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 OF *AMICUS CURIAE* DRI – THE VOICE OF THE DEFENSE BAR IN SUPPORT OF RESPONDENTS

MARY MASSARON ROSS
JOSEPHINE A. DELORENZO
PLUNKETT COONEY
38505 Woodward Ave.
Suite 2000
Bloomfield Hills, MI 48304
(313) 983-4801
mmassaron@plunkettcooney.com

J. MICHAEL WESTON
President of DRI—The Voice of the Defense Bar
Counsel of Record
LEDERER WESTON CRAIG, PLC
118 Third Ave. SE
Suite 700
P.O. Box 1927
Cedar Rapids, IA 52406
(319) 365-1184
mweston@lwclawyers.com

Counsel for Amicus Curiae DRI – The Voice of the Defense Bar

Becker Gallagher · Cincinnati, OH · Washington, D.C. · 800.890.5001

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INTEREST OF *AMICUS CURIAE*[1]

Amicus curiae DRI—the Voice of the Defense Bar, is a 22,500-member international association of defense lawyers who represent individuals, corporations, insurance carriers, and local governments involved in civil litigation. DRI is committed to enhancing the skills, effectiveness, and professionalism of defense lawyers around the globe. A primary part of DRI's mission is to make the civil justice system more fair, efficient, and consistent. See http://www.dri.org/About. To that end, DRI participates as amicus curiae in cases that raise issues of importance to its membership and to the judicial system. This is such a case.

DRI's interest in this case stems from its members' extensive involvement in civil litigation. DRI focuses on teaching its members key trial skills through its publications and seminars. And DRI works to assure that the civil litigation system is adequately funded, operates under appropriate rules, and applies substantive legal principles that allow for the fair and balanced resolution of disputes through the courts. DRI members' vast experience in defending lawsuits gives it a great vantage point from which to help this Court evaluate the practical effect of ruling that laches is unavailable in cases in which a litigant delays in bringing suit to the detriment of the defendant. Based on this knowledge, DRI urges the Court to rule that the

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[1] Pursuant to Rule 37.6, amicus certifies that no counsel for a party authored this brief in whole or in part and that no person or entity, other than amicus, its members, or its counsel, has made a monetary contribution to the preparation or submission of this brief. The parties have filed written consent to the filing of amicus briefs pursuant to Rule 37.

defense of laches is available in copyright litigation and other areas of law regardless of whether the plaintiff seeks legal or equitable remedies and regardless of whether a statute of limitations applies.

Laches is at heart a practical doctrine intended to ensure fairness in trying cases. Laches requires proof of (1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting the defense. *Costello v. U.S.*, 365 U.S. 265, 282 (1961). The focus is on whether the party asserting the doctrine has been prejudiced, which includes both expectations-based prejudice and evidentiary prejudice.

While there is some disagreement among the circuits regarding whether the defense of laches can be asserted in actions at law, the better view is that laches is properly applied to the entire cause of action. This allows a court to first ensure that a case is tried fairly – that is, determine that there is no evidentiary prejudice to the defendant – before considering whether a plaintiff is entitled to relief, be it legal or equitable.

DRI has long had a concern about the enormous difficulties of ensuring a fair trial when the events that form the basis for a claim or defense took place long ago, resulting in faded memories, lost documents, and employees who have since moved on. Corporations establish records-retention policies that typically maintain records for specific periods of time unless a litigation hold has been placed on them because litigation has commenced or is foreseeable. But claims that were not anticipated and that occur long after the events in question present difficult problems for the litigants. See Thomas M. Jones et al., Formulating a Records Retention Policy, 50 No. 1 DRI For Def. 42

(January 2008) (providing strategies for establishing a records retention policy); Kevin C. Baltz, Deposition of the Corporate Representative: The Scope of Rule 30(b)(6), 50 No. 2 DRI For Def. 22, 25-26 (February 2008) (instructing members that a corporation's duty to present a Rule 30(b)(6) representative "is not relieved by a lack of any witnesses with personal knowledge of the matters at issue," and in such circumstances, "a corporation must take efforts to prepare the corporative representative through all reasonably available means, including a review of all relevant documents, discussion with former employees, or other sources."). The risk of unjust outcomes skyrockets in these circumstances. And extra resources are likely to be needed to track down missing witnesses or to attempt to recover or recreate long-since discarded documents. Often even with the expenditure of those resources, the information cannot be located and the defendant's ability to mount a defense is severely handicapped. Equally important, laches, like a statute of limitations, helps preserve the resources of courts by relieving them of the burden of trying stale claims. *Texaco, Inc. v. Short*, 454 U.S. 516, 551 (1982). Thus, DRI seeks to speak here in furtherance of its mission to make the civil justice system more fair, efficient, and consistent.

SUMMARY OF ARGUMENT

DRI's overriding concern is to assure a fair trial. In copyright and other areas of law, a defendant who lacks access to critical witnesses or documents is unable to effectively mount a defense without key evidence; the factfinder at trial does not hear the whole story. The likelihood of a jury reaching the wrong result increases dramatically because the claim is based on long ago

events. Documents have been lost or destroyed and memories have faded.

The defense of laches "prevents a plaintiff who has slept on his rights from enforcing those rights against a defendant." *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters.*, 533 F.3d 1287, 1319 (11th Cir. 2008). Equity recognizes that "prejudice may arise from delay alone, so prolonged that in the normal course of events evidence is lost or obscured . . . ." *Russell v. Todd*, 309 U.S. 280, 287-88 (1940). The availability of laches does not, however, "depend solely on the time that has elapsed between the alleged wrong and the institution of suit; it is '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.'" *Gull Airborne Instruments, Inc. v. Weinberger*, 694 F.2d 838, 843 (D.C. Cir. 1982), quoting *Galliher v. Cadwell*, 145 U.S. 368, 373 (1892). In other words, laches is "primarily concerned with prejudice." *In re Beaty*, 306 F.3d 914, 924 (9th Cir. 2002).

Currently, the federal circuit courts of appeals have articulated different positions on whether laches is available as a defense in copyright actions filed within the applicable three-year statute of limitations, 17 U.S.C. § 507(b). Whereas the Fourth Circuit precludes it entirely based on separation of powers principles, *Lyons Partnership, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789 (4th Cir. 2001), the Second Circuit allows it for equitable remedies, *New Era Publications Int'l, ApS v. Henry Holt & Co., Inc.,* 873 F.2d 576 (2d Cir. 1989), and the Ninth Circuit in this case found that it applies

to all relief sought by petitioner.[2] Other circuits presume that the statute of limitations controls but allow for the possibility that laches may be used in "extraordinary circumstances" for certain remedies. *Chirco v. Crosswinds Communities, Inc.,* 474 F.3d 227, 229 (6th Cir. 2007). See also *Jacobsen v. Deseret Book Co*., 287 F.3d 936, 950 (10th Cir. 2002), *Peter Letterese*, 533 F.3d at 1319.

In DRI's view, laches should be available as a defense against all claims, and even within an applicable statute of limitations. Where circumstances warrant, DRI members regularly raise laches as a defense in copyright actions and other areas of the law and find it critical to ensuring fairness at trial. Evidence can be lost even where a delay is relatively short. The better-reasoned decisions and this Court have recognized the possibility of prejudice even where actions are brought within the statute of limitations. See *Nat'l R.R. Passenger Corp. v. Morgan*, 536 U.S. 101 (2002) (in a timely Title VII suit for hostile work environment that involves incidents from beyond the statutory period, an employer may raise a laches defense if the plaintiff unreasonably delays in filing a suit and as a result harms the defendant); *Yerxa v. United States*, 11 Cl. Ct. 110, 115 (1986) aff'd, 824 F.2d 978 (Fed. Cir. 1987) (laches is available in military pay cases as a bar to a plaintiff's claim brought within the six-year statute of limitations.) ; *Barrois v. Nelda Faye,*

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[2] Petitioner brought claims for copyright infringement, unjust enrichment, and accounting. J.A. 29-33. As respondents explain in their brief, petitioner did not seek statutory damages under the Copyright Act, but rather, an apportionment of profits. Resp. Br. 18-19.

Inc., 597 F.2d 881 (5th Cir. 1979) (timely admiralty action barred by laches where defendant had no available witnesses who had any recollection of alleged incident, and thus had not been able to investigate). Other courts have determined that laches should not be limited to equitable remedies. *Maksym v. Loesch*, 937 F.2d 1237, 1248 (7th Cir. 1991). As one court explained, laches is more akin to estoppel and should be available to defendants just as it is to plaintiffs to ensure fairness. *Teamsters & Employers Welfare Trust of Illinois v. Gorman Bros. Ready Mix*, 283 F.3d 877, 882 (7th Cir. 2002). If the Court is inclined to embrace a narrower view of its applicability, at a minimum, it should apply to equitable remedies.

ARGUMENT

The Nonstatutory Defense Of Laches Should Be Available Without Restriction To Bar All Remedies For Civil Copyright Claims Filed Within The Three-Year Statute Of Limitations Prescribed By Congress, 17 U.S.C. § 507(b).

A. Laches is a practical doctrine that must remain available to guard against stale claims and ensure fairness in litigation.

The defense of laches "prevents a plaintiff who has slept on his rights from enforcing those rights against a defendant." *Peter Letterese*, 533 F.3d at 1319. Equity recognizes that "prejudice may arise from delay alone, so prolonged that in the normal course of events evidence is lost or obscured . . . ." *Russell*, 309 U.S. at 287-88. Accordingly, laches requires proof of (1) lack of diligence by the party against whom the defense is

asserted, and (2) prejudice to the party asserting the defense. *Costello*, 365 U.S. at 282. Amicus curiae DRI is concerned with the prejudice inherent in defending against stale claims and submits that it is necessary to maintain the availability of the defense of laches in copyright cases and other causes of action, regardless of whether the relief sought is legal or equitable and regardless of whether there is an applicable statute of limitations.

This Court has long recognized the "salutary policy" behind the common law doctrine of laches, which arose out of the common law courts' experience with the practical problems created when litigants delay bringing claims. *Id*. It does not "depend solely on the time that has elapsed between the alleged wrong and the institution of suit; it is '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.'" *Gull Airborne Instruments*, 694 F.2d at 843, quoting *Galliher*, 145 U.S. at 373. See also *Holmberg v. Armbrecht*, 327 U.S. 392, 396 (1946). One court has succinctly stated the effect and rationale of laches as follows:

> Laches is a "fairness" doctrine . . . based upon considerations of public policy, which require, for the peace of society, the discouragement of stale demands. It recognizes the need for speedy vindication or enforcement of rights, so that courts may arrive at safe conclusions as to the truth.

Brundage v. U.S., 504 F.2d 1382, 1384 (Ct. Cl. 1974). Thus, "[p]laintiffs are encouraged to file suits when courts are in the best position to resolve disputes."

N.A.A.C.P. v. N.A.A.C.P. Legal Def. & Educ. Fund, Inc., 753 F.2d 131, 137 (D.C. Cir. 1985). Not only do stale claims result in loss of critical evidence, but "equitable boundaries blur as defendants invest capital and labor into their claimed property; and plaintiffs gain the unfair advantage of hindsight, while defendants suffer the disadvantage of an uncertain future outcome." *Id.* In other words, laches is "primarily concerned with prejudice." *In re Beaty*, 306 F.3d at 924.

These problems are apparent in this and other cases in which a litigant waits decades before bringing a claim. When a delay "precludes any reasonable possibility of defendant's gathering evidence ... or conducting an effective investigation of the circumstances surrounding the alleged incident" laches should be applied. *Barrois*, 597 F.2d at 885. Absent prejudice, the laches defense does not apply. *Grand Canyon Trust v. Tucson Elec. Power Co.*, 391 F3d 979, 988 (9th Cir. 2004). But a lack of diligence causing even a relatively short delay can severely hamper the opposing party's ability to respond to claims brought against it. Thus, courts have repeatedly held that "a brief unexcused delay that causes sufficient prejudice to the defendant is a proper ground for invocation of the doctrine." *Id*.

Two chief forms of prejudice exist in the laches context – evidentiary and expectations-based. *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 955 (9th Cir. 2001). A defendant demonstrates expectations-based prejudice "by showing that it took actions or suffered consequences that it would not have, had the plaintiff brought suit promptly." *Id*. Evidentiary prejudice "may arise by reason of a defendant's inability to

present a full and fair defense on the merits due to the loss of records, the death of a witness, or the unreliability of memories of long past events, thereby undermining the court's ability to judge the facts." *A.C. Aukerman Co. v. R.L. Chaides Constr. Co*., 960 F.2d 1020, 1033 (Fed. Cir. 1992). Evidentiary prejudice "prevents a party from proving a separate claim or defense." *Hearing Components, Inc. v. Shure Inc*., 600 F.3d 1357, 1376 (Fed. Cir. 2010). To demonstrate evidentiary prejudice, "[a] defendant must identify key witnesses or evidence whose 'absence has resulted in the [defendant's] inability to present a full and fair defense on the merits.'" *Adidas Am., Inc. v. Payless Shoesource, Inc.*, 529 F. Supp. 2d 1215, 1254 (D. Or. 2007), quoting *Freeman v. Gerber Prods. Co*., 466 F.Supp.2d 1242, 1246 (D. Kan. 2006). Notably, it has been recognized that "evidence of prejudice is among the evidence that can be lost by delay." *Pro Football, Inc. v. Harjo*, 565 F.3d 880, 884-85 (D.C. Cir. 2009).

DRI members regularly see cases in which their clients have suffered both of these kinds of prejudice due to an unexcused delay in filing suit. The laches doctrine provides a remedy in that it disallows claims where a litigant's unexcused delay prejudices the opposing party. For example, in *N.A.A.C.P.*, 753 F.2d at 132, the NAACP brought an action against the NAACP Legal Defense Fund, its former affiliate, seeking an injunction preventing the LDF from using the initials of the association as part of its title. The organizations had separated in 1957. It was suggested in 1966 that the LDF change its name but the LDF declined. *Id*. at 135. On June 28, 1979, the NAACP's board adopted a resolution that revoked permission to use the NAACP initials, and on May 25, 1982, it

initiated suit. *Id*. at 136. Noting the NAACP's 13-year delay from when it asked the LDF to stop using the initials to when it revoked permission, the court held that, "[w]hile mere delay by itself does not bar injunctive relief, here there was substantial investment by the LDF during this considerable time lapse." *Id*. at 138. Since 1957, the LDF built up goodwill and spent over $11 million soliciting contributions, recruiting legal talent, and litigating civil rights issues using the NAACP initials. *Id*. at 134, 136. The court determined that laches precluded the NAACP's suit because "[t]he prejudice resulting from the reliance interest building during the years of delay in this case was substantial." *Id*. at 138.

The reliance interest in this case is similar to *N.A.A.C.P*. Here, petitioner waited 18 years after her copyright infringement cause of action accrued. In that time, respondents spent nearly $8.5 million promoting *Raging Bull* in the United States alone. J.A. 39-41. The court astutely observed that "the true cause of [petitioner's] delay was, as she admits, that 'the film hadn't made money' during this time period." Pet. App. 11a. In other words, petitioner waited until she saw profit, and then sought to take advantage of respondents' investments and their profits without any of their risk. As in *N.A.C.C.P.*, respondents here had a strong reliance interest as a result of their multimillion dollar marketing expenditure.

Missing witnesses and documents also create enormous burdens at trial. A typical example of evidentiary prejudice that prevents a fair trial can be seen in *Evergreen Safety Council v. RSA Network Inc*., 697 F.3d 1221 (9th Cir. 2012). In November 2009, the

plaintiff sought a declaratory judgment of noninfringement regarding artwork in a training manual, which had been developed in 1998-1999. A year later the defendant copyright owner asserted a counterclaim for copyright infringement. *Id*. at 1225. Recognizing that there had been a ten-year delay by the defendant copyright owner in asserting its rights, the court determined that laches applied to the counterclaim. The court found evidentiary prejudice because the plaintiff's executive officer, who was involved in the negotiations with defendant owner's president, had died, and other involved employees had relocated or forgotten about important details concerning the development of the draft manual. *Id*. at 1227. Likewise, the defendant's president conceded that his own pertinent records had been destroyed. *Id*.

As the district court in this case concluded, the same type of evidentiary prejudice is present here. Two key fact witnesses, Frank Petrella's wife and Jake LaMotta's then-wife, have died and LaMotta himself is incapable of testifying, making it well-nigh impossible for defendants to mount an effective defense. Pet. App. 46a.

Notably, laches is a discretionary doctrine that ensures fairness to both sides. Maintaining the availability of the defense does not provide defendants with an unfair advantage. In fact, the burden is on the defendant to show that laches should be available. *State Univ. Agric. & Mech. Coll. v. Smack Apparel Co*., 550 F.3d 465, 489-90 (5th Cir. 2008). "Conclusory statements that there are missing witnesses, that witnesses' memories have lessened, and that there is missing documentary evidence, are not sufficient" to

establish evidentiary prejudice. *Adidas Am., Inc.*, 529 F. Supp. 2d at 1254-55, citing *Meyers v. Asics Corp*., 974 F.2d 1304, 1308 (Fed. Cir. 1992). Laches requires the "equitable weighing of both the length of delay and the amount of prejudice," and therefore, "it leaves the district court very broad discretion to take account of the particular facts of particular cases." *Pro Football, Inc.*, 565 F.3d at 885. Laches does not require a court to bar a suit even if the elements of laches are established. *Gasser Chair Co., Inc. v. Infanti Chair Mfg. Corp*., 60 F.3d 770, 773 (Fed. Cir. 1995). The court has discretion to look at the equities taking into account all the facts and circumstances. *Id*. But the laches doctrine is a background concept of the common law that empowers the courts to ensure fairness in the litigation process when its elements have been satisfied and all the facts and circumstances warrant its application to bar a claim. This is vitally important in the area of copyright law because otherwise, as in this case, litigants can lie in the weeds waiting for huge investments in the protected content, and only when those investments have made the content hugely valuable, bring suit. This kind of gamesmanship undermines the litigation process by allowing for trials when one party's delay in bringing a claim severely harms the opposing party.

B. Congress enacted the Copyright Act against the backdrop of law suggesting that laches is available as a defense regardless of whether the plaintiff seeks legal or equitable relief and regardless of whether it bars a claim brought within an applicable statute of limitations.

Federal courts have long applied equitable doctrines to statutory claims, even within the statute of limitations. It is presumed that Congress is aware of the inherent equity powers of federal courts and does not intend to limit those powers unless otherwise stated. See *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 313 (1982), quoting *Porter v. Warner Holding Co.*, 328 U.S. 395, 398 (1946) ("the comprehensiveness of . . . equitable jurisdiction is not to be denied or limited in the absence of a clear and valid legislative command."). It follows that this Court "do[es] not lightly assume that Congress has intended to depart from established principles." *Id.*

In decisions across diverse areas of law, various courts have recognized this principle and concluded that laches is available as a defense regardless of whether the remedy sought is legal or equitable or regardless of whether there exists an applicable statute of limitations. These decisions support DRI's position that a defendant who lacks access to the evidence necessary to ensure a fair trial should not be subjected to either an equitable or legal remedy, whether within the statute of limitations or otherwise.

1. Laches has been applied in the context of federal civil rights statutes.

This Court, in fact, has held that laches is an available defense even where the applicable law provides a statute of limitations because a defendant can still be handicapped by inordinate delay. In *Morgan*, 536 U.S. 101, the Court addressed the effect of the statute of limitations in Title VII of the Civil Rights Act of 1964. Specifically, the Court addressed whether and under what circumstances a plaintiff may pursue discrimination claims based on events occurring outside the statutory time period. *Id*. at 104-105. The Court made clear that "[e]mployers have recourse when a plaintiff unreasonably delays filing a charge." *Id*. at 121. The Court recognized that "despite the procedural protections of the statute 'a defendant in a Title VII enforcement action might still be significantly handicapped in making his defense because of an inordinate EEOC delay in filing the action after exhausting its conciliation efforts.'" *Id*., quoting *Occidental Life Ins. Co. of Cal. v. EEOC*, 432 U.S. 355, 373 (1977). The same is true when the delay is caused by the employee, rather than by the EEOC. *Id.*, citing *Albemarle Paper Co. v. Moody*, 422 U.S. 405, 424 (1975). Accordingly, "the federal courts have the discretionary power to 'to locate a just result' in light of the circumstances peculiar to the case." *Id.*, quoting *Abermarle*, 422 U.S. at 424-425. This Court thus concluded that, "[i]n addition to other equitable defenses, . . . an employer may raise a laches defense, which bars a plaintiff from maintaining a suit if he unreasonably delays in filing a suit and as a result harms the defendant." *Id*. at 121.

A laches defense is also appropriate where an employee fails, for an unreasonable period of time, to obtain a notice of right to sue from the EEOC and the employer suffers prejudice. *Haugen v. Tishman Speyer Properties, L.P.*, 10 C 478, 2010 WL 3781023 (N.D. Ill. Sept. 21, 2010), citing *Smith v. Caterpillar, Inc.*, 338 F.3d 730, 734-35 (7th Cir. 2003) (Employer suffered material prejudice as result of employee's eight and one-half year delay in bringing Title VII action where employer would be required to locate former employees, four witnesses stated they could not remember details of employee's employment, relevant documents had been lost or destroyed, and, although district court could limit back pay so as to mitigate effects of delay, such possibility did not eliminate availability of laches defense). Notably, the Court in *Smith* observed that, "as a matter of law, [an employer] does not have an obligation to maintain its employee records indefinitely after the filing of a charge with the EEOC, 388 F.3d at 735, thus illustrating that a civil litigant's document retention policy is affected by the ability to assert laches as a defense.

Courts have further determined that the reasoning in *Morgan* applies equally to § 1983 hostile work environment claims. *Darnell v. W.*, 2:10-CV-0281-RWS-SSC, 2011 WL 3468376 (N.D. Ga. July 12, 2011) report and recommendation adopted, 2:10-CV-0281-RWS, 2011 WL 3471439 (N.D. Ga. Aug. 8, 2011), citing *McCann v. Tillman*, 526 F.3d 1370, 1373, 1378-79 & n. 10) (11th Cir. 2008); *O'Connor v. City of Newark*, 440 F.3d 125, 128 (3d Cir. 2006); *Garrison v. Montgomery Cnty. Bd. of Educ.*, No. 2:05cv549-WHA (WO), 2006 U.S. Dist. LEXIS 13447, at *37-38 (M.D. Ala. Mar. 10, 2006).

2. Laches has been applied in the context of patent law.

In patent actions, courts have recognized that, even where an express statute of limitations applies against a claim, laches can be asserted as a defense within the limitation period, for both legal and equitable remedies. *Aukerman*, 960 F.2d at 1030-1031. The *Aukerman* court explained that "[t]he right to interpose the equitable defense of laches in a civil action is specifically recognized in Fed.R.Civ.P. 8(c)." *Id.* See also *Cornetta v. United States*, 851 F.2d 1372, 1380 (Fed. Cir. 1988) ("[U]nder Federal Rule of Civil Procedure 8(c), laches is an affirmative defense.").

3. Laches has been applied in the context of admiralty law.

Laches has also been held to apply in admiralty law, despite the existence of a statute of limitations. In *Barrois*, the court found that the three-year Jones Act limitations period governed the case before it, but determined that the defendant tugboat owner carried its burden of proving the elements of laches even where the claim was brought within the limitations period. *Id*. at 883. The court noted that the adoption of the three-year limitations period did not "displace the doctrine of laches," because, as an equitable doctrine, "laches is not, like limitation, a mere matter of time; but principally a question of the (equity or) inequity of permitting the claim to be enforced.'" *Id*. at 884, quoting *Holmberg*, 327 U.S. at 396. The doctrine of laches "cannot be determined merely by a reference to and a mechanical application of the statute of limitations. The equities of the parties must (also) be considered." *Id*., quoting *Akers v. State Marine Lines,*

Inc., 344 F.2d 217, 220 (5th Cir. 1965). In *Barrois*, the defendant demonstrated evidentiary prejudice by showing that it had no available witnesses who had any recollection of the alleged incident, and thus had not been able to investigate on a firsthand basis damage caused to the pleasure boat or injuries to plaintiffs. *Id*. at 885.

4. Laches has been applied in the context of military pay statutes.

In a case addressing military pay, where laches is an available defense, the claims court explained that, in that particular area of the law, laches is often a bar to a plaintiff's claim "well short of the running of the six-year statute of limitations." *Yerxa*, 11 Cl. Ct. at 115, citing *Brundage*, 504 F.2d 1382 (three years and eight months); *Cason v. United States*, 471 F.2d 1225, 200 Ct.Cl. 424 (1973) (four years). Instead of narrowly viewing laches as constrained to the realm of equity, the *Yerxa* court noted that, "laches is an affirmative defense rather than a claim for equitable relief." 11 Cl. Ct. at 115, quoting *Foster v. United States*, 3 Cl. Ct. 440, 442 (1983) aff'd, 733 F.2d 88 (Fed. Cir. 1984). It follows that "[r]eason supports the imposition of laches because an 'inordinate lapse of time carries with it the memory and often the life of witnesses, the muniments of evidence, and other means of definitive proof.'" *Yerxa*, 11 Cl. Ct. at 115, quoting *Erickson v. United States*, 1 Cl. Ct. 163, 166 (1983). The court also recognized amicus curiae DRI's main concern, that, like a statute of limitations, "the plea of laches avers that plaintiff's allegations are well pled, but as a matter of law, it is not entitled to recover because of the strong public policy against stale claims." *Id.* Again, however,

unlike a statute of limitations, laches is a "flexible concept based on fairness and is applied in the discretion of the court. Because of such circumstance, the cause of the delay, the hardship to the defendant, the nature of the relief, and other factors must all be considered in determining its application." *Id*. (internal citations and punctuation omitted). See also *Waddell v. Small Tube Prods., Inc*., 799 F.2d 69, 79 (3d Cir. 1986) ("Laches ... differs from the statute of limitations in that it offers the courts more flexibility, eschewing mechanical rules.").

5. Laches is a background defense that applies across the board given the merger of law and equity.

Hence, because this Court and others have recognized that the defense of laches is important to the integrity of trial, it should be broadly available. The Seventh Circuit has succinctly articulated the rationale for eliminating the distinction between applying laches to legal and equitable remedies.

> Not only is there a long tradition of applying equitable defenses in cases at law – indeed, fraud itself is an equitable defense typically interposed in suits at law for breach of contract – but with the merger of law and equity (Fed.R.Civ.P. 2) there is no longer a good reason to distinguish between the legal and equitable character of defenses, save as the distinction may bear on matters unaffected by the merger, such as the right to trial by jury in cases at law, a right preserved in federal courts by the Seventh Amendment . . . .

Maksym, 937 F.2d at 1248. The court observed that "laches requires proof not only of unwarranted delay in bringing suit but also of harm to the defendant as a result of the delay." *Id*. Thus, laches "is really a doctrine of estoppel rather than a substitute for a statute of limitations." *Id*., citing *Mitchell v. Mitchell*, 575 S.W.2d 311, 312 (Tex. Civ. App. 1978). It follows that, "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. This is 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." *Teamsters & Employers Welfare Trust of Illinois*, 283 F.3d at 881.

The Seventh Circuit noted that some courts "have invoked a presumption against the use of laches to shorten the statute of limitations," and one underlying justification is that "abridging a statutory period for suit by means of a judge-made doctrine is in tension with the separation of powers." *Id*. But the court reasoned to the contrary that, "[w]hen Congress fails to enact a statute of limitations, a court that borrows a state statute of limitations but permits it to be abridged by the doctrine of laches is not invading congressional prerogatives. It is merely filling a legislative hole." *Id*. Further, the courts that eschew the use of laches do not likewise question "the use of the judge-made doctrines of equitable estoppel and equitable tolling to lengthen the statutory period." *Id*.

Accordingly, laches is the "mirror image of equitable estoppel," because the doctrine of equitable estoppel allows the plaintiff to extend the statute of limitations

if the defendant has done something that made the plaintiff reasonably believe that he had more time to sue. *Id*. Examples include the defendant's promising not to interpose the defense of the statute of limitations, concealing the cause of action from the plaintiff, or promising to pay the plaintiff's claim. *Id*. at 881-882. It follows that "if a plaintiff does something that reasonably induces the defendant to believe he won't be sued and the defendant's ability to defend himself against the plaintiff's suit is impaired as a result, the plaintiff can be barred by the defense of laches from suing." *Id*. The court thus reasonably concluded that "[w]hat 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)," and therefore, laches is "a form of equitable estoppel rather than a thing apart." *Id*. at 882. In short, "[t]he only difference is which party asserts it. That is not a material difference." *Id*. Thus, to ensure fairness to both parties to a civil action, a defendant must be able to assert the defense of laches.

In this case, nothing in the language of 17 U.S.C. § 507(b) ("No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued") evidences a Congressional intent to preclude the application of laches or any other equitable remedy. *Weinberger*, 456 U.S. at 313. Amicus curiae DRI submits that the reasoning in the above-discussed cases should apply to copyright cases and any other area of law where a defendant might be prejudiced by the plaintiff's inexcusable delay, regardless of whether the action was brought within the statute of limitations and regardless of whether the relief sought is legal or

equitable. The availability of a laches defense ensures a fair trial for defendants who would otherwise suffer evidentiary prejudice.

C. At a minimum, the defense of laches in copyright actions applies to equitable remedies.

The circuits have articulated differing positions on the application of laches in copyright cases, most recognizing that circumstances can arise where even an action brought within the statute of limitations is inherently prejudicial. The better view is that the defense is available for all claims, legal and equitable.

1. Only the Fourth Circuit has barred the defense of laches entirely.

In *Lyons*, 243 F.3d 789, the Fourth Circuit held that "laches is a doctrine that applies only in equity to bar equitable actions, not at law to bar legal actions." *Id.* at 797. This position is inconsistent with the presumption that Congress is aware of the inherent equitable powers of federal courts and does not intend to limit those powers unless otherwise stated. *Weinberger*, 456 U.S. at 313. Nevertheless, the court based its decision on a separation of powers argument, stating that "a court should not apply laches to overrule the legislature's judgment as to the appropriate time limit to apply for actions brought under the statute. Separation of powers principles thus preclude us from applying the judicially created doctrine of laches to bar a federal statutory claim that has been timely filed under an express statute of limitations." *Id.* at 798. The court found this principle "equally relevant" in situations where "Congress

creates a cause of action for traditional equitable remedies, such as injunctions, and specifies a statute of limitations for that action." *Id*. The Fourth Circuit thus concluded that, "when Congress creates a cause of action and provides both legal and equitable remedies, its statute of limitations for that cause of action should govern, regardless of the remedy sought." *Id*. By contrast, the court found that "the doctrine of laches may be applied to equitable claims brought under the Lanham Act, which contains no express limitations provision." *Id*. at 799. But if the claim is one for injunctive relief, "laches would not apply" because "[a] prospective injunction is entered only on the basis of current, ongoing conduct that threatens future harm. Inherently, such conduct cannot be so remote in time as to justify the application of the doctrine of laches." *Id*.

2. Other circuits have rejected the Fourth Circuit's extreme position.

In this case, while noting that the statute of limitations for copyright claims in civil cases is three years, 17 U.S.C. § 507(b), and where petitioner sought relief for actions within the limitations period, the Ninth Circuit concluded that laches nevertheless barred all of plaintiff's claims[3] because her 18-year delay was inexcusable. Pet. App. 10a. The court determined that "the true cause of [petitioner's] delay

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[3] As noted above, Petitioner brought claims for copyright infringement, unjust enrichment, and accounting. J.A. 29-33. As respondents explain in their brief, petitioner did not seek statutory damages under the Copyright Act, but rather, an apportionment of profits. Resp. Br. 18-19.

was, as she admits, that 'the film hadn't made money' during this time period." Pet. App. 11a. A delay "to determine whether the scope of proposed infringement will justify the cost of litigation" may be reasonable; but delay for the purpose of capitalizing "on the value of the alleged infringer's labor, by determining whether the infringing conduct will be profitable' is not." *Id*. (internal citations and punctuation omitted). The court also found that respondents showed expectations-based prejudice, having "incurred significant investments in promoting the film after several years elapsed following the end of the parties' exchange of letters in April 2000 without [petitioner] taking any action to carry out her threat of litigation." Pet. App. 12a-13a.

The Sixth Circuit views its position on laches in copyright cases as the "middle ground" between the Ninth and Fourth circuits, allowing the defense to be applied in "extraordinary circumstances" "to trump the statutorily-prescribed period for filing suit under § 507(b). *Chirco*, 474 F.3d at 229. In that case, a real estate developer brought a copyright infringement action against an architectural design firm, alleging that it copied the developer's design for condominium buildings. By the time the suit was brought, however, 168 of the planned 252 units had been constructed, and 141 of them had been sold. *Id*., p 230. The court determined that, "[t]o the extent that the plaintiffs in this case are seeking only monetary damages and injunctive relief, we give effect to the Sixth Circuit's presumption that the statute of limitations must prevail. However, to the extent that the relief sought is destruction of the condominium complex that allegedly infringes the plaintiffs' copyright, the facts before us suggest that this is indeed the extraordinary

case in which the defense of laches is properly interposed." *Id*. at 229. Amicus curiae DRI believes that laches should be allowed to bar all forms of relief sought by a plaintiff, and thus it agrees with the Sixth Circuit that, "a flat proscription such as that invoked by the Fourth Circuit against the defense of laches in cases involving a federal statutory claim is both unnecessary and unwise." *Id*. at 233-34.

The Tenth Circuit likewise allows for the possibility of laches in copyright claims, recognizing that "it is possible, in rare cases, that a statute of limitations can be cut short by the doctrine of laches." *Jacobsen*, 287 F.3d at 951, citing *United States v. Rodriguez-Aguirre*, 264 F.3d 1195, 1208 (10th Cir. 2001). The Eleventh Circuit is in accord. "[T]here is a strong presumption that a plaintiff's suit is timely if it is filed before the statute of limitations has run. Only in the most extraordinary circumstances will laches be recognized as a defense." *Peter Letterese*, 533 F.3d at 1321. The court added, however, that "[e]ven where such extraordinary circumstances exist . . . laches serves as a bar only to the recovery of retrospective damages, not to prospective relief." *Id*. The court found that "[p]ermitting laches to operate as a bar on post-filing damages or injunctive relief would encourage copyright owners to initiate much needless litigation in order to prevent others from obtaining effective immunity from suit with respect to future infringements." *Id*.

In *New Era Publications*, 873 F.2d 576, the Second Circuit applied laches to a permanent injunction but not to damages. That case addressed a delay of two years, during which time the holder of a copyright was aware that a book was about to be published in the

United States, and had commenced lawsuits in other countries to enjoin publication, but failed to inquire of the publisher as to the planned date of publication and failed to take any steps to enjoin publication until 12,000 copies of the book had already been printed, packed, and shipped. The Court explained, "[i]f [the plaintiff] promptly had sought an adjudication of its rights, the book might have been changed at minimal cost while there still was an opportunity to do so. At this point, however, it appears that a permanent injunction would result in the total destruction of the work since it is not economically feasible to reprint the book after deletion of the infringing material." *Id*. at 584-85. The court thus concluded that "[s]uch severe prejudice, coupled with the unconscionable delay . . . mandates denial of the injunction for laches and relegation of New Era to its damages remedy." *Id*. at 585.[4]

Thus, as demonstrated by this case, *New Era*, and *Chirco*, it is necessary to maintain laches as a defense in copyright actions, even where actions fall within the statute of limitations. Further, given that laches is actually a doctrine of estoppel, *Teamsters & Employers Welfare Trust of Illinois*, 283 F.3d at 881, it must remain an available defense to litigants regardless of

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[4] The *New Era* court did not otherwise discuss why laches would apply to one remedy as opposed to the other, but the Second Circuit later observed in a non copyright case that "[t]he prevailing rule. . . is that when a plaintiff brings a federal statutory claim seeking legal relief, laches cannot bar that claim, at least where the statute contains an express limitations period within which the action is timely." *Ivani Contracting Corp. v. City of New York*, 103 F.3d 257, 260 (2d. Cir. 1997). The court reasoned that separation of powers principles compelled this result. *Id*.

whether the remedy sought is legal or equitable. But, if this Court is inclined to limit use of the defense, at a minimum, it should be available as a defense to equitable remedies.

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DRI members have experienced the difficulties inherent in mounting a defense where memories have faded, key individuals are no longer employed by the defendant, and documents have been lost. Maintaining documents for longer than necessary results in increased costs.[5] These well-recognized difficulties of ensuring a fair trial in the face of stale claims favor the adoption of a rule that takes these challenges into account.

CONCLUSION

For the foregoing reasons, the decision of the court of appeals should be affirmed and laches should be an available defense in copyright actions.

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[5] See John D. Martin, et al., Defensible Disposal: Don't Kick the Can down the Road, Put It in the Trash, Vol. 65, No. 1 DRI For Def. (January 2013) (the costs associated with preserving and potentially collecting, reviewing, and producing this data can be significant).

Respectfully submitted,

MARY MASSARON ROSS
JOSEPHINE A. DELORENZO
PLUNKETT COONEY
38505 Woodward Ave., Suite 2000
Bloomfield Hills, MI 48304
(313) 983-4801
mmassaron@plunkettcooney.com

J. MICHAEL WESTON
President of DRI—The Voice of the Defense Bar
Counsel of Record
LEDERER WESTON CRAIG, PLC
118 Third Ave. SE, Suite 700
P.O. Box 1927
Cedar Rapids, IA 52406
(319) 365-1184
mweston@lwclawyers.com

Counsel for Amicus Curiae DRI – The Voice of the Defense Bar