

PETRELLA V. METRO-GOLDWYN-MAYER, INC.:
IS EQUITY IN COPYRIGHT LAW
DOWN FOR THE COUNT?

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Raging Bull, a 1980 film depicting the rise and fall of Italian-American middleweight boxer Jake LaMotta, is considered by many to be an icon of American film. Directed by Martin Scorsese and starring Robert DeNiro, the film chronicles LaMotta's grueling climb to the national boxing championship, and the jealous, self-destructive rages that ultimately destroyed him.¹ The film appears on nearly every list of the "best" films, including film critic Roger Ebert's "Ten Greatest Films of All Time," *TIME Magazine's* "All-Time 100 Movies," and the American Film Institute's "100 Greatest American Movies of All Time," to name just a few.² Although the film earned eight Oscar nominations, it initially underperformed at the box office.³ However, Metro-Goldwyn-Mayer, Inc. ("MGM") continued to make the film available in various formats, and it eventually earned a substantial profit.⁴ In 2009, twenty-nine years after the initial release of *Raging Bull*, the daughter of the author of the film's screenplay sued the film studio for copyright infringement.⁵ Her suit was timely filed within the Copyright Act of 1976's ("Copyright Act") three-year statute of limitations, since she sought relief only for MGM's

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1. RAGING BULL (Metro-Goldwyn-Mayer, Inc. 1980).

2. See, e.g., Roger Ebert, *Ten Greatest Films of All Time*, ROGER EBERT'S JOURNAL (Apr. 1, 1991), <http://www.rogerebert.com/rogers-journal/ten-greatest-films-of-all-time>; Richard Corliss & Richard Schickel, *ALL-TIME 100 Movies*, TIME MAG. (last visited Dec. 22, 2014), <http://web.archive.org/web/20110628234513/http://www.time.com/time/specials/packages/completelist/0,29569,1953094,00.html>; *AFI's 100 Greatest American Movies of All Time*, AM. FILM INST. (last visited Dec. 22, 2014), <http://www.afi.com/100years/movies.aspx>.

3. Vincent Canby, *Raging Bull (1980)*, N.Y. TIMES (last visited Dec. 22, 2014), <http://www.nytimes.com/movies/movie/40104/Raging-Bull/overview>.

4. *Petrella v. Metro-Goldwyn-Mayer, Inc. (Petrella II)*, 134 S. Ct. 1962, 1970 (2014); see *Raging Bull*, BOX OFFICE MOJO, <http://boxofficemojo.com/movies/?id=ragingbull.htm> (last visited Dec. 22, 2014).

5. *Petrella II*, 134 S. Ct. at 1971.

allegedly infringing conduct that occurred within the three years prior to her suit.⁶ Her lawsuit eventually found its way to the Supreme Court, via the Ninth Circuit.

In *Petrella v. Metro-Goldwyn-Mayer, Inc.*, the Supreme Court held that the equitable defense of laches is not available to defendants in copyright infringement suits for legal relief brought within the Copyright Act's three-year statute of limitations.⁷ The Court also found that "extraordinary circumstances" surrounding a delayed suit might warrant, at the very outset of the litigation, curtailment of the equitable relief that might be awardable.⁸ However, the consequences of the delayed suit in *Petrella* did not warrant such curtailment.⁹ The Court thus overturned the Ninth Circuit's decision in the case, settling a complex circuit split over the application of laches to preclude adjudication of copyright claims brought within the Copyright Act's limitations period.¹⁰ By overturning the Ninth Circuit's decision with such a broad rule, the Court significantly restricted a tool long wielded by the judicial branch that, even if rarely employed, played a crucial role in "bring[ing] about a fair result" in "a regime based upon statutes of limitations."¹¹

Laches is "[a]n equitable doctrine by which some courts deny relief to a claimant who has unreasonably delayed or been negligent in asserting a claim."¹² The doctrine works to ensure that stale claims can eventually be laid to rest; that litigation can be decided on credible, available evidence; and that potential defendants are not unfairly prejudiced by plaintiffs' delays in bringing suits.¹³ Laches and statutes of limitations thus have similar underlying rationales.¹⁴ However, laches is an equitable defense, and its application to bar a lawsuit is flexible and fact specific.¹⁵ Statutes of limitations, on the other hand, are legal in nature and function more rigidly to bar a lawsuit brought after a period of time fixed by statute.¹⁶

6. *Id.* at 1967–68.

7. *Id.* at 1967–68, 1978.

8. *Id.* at 1977.

9. *Id.* at 1978.

10. *Id.* at 1979; *see infra* notes 43–48.

11. *Petrella II*, 134 S. Ct. at 1985–86 (Breyer, J., dissenting).

12. BLACK'S LAW DICTIONARY 659 (10th ed. 2014).

13. 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 20:54 (West 2014) (citing *Env'tl. Def. Fund, Inc. v. Alexander*, 614 F.2d 474, 481 (5th Cir. 1980)).

14. *Id.*

15. *Id.*

16. *Id.*

In Part I, this Note explores the evolution of laches in copyright law. Part II discusses the Supreme Court's *Petrella* decision in more detail. In Part III, this Note contends that the Court's decision weakened an important safeguard of fairness in copyright infringement suits, which will likely result in a chilling effect in creative industries and new uncertainty for potential defendants as the door opens for plaintiffs to bring belated copyright lawsuits. Part IV examines the implications of the *Petrella* decision for areas of intellectual property law other than copyright. Part V explores some mitigating factors that may soften the impact of the Court's decision. Part VI concludes by observing that the Court would have better served the policies underlying U.S. intellectual property law by coming to a narrower decision.

I. THE EVOLUTION OF LACHES IN COPYRIGHT LAW

Intellectual property law, including copyright law, has a “mixed heritage.”¹⁷ Congress has passed detailed statutes governing this area, but the judiciary has historically played a central role in clarifying the statutory language via a continuously evolving common law.¹⁸ The origins of copyright law in particular are rooted in the common law.¹⁹ Some have argued that the judiciary has a special responsibility to review copyright cases actively in light of the ambiguity of the Copyright Act enacted by Congress.²⁰ Even in the face of an increasingly detailed Copyright Act, copyright law continues to be heavily shaped by judicial decisions that are not necessarily strictly anchored to the text of the statutes.²¹ As the copyright term has grown longer, courts have found ways to limit copyright law, and in certain cases to deny protection entirely, via judicially created doctrines.²²

17. Peter S. Menell, *The Mixed Heritage of Federal Intellectual Property Law and Ramifications for Statutory Interpretation*, in INTELLECTUAL PROPERTY AND THE COMMON LAW 63 (Shyamkrishna Balganesh, ed. 2013).

18. *See id.* at 63; *see also* Shyamkrishna Balganesh, *The Pragmatic Incrementalism of Common Law Intellectual Property*, 63 VAND. L. REV. 1543 (2010).

19. Balganesh, *supra* note 18, at 1562.

20. *See, e.g.*, PATRY, *supra* note 13, at § 2:8; Balganesh, *supra* note 18, at 1545 (observing that each common law regime in intellectual property law is “tailored to the specific circumstances under which protection is deemed necessary. Unlike the one-size-fits-all federal copyright and patent statutes, these regimes allow courts to adopt a far more nuanced approach to intellectual property protection.”).

21. Menell, *supra* note 17, at 73.

22. *See id.* at 68–69; Balganesh, *supra* note 18, at 1545 ([T]he common law method . . . develops the law incrementally . . . allowing future courts to extend, limit, or at times altogether deny protection when circumstance and context change.”).

Laches, with long roots in courts of equity, is one such judicially created doctrine.²³ In 1893 the Supreme Court observed, “Courts of equity, it has often been said, will not assist one who has slept upon his rights, and shows no excuse for his laches in asserting them.”²⁴ Thus, laches is an affirmative defense invoked when the plaintiff’s unreasonable delay in bringing a civil suit prejudices the defendant, either by compromising the defendant’s ability to defend against the suit or due to the defendant’s reliance on the expectation that the plaintiff would not bring suit since she had not yet done so.²⁵ The defense predates statutes of limitations, allowing courts of equity to deny relief if a plaintiff unreasonably and unfairly delayed bringing an otherwise colorable claim.²⁶ As statutes of limitations began to populate the legislative landscape, laches continued to be a common defense in equity in the United States.²⁷ When the Federal Rules of Civil Procedure merged law and equity in 1938,²⁸ laches remained a popular defense in civil cases, albeit one more commonly invoked against equitable claims.²⁹ Equitable defenses like laches give courts “recourse to principles of justice to correct or supplement the law as applied to particular circumstances[,]” allowing judges some discretion alongside the literal application of statutory laws.³⁰

The use of laches to defend against claims of copyright infringement predates Congress’s enactment of the Copyright Act’s statute of limitations in 1957.³¹ Prior to 1957, federal courts relied on states’ limitations statutes and sometimes allowed laches to limit those periods.³² However, not all states had copyright statutes, and so federal courts had to choose which state limitations provision to apply to copyright claims.³³ This resulted in disparate limitations periods—ranging from one to ten

23. PATRY, *supra* note 13, at § 20:54.

24. *Lane & Bodley Co. v. Locke*, 150 U.S. 193, 201 (1893).

25. PATRY, *supra* note 13, at § 20:54.

26. Jason R. Swartz, *When the Door Closes Early: Laches as an Affirmative Defense to Claims of Copyright Infringement*, 76 U. CIN. L. REV. 1457, 1459 (2008).

27. *Id.*

28. FED. R. CIV. P. 2 (“There shall be one form of action to be known as the ‘civil action.’”).

29. Swartz, *supra* note 26, at 1459; *see Petrella II*, 134 S. Ct. 1962, 1985 (2014) (Breyer, J., dissenting) (“A federal civil action is subject to both equitable and legal defenses.”). *But see* *Holmberg v. Armbrrecht*, 327 U.S. 392, 395 (1946) (noting that in actions at law, “[i]f Congress explicitly puts a limit upon the time for enforcing a right which it created, there is an end of the matter”).

30. BLACK’S LAW DICTIONARY, *supra* note 12, at 656.

31. *Petrella II*, 134 S. Ct. at 1968.

32. *Id.*

33. PATRY, *supra* note 13, at § 20:11.

years—from state to state, and even within the same district.³⁴ This lack of national uniformity led to forum shopping as plaintiffs chose the state with the longest available limitations period.³⁵ To resolve the limitations-period disparity, Congress enacted the Copyright Act's statute of limitations.³⁶ The federal limitations period is codified, as amended, in § 507(b) of the Copyright Act.³⁷

The Copyright Act is silent on the application of equitable doctrines, including laches.³⁸ During hearings prior to the enactment of § 507(b) Congress did consider explicitly addressing the application of equitable doctrines to the limitations period.³⁹ But ultimately, Congress chose not to address the issue because it expected that the “[f]ederal district courts, generally, would recognize these equitable defenses anyway.”⁴⁰

Although “laches has an illustrious pedigree across the circuits as a defense to a charge of copyright infringement”⁴¹ and has been applied to bar suits brought within the statute of limitations, the federal circuit courts’ interpretation of the Copyright Act’s silence varied widely.⁴² The Fourth Circuit entirely rejected laches as an affirmative defense in copyright infringement suits, finding the juxtaposition of the judicially created doctrine with the legislative act incompatible with the principle of separation of powers.⁴³ The Tenth Circuit allowed laches in copyright cases but limited the defense’s application to “rare cases,” out of deference to the Copyright Act’s three-year statute of limitations.⁴⁴ Similarly, the Sixth Circuit allowed laches in copyright cases, but only in “unusual cases” in which the relief sought would work “*unjust hardship*” on third parties or defendants.⁴⁵ The Sixth Circuit modeled its approach after the Seventh

34. *Id.*

35. *See id.*

36. *Id.* at § 20:12.

37. 17 U.S.C. § 507(b) (2012) (“No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.”).

38. *Petrella II*, 134 S. Ct. 1962, 1982 (2014) (Breyer, J., dissenting).

39. S. REP. NO. 1014, at 3 (1957) (quoting the House Judiciary Committee); *see* PATRY, *supra* note 13, at § 20:12.

40. *Id.*

41. MELVILLE B. NIMMER, NIMMER ON COPYRIGHT § 12.06(A) (Matthew Bender ed. 2014). For a more detailed discussion of the different circuits’ approaches to laches in copyright suits, *see id.*

42. PATRY, *supra* note 13, at § 20.55 n.1 (“There [were] a healthy number of opinions applying laches within the limitations period.”).

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

44. *Jacobsen v. Deseret Book Co.*, 287 F.3d 936, 951 (10th Cir. 2002).

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

Circuit's approach to laches, which also allowed laches in actions for both legal and equitable relief (both in the copyright context and more generally).⁴⁶ The Second and Ninth Circuits also allowed laches to bar copyright cases. The Second Circuit had an open approach to laches, allowing the defense since an oft-cited 1916 district court opinion by Judge Learned Hand articulated the inequity inherent in unreasonably delayed suits.⁴⁷ The Ninth Circuit's approach to laches was "the most lenient" for defendants invoking the defense, allowing laches to bar both past and future claims,⁴⁸ and requiring a defendant claiming laches to meet only a very low evidentiary threshold.⁴⁹

The Ninth Circuit discussed its "lenient" standard extensively in 2001 in *Danjaq LLC v. Sony Corp.*⁵⁰ *Danjaq* articulated three elements a defendant had to show to successfully invoke a laches defense. The first element was delay, measured from when the plaintiff knew or should have

46. NIMMER, *supra* note 41, at § 12.06(A) ("[The Sixth Circuit] decided to follow the Seventh Circuit's lead from outside the copyright context: 'just as various tolling doctrines can be used to lengthen the period for suit specified in a statute of limitations, so laches can be used to contract it.'" (quoting *Teamsters & Emp'rs Welfare Trust of Ill. v. Gorman Bros. Ready Mix*, 283 F.3d 877, 881 (7th Cir. 2002))). The Seventh Circuit held in *Gorman* that the defense of laches could be argued "regardless of whether the suit is at law or in equity, because, as with many equitable defenses, the defense of laches is equally available in suits at law." *Gorman*, 283 F.3d at 881.

47. NIMMER, *supra* note 41, at § 12.06(A). In *Haas v. Leo Feist*, Judge Hand explained,

It must be obvious to every one 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.

Haas v. Leo Feist, 234 F. 105, 108 (S.D.N.Y. 1916). More recently, a district court in the Second Circuit "declined 'to hold that laches can *never* be a bar to a copyright infringement claim for damages filed within the Act's three-year limitations period.'" NIMMER, *supra* note 41, at § 12.06(A) (quoting *Lego A/S v. Best-Lock Constr. Toys*, 874 F. Supp. 2d 75, 92 (D. Conn. 2012)).

48. Swartz, *supra* note 26, at 1465–67.

49. *Petrella v. Metro-Goldwyn-Mayer, Inc. (Petrella I)*, 695 F.3d 946, 959 (9th Cir. 2012) (Fletcher, J., concurring) (noting that the defendant does not have to prove the plaintiff had actual knowledge of the defendant's infringement, only that the plaintiff "should have known"); see Robert Zitnik, *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946 (9th Cir. 2012), 24 DEPAUL J. ART, TECH. & INTELL. PROP. L. 505, 516 (2014).

50. *Danjaq LLC v. Sony Corp.*, 263 F.3d 942 (9th Cir. 2001).

known of the alleged infringement.⁵¹ The second element required that the delay be unreasonable, which was determined by looking to the cause of the delay.⁵² Acceptable reasons for delay included exhausting the administrative process for relief and determining if the costs of bringing suit were justified by the alleged infringement.⁵³ Unacceptable reasons included purposely delaying suit until the infringement was profitable so the plaintiff could then capitalize on the defendant's efforts.⁵⁴ Finally, the third element of the test required the defendant to show that the plaintiff's unreasonable delay caused evidentiary or expectations-based prejudice.⁵⁵ In the Ninth Circuit, if any part of the defendant's infringing actions took place outside of the three-year statute of limitations, the court presumed that laches barred the plaintiff's claim.⁵⁶

II. *PETRELLA V. METRO-GOLDWYN MAYER, INC.*: THE SUPREME COURT STEPS IN

It was against this backdrop that *Petrella* found its way to the Supreme Court, presenting the Court with an opportunity to settle the circuit split regarding application of laches in copyright cases. In settling that split, the Court decided that laches is completely unavailable to defendants in copyright claims for legal relief properly brought within the three-year limitations period.⁵⁷ The Court granted certiorari after the Ninth Circuit affirmed the District Court for the Central District of California's decision to grant Metro-Goldwyn-Mayer's laches-based motion to dismiss Paula Petrella's copyright infringement suit.⁵⁸ At issue in *Petrella* was the popular and critically acclaimed film *Raging Bull*, based on a screenplay written by Frank Petrella and boxing champion Jake LaMotta.⁵⁹ The 1963 copyright registration identifies Frank Petrella as the sole author of the work.⁶⁰ MGM acquired motion picture rights, released the film in 1980, and continues to market the film in various formats.⁶¹ Paula Petrella

51. *Id.* at 952.

52. *Id.* at 954.

53. *Id.*

54. *Id.*

55. *Id.* at 955.

56. *Petrella I*, 695 F.3d 946, 951 (9th Cir. 2012) (quoting *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 997 (9th Cir. 2006)).

57. *Petrella II*, 134 S. Ct. 1962, 1967 (2014).

58. *Petrella I*, 695 F.3d at 956.

59. *Petrella II*, 134 S. Ct. at 1970.

60. *Id.*

61. *Id.* at 1970–71.

(“Petrella”), Frank Petrella’s daughter, renewed the copyright in the screenplay in 1991, after her father passed away.⁶² In 1998, her attorney notified MGM that Petrella had renewed the copyright seven years earlier, and that any further exploitation by MGM of the work or works derived from it infringed her rights.⁶³ The attorney and MGM continued to exchange letters for the next two years, during which Petrella repeatedly threatened legal action and MGM repeatedly denied the validity of her claim.⁶⁴

Nine years after the exchange of letters and eighteen years after she renewed the copyright in the work, Petrella filed a copyright infringement suit against MGM, seeking monetary and injunctive relief.⁶⁵ MGM moved for summary judgment, claiming that laches barred the claim because Petrella’s eighteen-year delay was unreasonable and prejudicial.⁶⁶ Granting MGM’s motion, the district court found that MGM had suffered “expectations-based prejudice” by engaging in business transactions, plans, and relationships based on the assumption that Petrella would not file suit, since she had not filed suit when she originally threatened to do so.⁶⁷ MGM also asserted it had suffered evidentiary prejudice, since in the eighteen years Petrella delayed bringing suit, three witnesses key to the facts underlying the alleged infringement became unavailable: Frank Petrella’s wife died, Jake LaMotta’s ex-wife died, and LaMotta himself became incapacitated and incapable of testifying.⁶⁸ When the Ninth Circuit affirmed the district court’s decision, it declined to review the issue of evidentiary prejudice, finding the expectations-based prejudice to be sufficient.⁶⁹ It cited precedent that required it to presume laches barred any suit in which part of the alleged wrongful conduct

62. *Id.* at 1971. Paula Petrella renewed the copyright pursuant to *Stewart v. Abend*, which held that when an author dies before the renewal period for his copyright, his successors are entitled to the renewal rights even if the author already assigned the renewal rights to another party, in part in order to provide the author’s family a “new estate” upon his death. *Stewart v. Abend*, 495 U.S. 207, 219–20 (1990).

63. *Petrella II*, 134 S. Ct. at 1971.

64. *Id.* One of MGM’s defenses against Petrella’s accusations of copyright infringement was the claim that Frank Petrella and Jake LaMotta actually collaborated on the screenplay, and as such, MGM had the necessary rights via its agreement with LaMotta. *Petrella I*, 695 F.3d 946, 950 (9th Cir. 2012).

65. *Petrella II*, 134 S. Ct. at 1971.

66. *Id.*

67. *Petrella I*, 695 F.3d at 953–54.

68. *Petrella II*, 134 S. Ct. at 1972; Brief for Respondents at 52, *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014) (No. 12-1315).

69. *Petrella I*, 695 F.3d at 953.

occurred outside the limitations period.⁷⁰ It also found that Petrella's delay was unreasonable because she had simply waited to sue until MGM turned a profit on *Raging Bull*, while MGM continued to invest in the film, believing it had valid ownership.⁷¹

Petrella appealed the decision to the Supreme Court.⁷² Writing for the majority, Justice Ginsburg reversed the Ninth Circuit's decision, finding that applying laches—"an entirely judicial creation"⁷³—to bar a suit that was timely brought within a statute of limitations set by Congress would "tug against the uniformity Congress sought to achieve when it enacted § 507(b)."⁷⁴ The Court characterized laches as a "gap-filling, not legislation-overriding" defense, asserting that, despite the presence of the defense of laches in the Federal Rules of Civil Procedure, the Court had never given laches the expansive role MGM claimed for it.⁷⁵

The Court first found that although MGM and the Ninth Circuit faulted Petrella for "waiting to sue until the film *Raging Bull* 'made money,'" there is actually nothing requiring copyright owners to "challenge each and every actionable infringement . . . And there is nothing untoward about waiting to see whether an infringer's exploitation undercuts the value of the copyrighted work."⁷⁶ Justice Ginsburg explained that the limitations period in § 507(b), operating according to the separate-accrual rule, already strikes an appropriate balance between a plaintiff's interest in bringing only worthwhile claims and a defendant's interest in a safe harbor for old infringements.⁷⁷ Under the separate-accrual rule, the three-year statute of limitations begins again from each of the defendant's individual infringing actions.⁷⁸ This limits the plaintiff's recovery of damages to acts that occurred within the limitations period.⁷⁹ The Court also noted that the doctrine of equitable estoppel remained available to protect a defendant in situations in which a copyright owner made intentionally

70. *Id.* at 951 (citing *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 997 (9th Cir. 2006)).

71. *Id.* at 953.

72. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct 50 (2013) (granting petition for writ of certiorari).

73. *Petrella II*, 134 S. Ct. at 1972 (citing *Petrella I*, 695 F.3d at 958 (Fletcher, J., concurring)).

74. *Id.* at 1975.

75. *Id.* at 1974–75 (“[W]e have never applied laches to bar in their entirety claims for discrete wrongs occurring within a federally prescribed limitations period.”).

76. *Id.* at 1975.

77. *Id.*

78. PATRY, *supra* note 13, at § 20.23.

79. *Id.*

misleading statements about whether or not she would bring suit and the defendant then relied on those statements.⁸⁰ Finally, the Court rejected MGM's contention that lengthy delays from the initial alleged infringement would result in lost or degraded evidence, as the author and witnesses for the defendant died.⁸¹

Although the Court determined that the Ninth Circuit and the district court had erred by applying laches to bar a suit for damages and injunctive relief timely brought within the copyright owner's term of copyright protection and Congress's statute of limitations, the Court maintained that in "extraordinary circumstances," the "consequences of a delay in commencing suit might be of sufficient magnitude to warrant, at the very outset of litigation, curtailment of the relief equitably awardable."⁸² That said, the circumstances of *Petrella* did not warrant such curtailment because Petrella had notified MGM of her copyright claims before MGM invested significant time and money into *Raging Bull*, and the relief Petrella sought would not result in destruction of the film or unjust hardship on innocent parties.⁸³

Justice Breyer, joined by Chief Justice Roberts and Justice Kennedy, authored a dissent that discussed at length the inequity that would result from the Court's decision.⁸⁴ He noted that, while laws like statutes of limitations are uniform, the circumstances of each case are not, which is why federal courts have historically stepped in to apply laches in certain situations.⁸⁵ In particular, Justice Breyer pointed to the inequity inherent in cases in which plaintiffs wait to bring suits until key witnesses die, or until the defendants' derivative works become profitable and plaintiffs will be assured a share of those profits.⁸⁶ The majority, on the other hand, found these exact same scenarios unproblematic.⁸⁷ Justice Breyer also noted that in cases in which a defendant sells or reproduces a work continuously, the separate-accrual rule allows a plaintiff to bring a suit every three years until the lengthy copyright term expires.⁸⁸ While Justice

80. *Petrella II*, 134 S. Ct. at 1077.

81. *Id.* at 1076 (observing that Congress must have been aware of this risk when it chose to provide for reversionary renewal rights exercisable by an author's heirs).

82. *Id.* at 1977.

83. *Id.* at 1978.

84. *Id.* at 1979–86 (Breyer, J., dissenting).

85. *Id.* at 1979.

86. *Id.* at 1980.

87. *Id.* at 1974–75.

88. *Id.* at 1981

Breyer saw potential unfairness in this scenario,⁸⁹ the majority asserted that this scenario is actually unlikely to occur because if a plaintiff successfully proves infringement, she is likely to receive injunctive relief that halts the defendant's continuous infringing activity.⁹⁰

Justice Breyer disagreed with the majority's premise that the Copyright Act's silence on laches indicated Congress did not intend for laches to apply in copyright lawsuits.⁹¹ He argued that Congress's silence is consistent with the application of laches because, since courts had frequently applied the defense prior to the statute of limitations taking effect, Congress undoubtedly expected courts would continue to do so afterwards.⁹² By allowing laches to bar only claims for equitable relief, and not claims for legal relief, Justice Breyer also argued that the majority chose to disregard the standards of modern litigation; since 1938 actions "at law" and actions "in equity" have simply become the "civil action," "subject to both equitable and legal defenses."⁹³ Laches may play only a small role in a copyright regime based on statutes of limitations, but that role, Justice Breyer argued, is an important one that should not be categorically eliminated.⁹⁴

III. CHIPPING AWAY AT EQUITY IN COPYRIGHT LAW

The Court's decision in *Petrella* substantially limits an important instrument for achieving equitable results in copyright infringement lawsuits. A review of the case demonstrates that the Court's decision was far too broad—likely an overreaction to the particular, sympathetic facts of the case and the Ninth Circuit's permissive, potentially problematic approach to laches. By overcorrecting the course, the Court leaves lower courts and potential defendants to belated copyright infringement lawsuits with few remedial and protective measures. As a result, creative industries will likely see a chilling effect and face new uncertainties as plaintiffs begin bringing lawsuits based on old alleged infringements.

89. *Id.* at 1981.

90. *Id.* at 1976 n.19.

91. *Id.* at 1982.

92. *Id.* Indeed, the congressional hearings on enacting a statute of limitations in the Copyright Act indicate that Congress did expect that federal courts would continue to apply equitable defenses, even if Congress did not expressly address equitable defenses in the statute. S. REP. NO. 1014, at 2–3 (1957).

93. *Petrella II*, 134 S. Ct. at 1985.

94. *Id.* at 1985–86.

A. AN OVERREACTION TO THE NINTH CIRCUIT'S RULING

The scope of the Court's decision was surprising in light of the Justices' apparent skepticism of the plaintiff's position during oral arguments.⁹⁵ During the arguments, the Justices expressed doubt that the application of laches really frustrates statutes of limitations, that the distinction between law and equity remains valid, and that movie producers would continue to produce the same films without the protection of laches.⁹⁶ So how did the Court ultimately come to such a surprising decision? As discussed in Part I, the Ninth Circuit's framework for applying laches in copyright cases was the most lenient,⁹⁷ which may have been problematic for the Court. For example, the Ninth Circuit had established a "relatively easy burden"⁹⁸ for a defendant to prove laches: The defendant only had to prove the plaintiff had constructive knowledge of the alleged infringement during the delay, not actual knowledge.⁹⁹ The oral argument transcript demonstrates that the Court was indeed concerned with the Ninth Circuit's laches standard. For example, Justice Kagan pressed MGM's lawyer about the Ninth Circuit's presumption that if any part of an infringing action occurred outside the statute of limitations then laches barred the suit.¹⁰⁰ Expressing skepticism about the propriety of a burden-shifting presumption triggered by a criterion as inflexible as the limitations period, she said "I guess partly that suggests a burden of persuasion, but partly it suggests just a kind of starting position . . . that if there was conduct outside the limitations period it would be prejudicial. And . . . I want to know why that would be."¹⁰¹ When the lawyer explained the Ninth Circuit's presumption as a way of dealing with the evidentiary prejudice that might result from a delayed suit, Justice Kagan responded, "One can agree with that and not think that if conduct happened three years and two days earlier that the burden of

95. Ronald Mann, *Argument Recap: Justices Dubious of Untimely Copyright Suits*, SCOTUSBLOG (Jan. 22, 2014, 10:45 AM), <http://www.scotusblog.com/2014/01/argument-recap-justices-dubious-of-untimely-copyright-suits/>.

96. *Id.*

97. *Petrella I*, 695 F.3d 946, 958 (9th Cir. 2012) (J. Fletcher, concurring) ("Our circuit [the Ninth Circuit] is the most hostile to copyright owners of all the circuits.").

98. Jacqui Bogucki, *Copyright Law—A Challenge to the Ninth Circuit's Fight Applying Laches in Raging Bull Suit*, 66 S.M.U. L. REV. 391, 393 (2013).

99. See Zitnik, *supra* note 49, at 516.

100. Transcript of Oral Argument at 36–38, *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 934 S. Ct. 1962 (2014) (No. 12-1315).

101. *Id.* at 38.

coming forward and the necessity to give a reason flips to the other side.”¹⁰²

Furthermore, the Ninth Circuit had drawn a very blurry line between reasonable and unreasonable justifications for delay.¹⁰³ On the one hand, as the *Danjaq* court reasoned, delay would be reasonable if intended to “determine whether the scope of the proposed infringement will justify the cost of litigation.”¹⁰⁴ On the other hand, delay would be unreasonable if it was intended to “capitalize on the value of the alleged infringer’s labor, by determining whether the infringing action will be profitable.”¹⁰⁵ The Supreme Court may have recognized how tenuous this distinction was and found it problematic.

However, copyright law is littered with doctrines that are similarly unclear and court determined.¹⁰⁶ For example, the fair use doctrine is notoriously difficult to apply, and although it is codified in the Copyright Act, its nuances are largely judicially determined.¹⁰⁷ The rules of co-authorship are also “grossly underspecified” and “courts have struggled” to determine their application.¹⁰⁸ Arguably, even the most basic mechanism of copyright infringement liability in copyright law—the substantial similarity doctrine—turns on a very vague analytical framework; the Copyright Act itself does not even define “infringement.”¹⁰⁹ Yet, the Court has routinely upheld these doctrines. One might wonder why, in this instance, the Court decided it needed to draw a hard and fast line that disallows judges to use their discretion in applying laches to bar claims for legal relief.¹¹⁰

102. *Id.* at 39 (referring to the Copyright Act’s three-year statute of limitations). Justice Kagan also asked MGM’s lawyer, “Do you concede that [the Ninth Circuit’s] presumption is wrong?” and “Do you agree with it?” *Id.* at 36–37.

103. *See Zitnik, supra* note 49, at 516.

104. *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 954 (9th Cir. 2001).

105. *Id.*

106. Shyamkrishna Balganes, *Unplanned Coauthorship*, 100 VA. L. REV. 1683, 1746 (2014) (noting that “courts routinely undertake” inquiries that might seem “overly subjective”).

107. 17 U.S.C. § 107 (2012); PATRY, *supra* note 13, at § 10:1.50.

108. Balganes, *supra* note 106, at 1699.

109. PATRY, *supra* note 13, at § 9.1; *id.* at § 9:3 (“[C]opyright infringement is a statutory tort, the contours of which have been left up to the courts to fill in.”); *id.* at § 9:64 (“No copyright statute, going back to the 1710 English Statute of Anne, has ever defined the degree or type of reproduction that will give rise to infringement.”).

110. *See Petrella II*, 134 S. Ct. 1962, 1975 (2014) (“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).”).

Possibly, the particular facts of the *Petrella* case also persuaded the Court to make such a broad ruling in response to the Ninth Circuit's laches doctrine. Indeed, the *Petrella* case presented many complicating factors that may have justified the Supreme Court's serious reconsideration of the Ninth Circuit's ruling. For example, the record shows that the plaintiff gave MGM adequate—even repeated—notice of her ownership of the copyright and MGM's alleged infringement.¹¹¹ During her correspondence with MGM, MGM apparently represented to Petrella that the film was not profitable and would likely never be profitable, perhaps leading her to determine that the scope of infringement would not justify a lawsuit.¹¹² During oral arguments, Justice Sotomayor's questions for MGM's lawyer demonstrated skepticism about how unfair the delayed suit truly was for MGM.¹¹³ For example, in response to the lawyer's argument that Petrella wanted to "skim the cream" off MGM's profits, Justice Sotomayor asked, "What's so bad about that?"¹¹⁴ She also pointed to the fact that MGM had affirmatively told Petrella it was not making any money on the film, and she asked why MGM did not simply seek a declaratory judgment when it first heard from Petrella eighteen years before she filed suit.¹¹⁵

Finally, Petrella was herself a sympathetic plaintiff: She is the daughter of the original copyright owner, and thus a member of the exact class of copyright owners that copyright policy intends to protect via doctrines like that of *Stewart v. Abend*.¹¹⁶ Petrella's reasons for delaying her suit against MGM were also sympathetic. She explained that she was occupied with caring for her disabled brother and dying mother and that her family did not have the money for litigation.¹¹⁷ If the laches case that came to the Supreme Court had been one involving a copyright assignee who was completely unrelated to the author, and who quietly waited on the sidelines until the use of the work became profitable before pouncing with an infringement suit, one can imagine that the outcome might have been different. While the results of this particular case may seem just, the

111. *Id.* at 1971.

112. *Id.* at 1972 n.10. This illustrates the difficulties inherent to *Danjaq's* distinction between permissible and nonpermissible reasons for delay. *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 954 (9th Cir. 2001).

113. Transcript of Oral Argument, *supra* note 100, at 32–33.

114. *Id.* at 32.

115. *Id.* at 32–33.

116. *See Petrella II*, 134 S. Ct. at 1968, 1971; *Stewart v. Abend*, 495 U.S. 207, 219–20 (1990).

117. *Petrella I*, 695 F.3d 946, 952 (9th Cir. 2012).

implications of the Court's decision will echo beyond this case and its parties.

B. THE REMAINING PROTECTIONS ARE INSUFFICIENT

Although potential defendants and the courts that try them still have some ways of guarding against unreasonably delayed copyright suits, the Supreme Court's broad decision weakened a defense that the Court itself said served a crucial "gap-filling" function.¹¹⁸ Potential defendants may, for example, employ smarter business practices to ward off lawsuits and, if those lawsuits take place, minimize the evidentiary prejudice they might face.¹¹⁹ Precautions like retaining documents and otherwise keeping excellent records of each step of the creative process, as well as keeping in touch with former employees, will ensure that potential defendants both create and preserve necessary evidence.¹²⁰ Requiring third parties with whom they work to sign comprehensive indemnification agreements will prevent some lawsuits before they even start.¹²¹ Companies like MGM can also proactively protect themselves from belated suits by seeking declaratory judgments (as Justice Sotomayor suggested MGM should have done)¹²² or more aggressively negotiating licenses to preemptively protect themselves.

However, considering the "clearance culture" that already exists in the entertainment industry, one might wonder how much more companies like MGM can really do.¹²³ Studios already do far more than is required by law to ensure that all copyrighted or trademarked material is cleared with the rights-holders.¹²⁴ This culture "imposes burdens well beyond the law and has become a self-perpetuating and self-serving system of self-censorship."¹²⁵ Asking the entertainment industry to take an even more proactive approach to copyright clearance, as the *Petrella* decision does, may further discourage creation at the outset. Furthermore, the costs of

118. *Petrella II*, 134 S. Ct. at 1974.

119. See, e.g., Brad R. Newberg, 'Raging Bull' Decision Breathes New Life Into Late-Breaking Copyright Suits, FORBES (June 2, 2014, 9:52 AM), <http://www.forbes.com/sites/danielfisher/2014/06/02/raging-bull-decision-breathes-new-life-into-late-breaking-copyright-suits/>.

120. *Id.*

121. *Id.*

122. Transcript of Oral Argument, *supra* note 100, at 33.

123. Daniel Nazer, *A Glance Inside the Clearance Culture*, CTR. FOR INTERNET AND SOC'Y (CIS) BLOG (Apr. 26, 2012, 1:33 PM), <http://cyberlaw.stanford.edu/blog/2012/04/glance-inside-clearance-culture>.

124. *Id.*

125. *Id.*

taking these kinds of self-protective actions can be prohibitively high, especially for smaller companies and individuals.¹²⁶ Thus, the *Petrella* decision may have an indirect chilling effect on the entertainment industry beyond the chilling effect directly caused by the weakened state of the defense of laches.

Of course, some protections remain inherent in the statutory and common law of the copyright regime. For example, defendants remain protected to some extent by the statute of limitations itself, which only allows a plaintiff to bring suit within three years of an infringing action, and therefore only allows the plaintiff to collect damages going back three years.¹²⁷ However, without the protection of laches, the statute of limitations can actually be used against defendants. This is because the statute of limitations operates according to the separate-accrual rule, and functions as a rolling period, meaning that the limitations period begins anew with each allegedly infringing action.¹²⁸ As Justice Breyer noted in his dissent, if a defendant continues to reproduce and distribute an allegedly infringing work, the separate accrual rule might allow a plaintiff to sue repeatedly—every three years—and collect the defendant's profits each time until the copyright term expires.¹²⁹ As such, the statute of limitations could conceivably work against a defendant instead of to protect him.

Defendants might also be protected by the (somewhat) limited term of copyright protection. Once that term elapses, copyright owners can no longer bring suits for infringement, and so companies are free to capitalize on works that enter the public domain.¹³⁰ However, the term of copyright protection is extremely long compared to, for example, the term of protection for patent rights.¹³¹ The *Petrella* Court also noted that the doctrine of equitable estoppel remains a tool in a defendant's arsenal.¹³² Estoppel is another affirmative defense that, like laches, can bar a claim completely. The defense requires that the plaintiff affirmatively mislead

126. See, e.g., Robert Kirk Walker, *Negotiating the Unknown: A Compulsory Licensing Solution to the Orphan Works Problem*, 35 CARDOZO L. REV. 983, 1002 (2014).

127. 17 U.S.C. § 507(b) (2012).

128. *Petrella II*, 134 S. Ct. 1962, 1969 (2014) (“Each time an infringing work is reproduced or distributed, the infringer creates a new wrong. Each wrong gives rise to a discrete claim that accrues at the time the wrong occurs.” (internal quotations omitted)).

129. *Id.* at 1979–80 (Breyer, J., dissenting).

130. 17 U.S.C. § 302 (duration of copyright for works created after 1978); *id.* § 304 (duration of copyright for works created before 1978).

131. 35 U.S.C. § 154 (2012).

132. *Petrella II*, 134 S. Ct. at 1977.

the defendant into thinking there will be no lawsuit, allowing the defendant to take actions in reliance on that misrepresentation.¹³³ Like laches, estoppel is an equitable defense with a long history of application to legal claims.¹³⁴ However, while delay may be a factor in an estoppel defense, it is not sufficient to establish the defense.¹³⁵ As Justice Breyer's dissent notes, the doctrines of equitable estoppel and laches are fundamentally different, with the former hinging on active misrepresentation and the latter hinging on unreasonable delay.¹³⁶ He asks, "Where due to the passage of time, evidence favorable to the defense has disappeared or the defendant has continued to invest in a derivative work, what misleading representation by the plaintiff is there to estop?"¹³⁷ Furthermore, successful claims of equitable estoppel are rare.¹³⁸ Thus, even if the defense of equitable estoppel remains available for actions both at law and in equity, there is a gap that, after *Petrella*, is no longer filled by laches. Cases with facts like those in *Petrella* may land directly in this gap, notwithstanding this particular case's sympathetic facts and plaintiff.¹³⁹

C. INSUFFICIENT PROTECTIONS MAY HAVE A CHILLING EFFECT IN CREATIVE INDUSTRIES

As a result of the insufficient protections available to potential defendants against unreasonably delayed copyright suits, industries that rely on copyrighted works may hesitate to invest time and money into works knowing that they might be sued as soon as their efforts begin to turn a profit.¹⁴⁰ Even Justice Kagan, who ultimately joined the Court's

133. *Id.*; PATRY, *supra* note 13, at § 20:58.

134. *Petrella II*, 134 S. Ct. at 1977.

135. *Id.*

136. *Id.* at 1985.

137. *Id.*; Samuel Bray, *A Little Bit of Laches Goes a Long Way: Notes on Petrella v. Metro-Goldwyn-Mayer, Inc.*, 67 VAND. L. REV. EN BANC 1 (2014):

It is true that in extreme cases of laches a defendant can also raise the defense of estoppel, because with enough time delay shades into the misrepresentation that estoppel requires. But there are less extreme cases, cases where the plaintiff is guilty of prejudicial delay but not misrepresentation (and is thus subject to laches but not estoppel).

Id. at 8.

138. PATRY, *supra* note 13, at § 20:58.

139. Bray, *supra* note 137, at 8.

140. Newberg, *supra* note 119; Todd McCormick & Jason M. Joyal, *How 'Raging Bull' Case Could Impact Entertainment Industry*, LAW360 (July 2, 2014, 10:08 AM), <http://www.law360.com/articles/552689/how-raging-bull-case-could-impact-entertainment-industry> ("A plaintiff can now 'wait and see' if exploitation of the copyrighted work is worth suing over, and if it is, can time a lawsuit so as to capitalize on any profits.").

majority, asked during the oral arguments, “Who in their right mind would go ahead and make this [investment] year after year if a huge amount of money is going to be paid to this copyright owner who delayed for 30 years[?]”¹⁴¹ Although Petrella did initially contact MGM in the 1990s, she did not file a lawsuit until 2009, which happened to closely follow the release of MGM’s twenty-fifth anniversary edition of the *Raging Bull* DVD, and a corresponding increase in DVD sales.¹⁴² Justice Breyer cited exactly these kinds of circumstances in his explanation of why laches may be a necessary defense in some cases:

Suppose . . . the plaintiff has deliberately waited for the death of witnesses who may prove the existence of understandings about a license to reproduce a copyrighted work Or, suppose the plaintiff has delayed bringing suit because he wants to avoid bargaining with the defendant up front over a license. . . . Or, suppose the plaintiff has waited until he becomes certain that the defendant’s production bet paid off . . . and that the plaintiff has a chance of obtaining, say an 80% share of what is now a 90% pure profit stream.¹⁴³

Indeed, there are many examples from the lower courts of cases brought under such circumstances.¹⁴⁴ Companies weighing the risks against the rewards may ultimately decide not to re-release older films, since copyright claims might then come out of the woodwork long after the initial release.¹⁴⁵

This adverse effect will be particularly severe for projects involving orphan works, or works whose owners cannot be identified or found by entities that need the owners’ permission to make use of the works.¹⁴⁶

141. Transcript of Oral Argument, *supra* note 100, at 20.

142. Newberg, *supra* note 119.

143. *Petrella II*, 134 S. Ct. 1962, 1980 (2014).

144. *See, e.g.*, *Chirco v. Crosswinds Cmty, Inc.*, 474 F.3d 227, 235 (6th Cir. 2007) (plaintiffs “deliberately delayed” bringing a claim that a condominium design infringed the plaintiff’s copyright, brought within the statute of limitations, but only after the condos were built and sold and families had moved in); *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 954 (9th Cir. 2001) (plaintiff had “no sufficient justification for” his delayed claim that seven James Bond films infringed the plaintiff’s copyright, brought nineteen to thirty-six years after the films’ releases and after many key players in their creation had died); *Jackson v. Axton*, 25 F.3d 884 (9th Cir. 1994) (claim of co-authorship of a song brought seventeen years after the plaintiff became aware of his claim, after the original lyrics sheet was lost, the recording studio closed, and the defendant had arranged his business around the song).

145. McCormick & Joyal, *supra* note 140.

146. U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS 1 (2006), *available at* <http://www.copyright.gov/orphan/orphan-report-full.pdf>.

Companies are already more hesitant to invest in projects dependent on orphan works because of the threat of incurring liability for damages and other expenses from lawsuits.¹⁴⁷ In the wake of the *Petrella* decision, would-be users of orphan works must also fear the threat of unknown and unfindable owners appearing late in the game, after investments have been made and works produced, to bring lawsuits. Would-be users of orphan works also cannot hedge their risks by tracking down the works' owners to negotiate licenses or assess the dangers of using the work.

These risks are compounded for projects that involve multiple orphan works because the creators of these projects must fear the potential expense of multiple lawsuits from multiple copyright owners, and the creators face an even more impossible task of tracking down the owners for each of the multiple works.¹⁴⁸ The BBC, for example, already has millions of hours of archival broadcasts that it cannot make available because it does not know who owns the rights.¹⁴⁹ The *Petrella* decision represents a step towards increasing the frequency of this kind of scenario, in which copyright law chills the public's access to content.

D. NEW UNCERTAINTY AS PLAINTIFFS BRING BELATED LAWSUITS

Even before the *Petrella* decision, courts were seeing an increasing number of similarly delayed lawsuits due to new technologies that extend the shelf-life of creative works, allowing for their continued release and re-release in new formats.¹⁵⁰ Defendants in these cases frequently found refuge behind the defense of laches, especially in the Ninth Circuit, where many of these cases were brought.¹⁵¹ Now, in the wake of the Court's

147. Walker, *supra* note 126, at 999; Louis Menand, *Crooner in Rights Dispute: Are Copyright Laws Too Strict?*, NEW YORKER, Oct. 20, 2014 ("In the case of many books and photographs, the rights holders are unknown And so, for fear of being sued and having their work pulped or otherwise erased from the universe, people avoid the risk.")

148. Walker, *supra* note 126, at 1000.

149. Menand, *supra* note 147.

150. Newberg, *supra* note 119.

151. *Id.*; see, e.g., *Danjaq LLC v. Sony Corp.*, 263 F.3d 942 (9th Cir. 2001) (holding that laches barred in their entirety copyright infringement claims related to the James Bond franchise); *Jackson v. Axton*, 25 F.3d 884 (9th Cir. 1994) (holding that laches barred a co-authorship claim related to the song "Joy to the World"); *Shea v. Fantasy, Inc.*, No. C 02-02644 RS, 2003 WL 881006 (N.D. Cal. Feb. 27, 2003) (holding that laches barred damages and injunctive relief in a copyright infringement claim related to a photograph of Lenny Bruce); *Ory v. Country Joe McDonald*, No. CV 01-8177 NM (ALJx), 2003 WL 22909286 (C.D. Cal. Aug. 5, 2003) (holding that laches barred damages and injunctive relief in a copyright infringement claim related to a Vietnam War protest song); *Mappa Music Co. v. Universal-Polygram Int'l Pub. Inc.*, No. CV 00-6593 ABC (ALJx), 2001 WL 1868083 (C.D. Cal. Dec. 17, 2001) (holding that laches barred

decision denying the availability of laches in claims for legal relief, courts may see new life given to claims that were previously unlikely to succeed due to laches.¹⁵²

The entertainment industry's fears of plaintiffs "coming out of the shadows to claim ownership rights" is illustrated in particular by a suit recently filed against the band Led Zeppelin.¹⁵³ *Skidmore v. Zeppelin* was filed May 31, 2014, several weeks after the *Petrella* decision was handed down and just as the iconic Led Zeppelin song "Stairway to Heaven" was being re-released.¹⁵⁴ The complaint alleges that the 1971 song's opening guitar riff was copied from a song by the band Taurus.¹⁵⁵ Although the guitarist from Taurus and others apparently knew of Led Zeppelin's alleged infringement for years, no one filed a lawsuit until 2014.¹⁵⁶ *Petrella* may give new life to belated claims like this one—brought nearly forty years after the alleged infringement began—and even though plaintiffs can only collect damages going back three years (pursuant to § 507(b)), for works as successful as "Stairway to Heaven," three years might yield a substantial collection,¹⁵⁷ especially when claims are strategically timed to coincide with the release of the work in a new format or edition.

Another recently filed suit that may have been barred by laches prior to the *Petrella* decision concerns a high-profile, highly lucrative image from the sports world: Nike, Inc.'s "Jumpman" logo, depicting a silhouette of Michael Jordan leaping to dunk a basketball.¹⁵⁸ Jacobus Rentmeester originally took the photograph on which the logo is based for *Life Magazine* in 1984.¹⁵⁹ Rentmeester claims he came to a deal with Nike for use of the image, but the deal expired in 1987 and for the past twenty-

a declaratory judgment of ownership claim related to the song "Gonna Get Along Without Ya Now").

152. McCormick & Joyal, *supra* note 140. The entertainment industry fears that "the *Petrella* decision will potentially revive old disputes that had been previously forgotten or considered too old to have merit. Federal Courts may now see an increase in copyright infringement filings." *Id.*

153. *Id.*; Complaint of Michael Skidmore, *Skidmore v. Zeppelin*, Docket No. 2:14-cv-03089 (E.D. Pa. May 31, 2014).

154. McCormick & Joyal, *supra* note 140.

155. *Skidmore*, Docket No. 2:14-cv-03089.

156. *Id.*; McCormick & Joyal, *supra* note 140.

157. David Post, *Does The Stairway to Heaven Go Through The Eastern District of Pennsylvania?*, WASH. POST (Oct. 30, 2014) <http://www.washingtonpost.com/news/volokh-conspiracy/wp/2014/10/30/does-the-stairway-to-heaven-go-through-the-eastern-district-of-pennsylvania/>.

158. Bill Donahue, *With Nike Logo Case, 'Raging Bull' Ruling Rears Its Head*, LAW360 (Jan. 28, 2015, 7:21 PM) <http://www.law360.com/ip/articles/615656>.

159. *Id.*

eight years Nike has continued to use the image on numerous products without paying him.¹⁶⁰ Filed in January 2015, the lawsuit seeks profits from Nike associated with the Jordan brand, which earned \$3.2 billion in retail sales in 2014 alone, and injunctive relief to halt Nike's current sales of Jordan-brand products.¹⁶¹ A suit like this might have been barred by laches, since Rentmeester did nothing to protect his rights for twenty-eight years, but *Petrella* gives plaintiffs like Rentmeester new hope, and defendants like Nike new uncertainty. Even if Nike can invoke laches to bar an injunction,¹⁶² the company still faces enormous monetary liability.

The *Petrella* decision may also force courts to revise previous rulings that barred claims due to laches.¹⁶³ For example, a federal judge in the Central District of California found in 2013 that a copyright infringement suit against the rapper Jay-Z related to the song "Big Pimpin'" was barred by laches because the plaintiff failed to bring suit until nearly eight years after Jay-Z's popular song was first released.¹⁶⁴ In July 2014, however, the judge vacated her holding that laches barred the plaintiff's claims, noting that *Petrella* "represents substantial change in the law governing laches," and opens the door for the plaintiff to recover profits from Jay-Z.¹⁶⁵

IV. *PETRELLA* IN PATENT AND TRADEMARK LAW

The implications of *Petrella* are even more significant for patent law, which has historically found a greater use for laches. The Patent Act of 1952 ("Patent Act") contains a six-year statute of limitations for collecting damages.¹⁶⁶ Like the Copyright Act, the Patent Act is silent on laches.¹⁶⁷ However, the Federal Circuit has consistently recognized that laches may

160. *Id.*

161. Darren Rovell, *Nike Sued over Michael Jordan Logo*, ABC NEWS (Jan. 23, 2015, 10:39 PM) <http://abcnews.go.com/Sports/nike-sued-michael-jordan-logo/story?id=28444530>.

162. *See Petrella II*, 134 S. Ct. 1962, 1977 (2014) (allowing that in "extraordinary circumstances" laches may still bar equitable relief awardable).

163. Newberg, *supra* note 119 (suggesting several ways in which *Petrella* might influence future litigation, including reviving once-barred claims, refocusing cases in which laches was once assumed to be determinative, and making old claims viable once again despite degradation of evidence).

164. *Fahmy v. Jay-Z*, No. CV 07-5715 CAS (PJWx), 2013 WL 6254230 (C.D. Cal. Dec. 3, 2013).

165. *Fahmy v. Jay-Z*, 2:07-cv-05715-CAS(PJWx), at 7 (C.D. Cal. July 21, 2014) <http://www.scribd.com/doc/236059440/Raging-Jayz>.

166. 35 U.S.C. § 286 (2012).

167. *Id.* § 282.

bar collection of damages in patent infringement lawsuits.¹⁶⁸ In the face of a strict liability infringement rule¹⁶⁹ and a significant trolling problem,¹⁷⁰ laches gives judges in patent infringement suits the necessary “discretionary power . . . to limit the defendant’s liability for infringement by reason of the equities between the particular parties.”¹⁷¹

Although the *Petrella* Court mentioned the well-settled rule that laches is available to bar damages that accrue prior to the lawsuit in patent infringement cases, it did so only in passing. In a footnote, the Court merely stated the rule, articulated by the Federal Circuit in *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, and observed that the Court “[has] not had occasion to review the Federal Circuit’s position,”¹⁷² leaving open the issue of *Petrella*’s influence on patent law. A laches case has confronted the Federal Circuit since the *Petrella* ruling, but the Federal Circuit found that the decision did not apply to patent suits,¹⁷³ and so it remains to be seen to what extent the *Petrella* ruling will ultimately influence patent infringement litigation.

That said, although the statutes of limitations in the Copyright Act and the Patent Act are worded differently, the effects are the same: Both restrict a plaintiff’s recovery for infringement to the harm occurring within the specified number of years prior to filing suit.¹⁷⁴ As such, it is not clear why the reasoning in *Petrella* would not also apply in the patent law context. Furthermore, the *Petrella* Court’s reasoning directly contradicts

168. *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1028–30 (Fed. Cir. 1992). In the wake of *Petrella*, the Federal Circuit quietly affirmed that laches is still available in patent infringement suits. *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 767 F.3d 1339, 1345 (Fed. Cir. 2014). The *SCA Hygiene* court merely said that *Petrella* did apply to patent law because the Supreme Court had not yet reviewed the Federal Circuit’s position on laches, and so “*Petrella* notably left *Aukerman* intact.” *Id.* However, the Federal Circuit recently vacated the *SCA Hygiene* opinion and granted SCA’s petition for rehearing en banc. Order on Petition for Rehearing En Banc, *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, No. 2013-1564, 2014 WL 7460970 (Fed. Cir. Dec. 30, 2014).

169. 35 U.S.C. § 271.

170. See, e.g., Gene Sperling, *Taking on Patent Trolls to Protect American Innovation*, THE WHITE HOUSE BLOG (June 4, 2013, 1:55 PM) <http://www.whitehouse.gov/blog/2013/06/04/taking-patent-trolls-protect-american-innovation>.

171. *Aukerman*, 960 F.2d at 1030 (emphasis in original).

172. *Petrella II*, 134 S. Ct. 1962, 1974 n.15 (2014).

173. See *supra* note 168.

174. 17 U.S.C. § 507(b) (2012); 35 U.S.C. § 286; Todd Vare, ‘Raging Bull’ Copyright Opinion May Impact Patent Cases, LAW360 (May 27, 2014, 12:30 PM) <http://www.law360.com/articles/541533/-raging-bull-copyright-opinion-may-impact-patent-cases>.

the Federal Circuit's reasoning in *Aukerman*. First, the *Petrella* Court interpreted the Copyright Act's silence on laches to mean laches is not available, while the *Aukerman* court interpreted the Patent Act's similar silence to mean laches *is* available.¹⁷⁵ Second, the *Petrella* Court found that laches, applied according to the court's discretion, could not coexist with a congressionally enacted statute of limitations, while the *Aukerman* court found that an "equitable defense [of laches] under section 282 and the arbitrary [statute of limitations] of section 286 *do not conflict*."¹⁷⁶ It therefore seems likely that, if given the opportunity, the Supreme Court would find that the *Petrella* ruling applied to the patent realm as well.¹⁷⁷

Unlike the Copyright Act and the Patent Act, the Lanham Act explicitly provides for the application of laches in trademark infringement suits, in actions for both damages and injunctive relief.¹⁷⁸ The wider availability of laches in trademark suits makes sense in light of the potentially "infinite duration" of trademark protection, as compared to the limited term of patent protection.¹⁷⁹ Although there is no statute of limitations in the Lanham Act, courts have found that laches is available in trademark infringement suits even when the suit is brought within the analogous state statute of limitations.¹⁸⁰ The availability of laches encourages trademark owners to actively police their marks, which is consistent with the policy of avoiding consumer confusion in the marketplace.¹⁸¹ It is unlikely that the *Petrella* decision will have a significant impact on the availability of laches in trademark infringement suits since the Lanham Act does not have a congressionally enacted statute of limitations that might conflict with the application of laches, and in fact specifically provides for the defense of laches. The *Petrella* Court mentioned trademark law only in passing, but in a footnote implied that

175. Contrast *Petrella II*, 134 S. Ct. at 1973–75 *with Aukerman*, 960 F.2d at 1029–30.

176. Contrast *Petrella II*, 134 S. Ct. at 1975 *with Aukerman*, 960 F.2d at 1030–31 (emphasis added).

177. *Vare*, *supra* note 174.

178. Lanham Act, 15 U.S.C. § 1115(b)(9) (2012).

179. *Aukerman*, 960 F.2d at 1040.

180. *E.g.*, *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 821–22 (7th Cir. 1999).

181. *Id.* at 826 (“[T]here is a strong public interest in the prevention of misleading advertisements. The availability of an equitable defense in Lanham Act cases, therefore, must be considered in light of the consuming public’s right to be free from confusion with respect to product marketing and advertisements.”); *Aukerman*, 960 F.2d at 1040 (“[T]he public interest in avoidance of confusion in the market place may lead a court to grant an injunction against trademark infringement on laches alone.”).

the *Petrella* decision is indeed consistent with the Lanham Act and the application of laches in trademark law.¹⁸²

V. BUT WHAT EFFECT WILL *PETRELLA* REALLY HAVE?

It remains to be seen to what extent *Petrella* will truly chill creative industries or encourage stale copyright claims. Indeed, while the Court disallowed laches in claims for legal relief brought within the statute of limitations, it left open the possibility that a plaintiff's delay still has some role to play in copyright lawsuits, in addition to playing a potential role via the doctrine of equitable estoppel.¹⁸³ First, the Court allowed that in "extraordinary circumstances . . . the consequences of a delay in commencing suit may be of sufficient magnitude to warrant, at the very outset of litigation, curtailment of relief equitably awardable."¹⁸⁴ The Court implied that such circumstances might include requested equitable relief that would "work an *unjust* hardship' upon the defendants and third parties" or require "total destruction of the work."¹⁸⁵ Since, in *Petrella*, the plaintiff notified MGM of her copyright claims before MGM invested in creating the new edition of *Raging Bull*, and the plaintiff's requested relief would not require total destruction of the film, the Court found that the circumstances of the case were not sufficient to curtail equitable relief at the outset of the litigation in this case.¹⁸⁶

Second, the Court indicated that a plaintiff's delay might also continue to play a role at the remedial phase, during which courts might take the delay into account when "determining appropriate injunctive relief and assessing profits."¹⁸⁷ While the defendant's reliance on the plaintiff's delay is apparently a crucial factor to consider at this stage, the Court obscured the real significance of reliance with a footnote: "While reliance or its absence may figure importantly in [*Petrella*], we do not suggest that reliance is in all cases a *sine qua non* for adjustment of injunctive relief or profits."¹⁸⁸ "Such a vague instruction is unlikely to give defendants any comfort" until it is better defined by the courts, if it ever is.¹⁸⁹

182. *Petrella II*, 134 S. Ct. 1962, 1974 n.15 (2014).

183. *Id.* at 1977.

184. *Id.*

185. *Id.* (citing *Chirco v. Crosswinds Cmty., Inc.*, 474 F.3d 227, 236 (6th Cir. 2007); *New Era Publ'ns Int'l v. Henry Holt & Co.*, 873 F.2d 576, 584-85 (2d Cir. 1989)).

186. *Id.*

187. *Id.* at 1978

188. *Id.* at 1978 n.22.

189. Newberg, *supra* note 119.

VI. CONCLUSION

Overall, the *Petrella* Court's broad ruling barring the use of laches against copyright infringement claims brought within the statute of limitations is inconsistent with the policy behind the U.S. intellectual property statutory framework, rooted in the U.S. Constitution: "to promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."¹⁹⁰ Art. I, § 8, cl. 8 prioritizes progress, which is hindered when creative industries do not have access to the works they need to release—and re-release in new formats—iconic works like *Raging Bull*. As this Note demonstrates, the Court's decision in *Petrella v. Metro-Goldwyn-Mayer, Inc.* creates the wrong incentive for creators by discouraging creative uses of works and encouraging increased clearance-culture paranoia. It increases the already significant costs of producing creative works by increasing the risks of unpredictable, delayed lawsuits, especially for uses involving orphan works. If the Court decides to extend *Petrella's* holding on laches to the realm of patent law, the implications will be similar for creators who depend on the incentives created by patent protection. Allowing laches in circumstances that warrant the defense is consistent with the Constitution's mandate that copyright protection last for only "limited Times," so that works may enter the public domain and benefit everyone.¹⁹¹ When an author unreasonably delays in protecting his copyright, it is right that the public should nonetheless benefit from the work by allowing other users willing to invest money and effort into exploitation of the work to do so.¹⁹² As courts frequently quote, "vigilantibus non dormientibus aequitas subvenit": equity aids the vigilant, not those who sleep on their rights."¹⁹³

Since the Supreme Court constrained a defense crucial to such policy considerations, Congress should now act to correct the course. Indeed, the Court largely premised its broad decision on Congress's silence with regard to laches in copyright lawsuits.¹⁹⁴ Although the legislative history behind the Copyright Act's statute of limitations implies that Congress assumed federal courts would continue to apply equitable defenses such as laches, the Act itself does not expressly address laches. If Congress had directly addressed the issue in the text of the Copyright Act, as it did

190. U.S. CONST. art. I, § 8, cl. 8.

191. *Id.*

192. Swartz, *supra* note 26, at 1477.

193. PATRY, *supra* note 13, at § 20:54.

194. *Petrella II*, 134 S. Ct. 1962, 1968–70 (2014).

when it enacted § 1115(b)(9) of the Lanham Act, it is unlikely that the *Petrella* Court would have reached the same decision. Copyright law's lengthy term of protection resembles the potentially endless term of protection in trademark law, and so as in trademark suits, laches should be available to defendants in copyright suits.¹⁹⁵ Thus, in order to better serve the policy underlying art. I, § 8, cl. 8 of the U.S. Constitution, Congress should now consider enacting a provision in the Copyright Act clearly stating that laches is available to defendants in copyright infringement suits for both legal and equitable relief. By further defining the parameters of when laches should apply, Congress could simultaneously take into account some of the concerns expressed by the *Petrella* Court, successfully settle the inter-circuit confusion surrounding the application of the defense, and preserve an important equitable tool.

195. See *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1040 (Fed. Cir. 1992) (discussing the availability of laches in trademark law).