation. Pet. App. 12a-18a. Were laches categorically unavailable, as petitioner urges, a plaintiff could "lie in wait" while such economic prejudice multiplied, bringing suit after an unreasonable delay only to hold up release of a movie once it begins to earn a sufficient return. "Delay under such circumstances allows the owner to speculate without risk with the other's money; he cannot possibly lose, and he may win." *Haas*, 234 F. at 108 (Hand, J.).

Petitioner asserts that respondents assumed the risk of such prejudice by continuing to invest in further distributions of *Raging Bull* even after she renewed her father's copyright in 1991 and they learned of her asserted copyright claims. But that argument only underscores the potential chilling effect of petitioner's position: Under her view, respondents should have discontinued any further releases or distributions of a film that is, by petitioner's account (and many others') one of the "best film[s] of all time" because of the possibility that petitioner might, someday, have finally brought suit. And when years or even decades passed without

prove the "independent creation" defense); *Ory v. Country Joe McDonald*, 2003 WL 22909286, at *7-8 (C.D. Cal. Aug. 5, 2003), *aff'd*, 141 F. App'x 581 (9th Cir. 2005) (same). Moreover, petitioner's argument proves too much. Generally speaking, the burden of proof ordinarily falls on the plaintiff. See 21B Wright & Graham, *Federal Practice and Procedure* § 5122 (2d ed. 2005). Yet as the long history of laches demonstrates, the allocation of the burden of proof does not always protect defendants from evidentiary prejudice.

any such suit, respondents still should have made no such further investment, according to petitioner, unless they were willing to risk losing that investment if and when the day came between now and the year 2051 (when petitioner claims her putative rights expire (Pet. Br. 45)), that she ever asserted her rights. Such a rule would hardly serve the Copyright Act's purpose to promote public access to creative works and the creation of new derivative works.

2. Given these prospects of significant prejudice, it is consistent with traditional equitable principles to apply laches to prevent a plaintiff from exploiting his or her rights late in the day to hold future distributions hostage until the plaintiff's claims are satisfied. Thus, at a minimum, laches may bar copyright suits where a plaintiff seeks equitable relief. The United States agrees that laches may appropriately limit relief in copyright actions seeking equitable relief, even when suit is brought within the limitations period (*see* U.S. Br. 26-27), and courts have permitted laches to bar injunctive relief even while holding laches inapplicable to a damages claim, *see, e.g., New Era Publ'ns Int'l, ApS v. Henry Holt & Co.*, 873 F.2d 576, 584-585 (2d Cir. 1989). As respondents explain (at 35-38), the government's proposal that laches should be only a factor relevant to relief rather than a bar to suit are not justified.⁴

⁴ In equity, contrary to the United States' contention, laches barred suit, not merely the remedy. *See Speidel v. Henrici*, 120 U.S. 377, 387 (1887) ("Laches and neglect are always discountenanced, and therefore, from the beginning of this jurisdiction, there was always a limitation to suits in this court."); *Badger v. Badger*, 69 U.S. (2 Wall.) 87, 95 (1865) ("The court below very properly dismissed this bill, and refused to ... grope after the truth

Petitioner cites *Menendez v. Holt*, 128 U.S. 514, 523 (1888), for the proposition that “[m]ere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right.” Pet. Br. 38-39; *see also id.* at 15. As discussed, however, laches will not apply based on “[m]ere delay” alone. As the sentence petitioner quotes from *Menendez* continues, delay will not defeat an injunction “*unless* [the delay] has been continued so long, and under such circumstances, as to defeat the right itself.” 128 U.S. at 523 (emphasis added); *see also Danjaq*, 263 F.3d at 959 (holding that the principle that laches does not bar a prospective injunction against future infringement, “although generally sound, does not apply where, as here, the feared future infringements are subject to the same prejudice that bars retrospective relief”). The *Menendez* Court, however, found “nothing which render[ed] it inequitable” in that case “to arrest at this stage any further invasion of complainants’ rights.” 128 U.S. at 524. *Menendez* thus does not alter the traditional applicability of laches to claims seeking injunctive relief. *See* 1 *Dobbs Law of Remedies* § 2.4(4) (2d ed. 1993) (“A plaintiff guilty of laches may be barred from recovery of any kind of equitable remedy, including injunctions[.]”).

Although the doctrine developed in the courts of equity, laches “was eventually adopted by common law courts and, following the merger of law and equity, became part of the general body of rules governing relief in the federal court system.” *Environmental Def. Fund, Inc. v. Alexander*, 614 F.2d 474, 478 (5th Cir. 1980). As respondents explain (at 13, 39), the post-merger Federal Rules of Civil Procedure recognize

of facts involved in the mists and obscurity consequent on such a lapse of time.”).

“one form of action—the civil action,” Fed. R. Civ. P. 2, and they identify laches as an affirmative defense to a civil action, Fed. R. Civ. P. 8(c)(1). The laches defense should therefore apply as well to claims for damages.

Indeed, the purposes of laches apply with equal force to claims for money damages. Unreasonably delayed litigation imposes significant burdens no matter the remedy sought. And defendants suffer no less prejudice from lost evidence or deceased witnesses in suits for damages than in suits seeking injunctive relief. Moreover, other equitable defenses may apply to claims traditionally thought to be legal rather than equitable. For example, petitioner acknowledges (at 60-61) that equitable estoppel may apply to both equitable and legal remedies. There is no principled reason to treat laches differently from these doctrines. *See also infra* pp. 24-27.

Petitioner cites (at 28) this Court’s statement in *United States v. Mack*, 295 U.S. 480, 489 (1935), that “[l]aches within the term of the statute of limitations is no defense at law.” Laches was invoked in that case, however, against the United States as a sovereign, which is not permitted. *See* U.S. Br. 23 n.3. Moreover, *Mack* was decided before the merger of law and equity and the adoption of the Federal Rules of Civil Procedure and thus simply reiterated the formal boundary that existed at that time between actions at law (governed by statutes of limitations) and suits in equity (governed by laches). *See Polites v. United States*, 364 U.S. 426, 438 (1960). Petitioner also cites the Court’s observation in *County of Oneida v. Oneida Indian Nation*, 470 U.S. 226, 244 n.16 (1985), that “application of the equitable defense of laches in an action at law would be novel.” This dicta does not support petitioner’s position, however, as the Court expressly declined to reach

the issue. *Id.* at 245. Moreover, *Oneida* involved a suit to enforce an Indian tribe’s right to tribal lands, “extinguishment of [which] requires a sovereign act” and “would [have] appear[ed] to be inconsistent with established federal policy” that such claims should proceed without time limit. *Id.* at 244 n.16; *see id.* at 240-245. No such policy appears in the Copyright Act. *See infra* Part II. Laches should therefore be available in copyright suits for legal or equitable relief to bar those extraordinary cases where a plaintiff’s unreasonable delay causes the defendant substantial prejudice.

II. APPLYING LACHES IN COPYRIGHT CASES DOES NOT VIOLATE THE SEPARATION OF POWERS

By enacting a statute of limitations, Congress evinced a policy judgment that, as a general matter, a copyright plaintiff’s interest in seeking a remedy for alleged infringement will eventually be outweighed by the defendant’s and society’s interests in finality and repose. Like other features of the Copyright Act, the statute of limitations thus tempers the rights of copyright owners in order to promote public access to copyrighted works and to encourage the creation of new derivative works. *See, e.g., Palladium Music, Inc. v. EatSleepMusic, Inc.*, 398 F.3d 1193, 1199 (10th Cir. 2005) (“The copyright laws ... attempt to strike a balance between rewarding the creative labor of authors of original works, and promoting further creativity by allowing public access to their works.”); 17 U.S.C. § 103 (granting copyright protection to creators of new material in derivative works).

Petitioner contends that application of laches to copyright claims would undermine the separation of powers by substituting judicial judgments about the reasonableness of delay for Congress’s adoption of the

three-year limitations period. But there is no inconsistency between the laches doctrine and Congress's intent in enacting the statute of limitations. Because the purpose of laches and the standard for applying it differ from the function of the statute of limitations, applying laches does not merely substitute one rule of timeliness for another. Moreover, Congress enacted the limitations period against the backdrop of traditional equitable doctrines including laches, and it showed no intent to displace any of those doctrines.

A. Applying Laches Does Not Displace Any Congressional Judgment Underlying The Statute Of Limitations

As discussed, while a statutory limitations period is intended to provide an opportunity for repose, the doctrine of laches serves to prevent a plaintiff from unfairly prejudicing a defendant by engaging in unreasonable delay. *See supra* pp. 6-8. Because of these distinct purposes, the judicial application of the equitable factors in a laches defense does not displace any legislative judgment embodied in the statute of limitations. Nor does application of laches in a case like this one—where the plaintiff waited 18 years to file suit over events that occurred decades earlier—displace Congress's judgment that it is not unreasonable to wait three years before suing.

To be sure, when courts evaluate the reasonableness of a plaintiff's delay, they rightly give weight to the length of the limitations period. Indeed, it is rare that a court will find a delay shorter than the limitations period allows to be unreasonable. *See, e.g., Coalition for Gov't Procurement v. Federal Prison Indus., Inc.*, 365 F.3d 435, 466 (6th Cir. 2004) (citing “strong presumption” that delay is reasonable when the “analo-

gous statute of limitations has not lapsed”); *Wuliger v. Cannella Response Television, Inc.*, 865 F. Supp. 2d 836, 848 (N.D. Ohio 2011) (“[A] defendant asserting laches in a suit filed before the expiration of the statute of limitations must make a strong showing of prejudice due to the delay.”). “When a suit is brought within the time fixed by the analogous statute, the burden is on the defendant to show ... that extraordinary circumstances exist which require the application of the doctrine of laches.” *Shell v. Strong*, 151 F.2d 909, 911 (10th Cir. 1945). But when those extraordinary circumstances exist, applying laches represents not a rejection of Congress’s policy judgments, but rather a refusal to permit a plaintiff to invoke the protection of the court when his or her conduct is unreasonable.⁵

B. The Copyright Act Reflects No Intent To Displace The Traditional Application Of Laches

Courts have applied the doctrine of laches for centuries. Like other equitable doctrines, such as tolling and estoppel, laches forms part of the “background of common-law adjudicatory principles” against which

⁵ Petitioner cites (at 28) the Court’s statement in *Holmberg v. Armbrecht*, 327 U.S. 392, 395 (1946), that “[i]f Congress explicitly puts a limit upon the time for enforcing a right which it created, there is an end of the matter.” But *Holmberg* held only that when Congress specifies a statute of limitations for a federal claim, federal courts must apply that limitations period and need not look to state law for a limitations period (as they would do had Congress been silent on the limitations period). The Court did not address the availability of a laches defense within an express limitations period. Nor did *Russell v. Todd*, 309 U.S. 280 (1940), hold that laches may never apply within the period of an applicable statute of limitations. It simply held that the court below had correctly applied laches, and not a state statute of limitations, to a federal equity suit.

“Congress is understood to legislate.” *Astoria Fed. Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 108 (1991). “Thus, where a common-law principle is well established,” such as laches, “the courts may take it as given that Congress has legislated with an expectation that the principle will apply.” *Id.*

It is undisputed that other equitable doctrines apply to suits under the Copyright Act, including doctrines that affect the operation of the statute of limitations. Petitioner concedes (at 32) that equitable tolling applies in copyright suits to suspend the statute of limitations when equity so requires, such as in cases of fraudulent concealment. *See, e.g., Prather v. Neva Paperbacks, Inc.*, 446 F.2d 338, 340 (5th Cir. 1971); *CA Inc. v. Rocket Software, Inc.*, 579 F. Supp. 2d 355, 360-361 (E.D.N.Y. 2008). Similarly, equitable estoppel may bar a claim under the Copyright Act when a plaintiff makes a misrepresentation believing that the defendant will rely on it and the defendant does rely on the misrepresentation to his or her detriment. *See Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 292 (2d Cir. 2002); *Hampton v. Paramount Pictures Corp.*, 279 F.2d 100, 104 (9th Cir. 1960). The equitable defense of unclean hands is also available in copyright cases when a plaintiff commits a wrong related to the controversy between the parties. *See Saxon v. Blann*, 968 F.2d 676, 680 (8th Cir. 1992); *Supermarket of Homes, Inc. v. San Fernando Valley Bd. of Realtors*, 786 F.2d 1400, 1408 (9th Cir. 1986); *see also Tempo Music, Inc. v. Myers*, 407 F.2d 503, 507 (4th Cir. 1969).

Petitioner offers no reason why these equitable doctrines should apply, but laches should not. Courts applied laches to suits under the Copyright Act long before the statute of limitations was enacted, *see West Publ’g Co. v. Edward Thompson Co.*, 176 F. 833, 838

(2d Cir. 1910), making the doctrine just as “baked into” the Copyright Act as other background principles (Pet. Br. 33). As noted, *see supra* pp. 20-21, the Federal Rules thus identify laches as an available affirmative defense in civil actions. *See A.C. Aukerman*, 960 F.2d at 1031; Fed. R. Civ. P. 8(c)(1). Just as equitable tolling may lengthen the statutory period for bringing suit when equity so requires, laches may also preclude suit within the limitations period when the equitable considerations of unreasonable delay and prejudice are present. “What is sauce for the goose (the plaintiff seeking to extend the statute of limitations) is sauce for the gander (the defendant seeking to contract it).” *Teamsters & Emp’rs Welfare Trust of Ill. v. Gorman Bros. Ready Mix*, 283 F.3d 877, 882 (7th Cir. 2002).

Neither the text of the Copyright Act nor its legislative history evinces any congressional intent to treat laches differently than it treats other background equitable principles. Petitioner argues (at 31-33) that Congress’s failure expressly to authorize the defense of laches in the text of the Copyright Act, as she contends it has done in other intellectual property statutes, indicates an intent to reject the doctrine’s application. The fact, however, that Congress permitted the application of laches in claims brought under the Patent Act suggests that Congress saw no reason the laches doctrine cannot coexist with a statute of limitations. Moreover, the Patent Act’s ambiguous reference to defenses based on the “absence of liability for infringement or unenforceability” is hardly a sufficiently explicit endorsement of laches to support the negative implication Ms. Petrella advances. *See* 35 U.S.C. § 282(b)(1). That it has nonetheless been interpreted to permit laches—even in the face of the Patent Act’s six-year statute of limitations, *id.* § 286—only underscores the place of

laches as a well-settled background rule against which Congress is presumed to legislate. *See A.C. Aukerman*, 960 F.2d at 1028-1032 (“Without exception, all circuits recognized laches as a defense to a charge of patent infringement despite the reenactment of the damages limitations in the 1952 statute.”). Thus, the inclusion of an express reference to laches in the Lanham Act likewise does not support the inference that Congress intended silently to exclude it from the Copyright Act.

Legislative history confirms that Congress expected equitable defenses to apply. Because the three-year statute of limitations that was ultimately adopted had the effect of shortening the period of time in which plaintiffs could have asserted copyright claims under some of the state statutes of limitations that had previously governed, Congress considered whether the availability of equitable tolling should be expressly addressed in the statute. Pet. Br. 34-35 (citing *Copyrights—Statute of Limitations: Hearing on H.R. 781 Before Subcomm. No. 3 of the H. Comm. On the Judiciary*, 84th Cong. 14, 29 (1955) (statement of Herman Finkelstein)). Congress concluded that no “specific[] enumerat[ion]” of relevant equitable considerations was necessary, because “Federal District Courts, generally, recognize these equitable defenses anyway.” S. Rep. No. 85-1014, at 2, 3 (1957); *see also* U.S. Br. 24-26.⁶

⁶ Petitioner cites (at 23-24) the hearing testimony of Fulton Brylawski, a representative of the Association of American Motion Pictures, as the MPAA was then known. His testimony that a new copyright claim accrues for each independent act of infringement, triggering a fresh three-year limitations period, simply stated the rule now known as the well-settled “separate accrual” rule. *See supra* pp. 10-11. Moreover, his testimony pertained to cases of fraudulent concealment and did not address the availability of

III. APPLICATION OF LACHES IN EXTRAORDINARY CASES DOES NOT CAUSE THE NEGATIVE EFFECTS PETITIONER PREDICTS

Courts have made judicious use of laches in copyright cases for over a century. *See, e.g., Gilmore v. Anderson*, 38 F. 846, 848 (S.D.N.Y. 1889). And courts have continued to apply laches since the statute of limitations was added to the Copyright Act. *See, e.g., New Era Publ'ns*, 873 F.2d at 584-585. Against this background, petitioner seeks a rule categorically precluding the laches defense in all Copyright Act cases, contending that its application would bring about a host of negative policy consequences. Petitioner's proposed rule, however, is excessively broad and unwarranted. Many of her arguments would apply equally to cases litigated under any federal statute containing a statute of limitations. That result would contradict numerous decisions that have held laches to be available alongside a governing statute of limitations. *See, e.g., Morgan*, 536 U.S. at 121-122 (laches is available in Title VII cases despite statutory charging period); *A.C. Aukerman*, 960 F.2d 1020 (applying laches to patent cases despite six-year limitation period); *Brin-Mont Chems.*, 154 B.R. at 907 (holding in the bankruptcy context that "laches can, under exceptional circumstances, cut short an express statute of limitations").

Petitioner cites no ill effects from the application of laches in the copyright context that would warrant elimination of the doctrine. She warns (at 17) that a copyright owner might bring suit "prematurely" or take a chance on bringing a nonmeritorious claim to

laches or assert that a copyright claim could not be barred in extraordinary cases of unreasonable delay and significant prejudice. *Hearing on H.R. 781*, at 46-48 (statement of Fulton Brylawski).

avoid a laches bar. As a preliminary matter, however, she cites no evidence of a rash of unripe or ill-conceived suits seeking to avoid the laches bar in those circuits that have held laches applicable to copyright infringement claims. Nor does she acknowledge the use of tolling agreements, which allow plaintiffs to study the merits of their claims without exposing themselves to a time bar, or the possibility of an award of attorneys' fees, which deters frivolous claims. In any event, it would hardly be inconsistent with the Copyright Act if the law encouraged copyright owners who have valid infringement claims to act with reasonable promptness in filing suit to achieve clarity and finality with respect to the rights of copyright owners and of those accused of infringement. In contrast, were laches categorically unavailable, as petitioner urges, putative copyright owners could engage in egregious and prejudicial delay to hold up distribution of creative works only after they become profitable.

Petitioner argues (at 45-47) that imposing laches to bar a claim for injunctive relief amounts to an uncompensated compulsory license for infringers. As owners of copyrights, amici's members share petitioner's wariness of any widespread "windfall[]" of uncompensated compulsory licenses. Pet. Br. at 46. But applying a defense to an injunctive claim when the facts support it does not amount to a compulsory license. The Copyright Act provides for compulsory licenses in certain defined circumstances. *See, e.g.*, 17 U.S.C. § 115 (compulsory license for publicly distributed musical works); *id.* § 111 (statutory license for secondary transmissions by cable systems). At the same time, it delineates defenses, such as the statute of limitations, that preclude a copyright owner from obtaining relief to prevent others' uses of the copyright work, even if he or she has an

otherwise valid infringement claim. *Id.* § 507(b). Such defenses do not thereby confer a compulsory license.

Moreover, courts applying laches must consider the equities in light of all the circumstances of the particular case. “The statute [of limitations] frequently works great practical injustice, the doctrine of laches, never.” *Patterson*, 195 U.S. at 317. Laches does not mechanically bar injunctive relief against any infringer who escapes suit for three years. It applies only when the plaintiff has acted unreasonably to the detriment of the defendant. And laches is unavailable against a “deliberate infringer.” *See Danjaq*, 263 F.3d at 956; *see also* 3 *Nimmer* § 12.06.

Finally, petitioner asserts (at 39-42) that application of laches to copyright infringement suits seeking injunctive relief would be inconsistent with this Court’s holding in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), by “categorically foreclos[ing] injunctive ... relief, based on a test other than the traditional four-factor test.” This argument misunderstands both the teachings of *eBay* and the role of laches. In *eBay*, the Court held that courts may not replace the traditional four-factor test for obtaining injunctive relief with “broad classifications” or a “categorical rule.” *Id.* at 393. Instead, in deciding whether to grant injunctive relief, courts must exercise “equitable discretion” “consistent with traditional principles of equity.” *Id.* at 394.

Application of laches is consistent with these principles of equity. Rather than divesting the equitable discretion of courts, as did the approach rejected in *eBay*, the doctrine of laches “invokes the *discretionary* power of the district court to limit the defendant’s liability for infringement by reason of the equities between the particular parties.” *A.C. Aukerman*, 960

F.2d at 1030. If anything, elimination of the laches defense would violate *eBay* by depriving courts of the discretion that has traditionally been available in equity to prevent a plaintiff from subjecting a defendant to substantial prejudice through unreasonable delay. Eliminating that discretion would permit a never-ending prospect of increasingly stale litigation to cast permanent doubt on the economic arrangements underpinning creative fields like the motion picture, publishing, and software industries. Congress's adoption of a statute of limitations indicates no intent to bring about that result.

CONCLUSION

The court of appeals' judgment should be affirmed.

Respectfully submitted.

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