

## Litigation Alert

May 27, 2014

### Supreme Court Copyright Decision Determines When Laches Applies

On May 19, 2014, in a six-to-three decision written by Justice Ginsburg, the U.S. Supreme Court held that the doctrine of laches did not bar either legal or equitable relief in a copyright case that was brought within the statute of limitations, even though the case was filed many years after the copyright owner knew about the infringement. The Court reversed and remanded the case to the District Court. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, No. 12-1315, (U.S. May 19, 2014).

#### Facts

MGM acquired the rights to a screenplay written by Frank Petrella and created the movie *Raging Bull* based on it. Frank Petrella died during the initial copyright term of the screenplay, and his daughter, Paula Petrella, renewed the screenplay copyright in 1991, thus becoming the sole owner of the copyright. Seven years later, in 1998, Ms. Petrella told MGM it was infringing her copyright; eleven years later, in 2009, Ms. Petrella sued MGM, seeking monetary and injunctive relief for copyright infringement. MGM argued that the eighteen year delay in filing the suit was unreasonable and prejudicial, so her lawsuit was barred by the doctrine of laches.

#### Ruling

The Supreme Court held that since laches is an equitable doctrine, it has no bearing on the timeliness of actions for damages filed within the three year statute of limitation for copyright cases. The Copyright Act anticipates lawsuits that are brought years after the work was created. Because there is an explicit statute of limitation established by Congress, the laches doctrine cannot override that legislation.

While laches does not prevent a plaintiff from attaining damages for the three year period before the claim was filed, in “extraordinary circumstances,” a delay in filing the suit could limit equitable relief. For example, the Court cited *Chirco v. Crosswinds Communities*, 474 F.3d 227, 230 (6th Cir. 2007), where the plaintiff knew that the defendant was using his copyrighted architectural design to create a housing development, but the plaintiff deliberately did not file a suit until after a substantial portion of the units were built and occupied. The Sixth Circuit held that the plaintiff’s delay was so egregious and the harm to the defendant was so inequitable that the plaintiff was not entitled to an order mandating destruction of the units. In *Petrella*, the plaintiff had informed MGM of her claim years before she filed a suit, and she was not seeking destruction of the film. Therefore, the Court held that her conduct was not grievous enough for her injunction claim to be dismissed, although the District Court may take into consideration her delay when determining injunctive relief.

#### Bottom Line

*Petrella* establishes that a claim for legal relief (damages) would never be precluded by laches if there was an applicable statute of limitation. However, in “extraordinary circumstances,” laches may limit

equitable relief (injunctions). The Court's interpretation of the laches doctrine rests on a firm distinction between legal and equitable relief that may have a broad application to all cases with an explicit statute of limitation. In practice, the Supreme Court's decision in *Petrella* means that plaintiffs can still obtain legal relief even if they indefinitely wait to file a suit, but their legal claims will be limited by the applicable statute of limitations. Plaintiffs can also get equitable relief, although the relief may be curtailed based on the specific conduct of the plaintiff.

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