

In The
Supreme Court of the United States

—◆—
PAULA PETRELLA,

Petitioner,

v.

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

Respondents.

—◆—
**On Writ Of Certiorari To The
United States Court Of Appeals
For The Ninth Circuit**

—◆—
BRIEF FOR PETITIONER

—◆—
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QUESTION PRESENTED

Whether the nonstatutory defense of laches is 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).

PARTIES TO THE PROCEEDING

Petitioner is Paula Petrella. Petitioner was plaintiff-appellant below.

Respondents are Metro-Goldwyn-Mayer, Inc.; Metro-Goldwyn-Mayer Studios, Inc.; Metro-Goldwyn-Mayer Home Entertainment, LLC; Metro-Goldwyn-Mayer Home Entertainment Distribution Corp.; United Artists Corp.; and 20th Century Fox Home Entertainment, LLC. All respondents were defendants-appellees below.

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BRIEF FOR PETITIONER

Petitioner Paula Petrella respectfully asks this Court to reverse the decision of the U.S. Court of Appeals for the Ninth Circuit.

**OPINIONS BELOW**

The Ninth Circuit's panel opinion is reported at 695 F.3d 946 and reprinted at Pet. App. 1a-27a. The opinion of the U.S. District Court for the Central District of California is unreported but reprinted at Pet. App. 28a-48a. The Ninth Circuit's order denying rehearing en banc is unreported but reprinted at Pet. App. 49a-50a.

**JURISDICTION**

The court of appeals entered judgment on August 29, 2012, and denied a timely petition for rehearing en banc on January 30, 2013. The petition for a writ of certiorari was filed on April 30, 2013 and granted on October 1, 2013. This Court has jurisdiction under 28 U.S.C. § 1254(1).



CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The U.S. Constitution’s Copyright and Patent Clause, art. I, § 8, cl. 8, provides, in relevant part:

The Congress shall have Power . . .

...

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

....

17 U.S.C. § 507(b) provides:

Civil Actions. – No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.



STATEMENT OF THE CASE

In 1991, petitioner Paula Petrella renewed the copyright in her late father’s screenplay, “The Raging Bull,” which was the basis for the critically acclaimed film *Raging Bull*. Respondents continued to market the film, so, after intermittent correspondence between the two sides’ lawyers, Ms. Petrella sued in 2009 for copyright infringement occurring during the previous three years. The Copyright Act’s statute of limitations bars suits unless they are “commenced

within three years after the claim accrued.” 17 U.S.C. § 507(b). The district court granted summary judgment for respondents. Although there was no question that her suit was timely under the statute of limitations, the court held that the nonstatutory defense of laches barred Ms. Petrella’s suit entirely. The Ninth Circuit affirmed and denied rehearing en banc. The question presented is whether laches is available to bar entirely a copyright infringement suit that is timely under the three-year statute of limitations.

1.a. Frank “Peter” Petrella, petitioner’s father, wrote three literary works based on the life of his longtime friend, boxing champion Jake LaMotta. After Mr. LaMotta had retired from the ring, Mr. Petrella wrote a screenplay (the 1963 Screenplay) entitled “The Raging Bull (Jake LaMotta)” or “The Ice Pick and the Glove.” Joint Appendix (JA) 164. He registered the screenplay with the U.S. Copyright Office in 1963. The copyright registration certificate lists Mr. Petrella as both claimant and sole author. JA 195-98.

In 1969, Messrs. LaMotta and Petrella (under the pen name Peter Savage) sought advice from lawyer Martin Heller on how to shop to movie studios the “screenplay which Pete Savage had written based on Jake [LaMotta]’s life.” JA 255. As Mr. Heller later recounted in a letter, he “suggested the possibility of turning the screenplay into a novel” as a way to interest studios in making it into a movie. *Id.* Mr.

Heller then “made a publishing deal with Prentice-Hall.” JA 255-56.

Thus, Mr. Petrella coauthored the book, *Raging Bull: My Story* (the Book), under the pen name Peter Savage. JA 165. The copyright registration certificate lists Mr. LaMotta as the claimant and Messrs. “Savage,” LaMotta, and Joseph Carter as authors. JA 200-01. It was published by Prentice-Hall, Inc. and registered with the Copyright Office in 1970. JA 165-66, 201-06.

The third literary work authored by Mr. Petrella was another screenplay, also called “The Raging Bull,” which he registered with the Copyright Office in 1973 (the 1973 Screenplay). JA 193, 207-09. The registration certificate lists Mr. Petrella, under the pen name Emmett Clary, as the sole author and 1970 as the date of publication. JA 207-09. It also notes that the work is a “screenplay form of the book of the same name.” JA 207; *see also* JA 193 (title page of the 1973 Screenplay notes that it is “based on the book, ‘The Raging Bull,’ the story of Jake LaMotta published by Prentice-Hall, Inc.”).

b. In 1976, Messrs. Petrella and LaMotta assigned all of their copyrights in the Book and both screenplays to Chartoff-Winkler Productions. JA 48-82; Pet. App. 30a-31a. Two years later, respondent United Artists, a wholly owned subsidiary of respondent Metro-Goldwyn-Mayer, Inc. (MGM), acquired the motion picture rights to the three works from Chartoff-Winkler. JA 103-07. In 1980, United Artists

released *Raging Bull*, a movie based on Mr. LaMotta's life, which was directed by Martin Scorsese and starred Robert De Niro as Mr. LaMotta. JA 25. To prepare Mr. De Niro for the role, Messrs. Petrella and LaMotta trained Mr. De Niro in boxing, and Mr. Petrella was credited as a producer of the film. *See id.*

Raging Bull has received considerable critical acclaim. It was nominated for eight Academy Awards and won two, including a Best Actor award for Robert De Niro. JA 25. Since then, movie critics have consistently described it as a cinematic masterpiece, and a poll of 1500 film artists, critics, and historians rated it as the fourth-best film of all time.¹ *Raging Bull* has also remained popular: MGM continues to market and sell the film. JA 39-40; Pet. App. 13a.

c. Mr. Petrella was unable to appreciate the long-term impact of his work, as he passed away in 1981. Because he died during the original twenty-eight-year term of his copyrights, his renewal rights reverted to his heirs under *Stewart v. Abend*, 495 U.S. 207 (1990). In *Stewart*, this Court held that a copyright holder can assign only an *expectancy* in the renewal of his copyright, which is contingent upon his survival. *Id.* at 217-19. If the copyright holder dies before the end of the initial term, the right reverts to his heirs, who can renew the copyright free of the

¹ *See Citizen Kane Stands the Test of Time*, AM. FILM INST., <http://www.afi.com/100years/movies10.aspx> (last visited Nov. 11, 2013).

assignment. *Id.* at 217-20. Congress specified this reversion to ensure that a deceased author's heirs could benefit from the success of his work, which cannot always be foreseen or valued ahead of time. *Id.*

The twenty-eight-year initial copyright term of the 1963 Screenplay expired in 1991. After learning of this Court's decision in *Stewart*, Ms. Petrella hired an attorney who renewed the copyright in the 1963 Screenplay in 1991, in the name of Mr. Petrella's heirs. JA 210-13; Pet. App. 4a-5a. After her mother passed away in 2005 and her brother assigned his rights to her, she became the sole owner of all rights in the 1963 Screenplay. JA 26-27.

Despite Ms. Petrella's timely copyright renewal, respondents continued, and continue to this day, to reproduce, market, and distribute the movie *Raging Bull*. JA 27-28. In response, Ms. Petrella's second attorney (at the same firm) contacted respondents in 1998, asserting that she had exclusive rights in the 1963 Screenplay and that respondents' continuing exploitation of *Raging Bull* infringed those rights. Pet. App. 5a. During 1998, 1999, and 2000, counsel for Ms. Petrella and respondents exchanged letters disputing whether respondents were violating the law by continuing to exploit the film. *Id.*; JA 125-35, 257-67. Counsel for respondents admitted that they had reviewed the issue of Ms. Petrella's rights years earlier, when *Stewart* was decided. JA 128. Also during that time, MGM regularly sent Ms. Petrella financial records showing that the film had been and continued to be unprofitable. JA 110. In 2001, MGM notified her

that it would stop sending financial statements, claiming that the film was unlikely ever to become profitable. JA 120-21, 234.

Ms. Petrella was dissatisfied with her lawyers' lack of diligence in investigating these representations. She was preoccupied, however, with caring for her dying mother and disabled brother, whose health conditions caused her to move from Los Angeles to New York for more than a year. *See* JA 231, 234-35; Pet. App. 10a; Dep. of Paula Petrella 18-19.

In late 2005, after her mother's death, Ms. Petrella returned to Los Angeles. Later that year, she learned that her attorneys had a conflict of interest because their law firm also represented Mr. De Niro.² Over the next year and a half, Ms. Petrella searched for and retained new counsel. *See* JA 120, 234-35.

In the meantime, respondents repeatedly committed new copyright infringements. For instance, in 2007 they released the *Raging Bull* Special Edition Two-Disc DVD Set and the *Raging Bull* "Sports Gift Set" DVD. *See* JA 27-28. In 2008, they

² Ms. Petrella's first attorney, as well as another partner at the same firm, represented Mr. De Niro. Ms. Petrella's second attorney was an associate at the same firm. Counsel could have feared that litigation over the film might harm Mr. De Niro's income and image, require him to testify as a witness, or otherwise antagonize or inconvenience him. While prior counsel's conflict of interest is not discussed in the record below, Ms. Petrella stands ready to offer admissible proof of this fact if this Court reverses and remands.

began converting *Raging Bull* to Blu-ray format, releasing that product in early 2009. JA 28, 40.

2.a. On January 6, 2009, Ms. Petrella sued respondents in the U.S. District Court for the Central District of California. JA 1, 19. Her complaint, as amended, asserted claims for copyright infringement, unjust enrichment, and an accounting. JA 29-33. She alleged that respondents had violated and continued to violate her exclusive rights in the 1963 Screenplay by using, producing, and distributing the film *Raging Bull*, which contains protected elements of that Screenplay. JA 29-30. She sought, *inter alia*, monetary damages and profits, injunctive relief, attorney's fees, and costs. JA 33-35. In light of the three-year statutory limitations period, the suit was based on – and sought damages for – acts of infringement occurring on or after January 6, 2006. 17 U.S.C. § 507(b).

Because Ms. Petrella's lawyers were untimely in renewing the copyrights in the Book and the 1973 Screenplay, her claim depended upon showing that the film was derived, either directly or via the Book, from copyrighted material that was original to the 1963 Screenplay. That required a finding that the original work and the allegedly infringing work shared substantial similarities. 4-13 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.03[A] (2013) (on Lexis). Under *Stewart*, the right to use a derivative work does not include the right to keep using protected elements of the original work that were incorporated into the derivative work. 495 U.S. at 222-27. Thus, once heirs renew the copyright

in an original work, licensees of a derivative work must also secure the heirs' permission to keep using the parts of the derivative work that were derived from the original work. *Id.*

b. Respondents moved for summary judgment. First, they argued that the Book was the original work on which the film was based and that, therefore, the 1963 Screenplay was actually derived from the Book. That argument rested on two recitals on page 18 of the 1976 agreement assigning the copyrights to all three works to Chartoff-Winkler.³ Based on these recitals, respondents contended not only that the 1973 Screenplay was derived from the Book (published in 1970), but also that the 1963 Screenplay was derived from the Book. Pet. App. 34a, 36a & n.4; Mem. in Support of Defs.' Mot. for Summ. J. 4 n.1, 6

³ One of the subparagraphs on page 18 recited that “[t]he Published Work [the Book] is original and has not been copied or adapted from any literary, dramatic or other work.” JA 67. Another subparagraph recited that both of “[t]he Petrillo [*sic*] Screenplays are original and have not been copied or adapted from any literary, dramatic or other work other than the Published Work [the Book].” *Id.*

Like the latter recital, other provisions of the 1976 agreement contained a number of obvious errors. The agreement was sent by Chartoff-Winkler to and signed by Messrs. LaMotta and “Peter Savage [*sic*] a/k/a Frank Peter Petrillo [*sic*] and Emmett Cleary [*sic*].” JA 81; *see also* JA 48. It assigned rights not only to the Book but also to “those certain screenplays based on the said work which were written by Emmett Cleary [*sic*] and Peter Savage under the pseudonym [*sic*], of Frank Peter Petrillo [*sic*].” JA 48.

n.2, 9 n.4; Reply Br. in Supp. of Defs.' Mot. for Summ. J. 14-19. Second, respondents claimed the film was not substantially similar to the 1963 Screenplay. Pet. App. 40a-41a.

Third, respondents argued that the equitable defense of laches should bar Ms. Petrella's entire suit. Because they had invested money in promoting, marketing, and distributing the film, respondents argued that they had suffered financial prejudice. Reply Br. in Supp. of Defs.' Mot. for Summ. J. 23-24. And because witnesses had died, including Messrs. Petrella and Carter, respondents claimed that they would be prejudiced in their effort to prove that the Book was written before the 1963 Screenplay. *Id.* at 19.

Respondents' contention that the Book was written before the 1963 Screenplay conflicted with the other evidence. It conflicted with the Book's 1970 copyright registration certificate and 1970 publication date. JA 165, 201-06. It conflicted with the 1963 Screenplay's copyright registration certificate, which listed Mr. Petrella as its sole author instead of listing the three coauthors of the Book, the alleged source of the 1963 Screenplay. JA 196; *see also* Pet. App. 30a, 35a & n.3. It conflicted with the letter written by Mr. Heller, which stated that the Book was written after, and was based on, the 1963 Screenplay. JA 255-56.⁴ It

⁴ Respondents sought to exclude the Heller letter, objecting that it had been produced belatedly in discovery, was inadmissible hearsay, and was written by an author who had since died. Reply Br. in Supp. of Defs.' Mot. for Summ. J. 18-19. They

(Continued on following page)

conflicted with photographs in the Book, expressly dated 1969 and 1970, from the films *A House in Naples* and *Cauliflower Cupids*. JA 167-68. It conflicted with the Book's textual discussion of Mr. LaMotta's acting roles in those two post-1963 films. JA 190. And it conflicted with the Book's account of how Mr. Heller urged Mr. LaMotta to turn his story into a book. JA 190-91; *see also* JA 166 (dedicating book to Mr. Heller and to Mr. LaMotta's children).

c. The district court granted respondents' motion for summary judgment based solely on the defense of laches. Pet. App. 46a. It held that Ms. Petrella had unreasonably delayed suit by not filing until 2009. Pet. App. 42a-46a. It further held that the delay had prejudiced respondents' commercial expectations and their access to evidence, citing, *inter alia* the deaths of Messrs. Petrella and Carter in 1981 and 1984, respectively. Pet. App. 31a n.2, 44a-46a.

further suggested in passing that Ms. Petrella was estopped from contradicting the 1976 agreement assigning her father's rights. *Id.* at 16. The parties disputed whether the Heller letter was covered by a stipulation that all of the documents produced by either party would be treated as authentic and admissible. *Compare id.* at 19 n.10, *with* Mem. in Opp. to Mot. for Summ. J. 18 n.2, *and* Decl. of Glen Kulik in Opp. to Defs.' Mot. for Summ. J. ¶ 4 (attaching Dep. of Edward Slizewski 58-59). The district court noted these disputes but declined to exclude the evidence, finding the existence of "at least a factual dispute" that "is a triable issue." Pet. App. 37a-38a. The court further held that respondents "ha[d] not made" the claim that Ms. Petrella was estopped by the recitals in the 1976 agreement. Pet. App. 38a.

But for the laches ruling, Ms. Petrella's claims would have survived summary judgment. Pet. App. 38a-42a. The court held that the dispute over the sequence of authorship was "a triable issue." Pet. App. 38a. On the critical issue of whether the 1963 Screenplay was substantially similar to the film, the court noted legitimate factual disagreement over the similarity of the two works. Had laches been inapplicable, the court would have left that factual dispute to the trier of fact. Pet. App. 40a-42a.

3. The Ninth Circuit affirmed. It announced a "presum[ption] that [a] plaintiff's claims are barred by laches" so long as "any part of the alleged wrongful conduct occurred outside of the limitations period." Pet. App. 8a (internal quotation marks omitted). Applying that standard, the panel found no genuine issues of material fact as to the three elements needed to prove laches under Ninth Circuit precedent: (1) delay; (2) unreasonableness of the delay; and (3) either evidentiary or financial-expectations prejudice. *Id.* It held the delay unreasonable because it viewed Ms. Petrella as having waited to see "whether the infringing conduct w[ould] be profitable," rather than whether the "infringement will justify the cost of litigation," which would not have triggered laches. Pet. App. 11a (internal quotation marks omitted). It put this case in the former category, even though respondents had informed Ms. Petrella that the film would likely never yield her a percentage of overall net income. *See* JA 120-21, 234.

The court found sufficient prejudice based on respondents' recent expenditures in promoting, marketing, and distributing the film, even though they had "earned a substantial profit [on these expenditures] as a result of the delay and . . . allege[dly] would not have done anything different, or been in any better position, had the suit been filed sooner." Pet. App. 14a-15a; *see also id.* at 12a-15a. Because of its ruling on financial prejudice, the panel did not consider whether respondents had been prejudiced by any loss of evidence. Pet. App. 12a.

Judge William Fletcher concurred "only because [the panel was] compelled to follow" circuit precedent allowing laches as a complete defense to copyright infringement. Pet. App. 23a. He observed, however, that the equitable doctrine of laches is "entirely a judicial creation. . . . that is in tension with Congress' intent" to create an explicit limitations period. Pet. App. 24a. Judge Fletcher noted that the Ninth Circuit's approach was "the most hostile to copyright owners of all the circuits." Pet. App. 23a. The Ninth Circuit, he explained, had confused laches with equitable estoppel, which would have required proof that Ms. Petrella engaged in knowing misrepresentation. Pet. App. 25a-27a. He called on the Ninth Circuit to revisit its case law to correct its "wrong turn," but the court declined to rehear the case en banc. Pet. App. 27a, 49a-50a.



SUMMARY OF ARGUMENT

1. Because Congress has specified a three-year period for bringing copyright infringement suits, judges may not use laches to constrict that statutory period.

a. The text of the Copyright Act's statute of limitations contains no words permitting recourse to laches. It refers in the singular to each claim's accrual. Congress enacted the Copyright Act's statute of limitations against the background rule of separate accrual for each claim. Under the separate accrual rule, a separate claim accrues each and every time the copyright is infringed. Each claim is actionable for three years, even if earlier claims are time-barred.

b. The separation of powers prevents judges from reducing the time prescribed by Congress for bringing infringement suits. This Court's cases have long recognized that laches cannot bar suits that are brought within the statute of limitations. *Holmberg v. Armbrecht*, 327 U.S. 392, 395 (1946); *Russell v. Todd*, 309 U.S. 280, 287 (1940); *United States v. Mack*, 295 U.S. 480, 489 (1935). That settled law was the background principle against which Congress enacted the Copyright Act's statute of limitations in 1957. Respecting Congress's authority is especially warranted in copyright law, where the Constitution specifically vests power in Congress. Moreover, Congress is best able to adapt the law to technological change and strike legislative bargains.

c. The statutory context of the Copyright Act confirms that laches cannot bar suits brought within

the statute of limitations. Though the texts of the Lanham and Patent Acts may authorize recourse to laches, the text of the Copyright Act does not. While tolling is an established background principle for interpreting words of accrual and time periods in statutes of limitations, laches is not a background principle to aid in interpreting the terms of statutes of limitations. Indeed, the opposite is the case.

d. The statute of limitations' text is clear and so precludes recourse to legislative history. Even if it were not, the legislative history confirms the text's plain meaning. Congress relied on its understanding that tolling, unlike laches, was "read into every federal statute of limitation." *Holmberg*, 327 U.S. at 397. Congress meant to preserve tolling doctrines to lengthen the time for bringing suit in appropriate cases, but conspicuously omitted any references to shortening it. It did so as part of a legislative bargain to compensate for shortening the limitations period previously applicable in some states.

2. Laches cannot bar either injunctive relief or damages for copyright infringement.

a. Barring injunctive relief would deprive copyright holders of their right to exclude infringers. As this Court has held in trademark infringement cases, "[m]ere delay or acquiescence cannot . . . destroy the right to prevention of further injury." *Menendez v. Holt*, 128 U.S. 514, 523, 525 (1888); accord *McLean v. Fleming*, 96 U.S. 245, 251 (1877). The Ninth Circuit's use of laches to ban injunctions overrides the

traditional four-factor test for injunctive relief, contrary to this Court's teaching in *eBay Inc., v. MercExchange, L.L.C.*, 547 U.S. 388, 393-94 (2006). Laches effectively grants infringers a permanent, compulsory license for free, at odds with Congress's careful limits on compulsory-licensing provisions. Moreover, the remedy of a compulsory, uncompensated license is not proportional to an infringer's monetary expenditures or the remaining duration of the copyright.

b. Nor can laches bar remedies at law. Congress has carefully specified limits on monetary relief. The Copyright Act limits an infringer's liability to infringements during the three years before suit, tailors liability to the infringer's awareness of infringement, and allows infringers to deduct from damages their foregone profits, expenditures, and contributions to each work's success. Additionally, laches, as an equitable defense, cannot bar actions or remedies at law

3. Precluding laches would best serve the Copyright Act's goals and public policy.

a. Evidentiary concerns do not warrant allowing laches to bar suit. Congress chose to create the *Stewart v. Abend* renewal right for authors' heirs, even though by its nature it sometimes requires courts to weigh decades-old evidence after the author's death. In doing so, Congress deliberately subordinated evidentiary concerns to vindicating heirs' rights. Moreover, copyright plaintiffs bear the burden of proving infringement. Copyright litigation depends primarily on the copyright registration certificate and the factfinder's own comparison of the original and allegedly

infringing works, so historical fact witnesses are likely to be relatively unimportant. Circuits that restrict or disallow laches have not, to our knowledge, seen a flood of stale claims.

b. Laches risks encouraging unnecessary and premature litigation. Though some infringements are beneficial, neutral, or too minor to pursue, owners may feel pressure to sue infringers immediately regardless of whether they suffer harm. If they do not, laches may bar them from doing so later if the harm grows. Owners may be motivated to assign rights to so-called copyright trolls, who may overenforce copyrights in pursuit of statutory damages and attorney's fees. Laches would also undercut the Copyright Act's goals of promoting clarity and predictability of enforcement, driving up litigation costs.

c. Equitable estoppel, a non-timeliness defense, suffices to protect defendants. That defense requires that a plaintiff actually know of the infringement, perform acts or make statements that affirmatively mislead the defendant, and cause actual harm or loss. These requirements better tailor the defense to protect defendants' legitimate expectations against plaintiffs' knowing, affirmative wrongdoing. Unlike laches, estoppel does not require proof of delay, so it is not a timeliness doctrine precluded by statutes of limitations. And unlike laches, estoppel is a background principle against which Congress legislated. Thus, unlike laches, estoppel is consistent with the statutory scheme.



ARGUMENT

I. Because Congress Has Prescribed the Time Allowed for Bringing Copyright Infringement Suits, Courts May Not Impose Additional Timeliness Doctrines Such as Laches

Under the text of the Copyright Act, each claim of infringement accrues separately for purposes of the statute of limitations, so Ms. Petrella's claims were timely filed as to infringements from 2006 on. The separation of powers requires courts to defer to Congress's rule of timeliness, not to supplement it with the additional timeliness requirement of laches, and Congress legislated against the backdrop of that rule. Unlike the Lanham and Patent Acts, whose texts may provide for laches, the text of the Copyright Act leaves no room for laches. And applying laches would undermine Congress's goal of ensuring that litigants have enough time to file suit.

A. Under the Text of the Copyright Act's Three-Year Statute of Limitations, Petitioner's Suit Was Timely

Ms. Petrella filed this copyright infringement suit in January 2009, within three years of respondents' infringements in or after 2006. As to those infringements, this suit was timely under the plain language of the Copyright Act's three-year statute of limitations, which did not start running for each

claim until that particular “claim accrued.” 17 U.S.C. § 507(b). Respondents err in suggesting that this action was not “actually brought *within* the statute of limitations,” and that only “a judicial engraftment onto the statute of limitations” rescues the suit from untimeliness. Opp. 21-22 (emphasis in original).

1. *Separate Accrual of Claims Is the Standard Rule.* A federal cause of action does not accrue until “the plaintiff has a complete and present cause of action.” *Wallace v. Kato*, 549 U.S. 384, 388 (2007) (quoting *Bay Area Laundry & Dry Cleaning Pension Trust Fund v. Ferbar Corp.*, 522 U.S. 192, 201 (1997)) (internal quotation marks omitted). Under this “standard rule,” the statute of limitations does not begin to run until “the plaintiff can file suit and obtain relief.” *Id.* (quoting *Bay Area Laundry*, 522 U.S. at 201).⁵ For “the plaintiff [to] file suit and obtain relief,” *id.*, “all

⁵ *Accord Reiter v. Cooper*, 507 U.S. 258, 267 (1993) (“While it is theoretically possible for a statute to create a cause of action that accrues at one time for the purpose of calculating when the statute of limitations begins to run, but at another time for the purpose of bringing suit, we will not infer such an odd result in the absence of any such indication in the statute.”); *United States v. Wurts*, 303 U.S. 414, 418 (1938) (“It would require language so clear as to leave room for no other reasonable construction in order to induce the belief that Congress intended a statute of limitations to begin to run before the right barred by it has accrued”); *Borer v. Chapman*, 119 U.S. 587, 602 (1887) (“It cannot be that the statute of limitations will be allowed to commence to run against a right until that right has accrued in a shape to be effectually enforced.”); *Clark v. Iowa City*, 87 U.S. (20 Wall.) 583, 589 (1874) (“All statutes of limitation begin to run when the right of action is complete . . .”).

the elements essential to [that suit's] existence [must already be] present." *United States v. Atl. Mut. Ins. Co.*, 298 U.S. 483, 489 (1936).

Thus, when a defendant commits successive violations, the statute of limitations starts running separately from the date of each violation. In *Bay Area Laundry*, for example, an employer was delinquent in making a series of scheduled liability payments to an underfunded pension plan. 522 U.S. at 198-99. The trustees filed suit just over six years after the first missed payment, just beyond the six-year statute of limitations. *Id.* at 195. Even though the first missed payment in the series fell beyond the statute of limitations, this Court rejected the employer's argument that the other missed payments were thus time-barred as well. *Id.* at 206. The remaining claims were timely because "each missed payment creates a separate cause of action with its own six-year limitations period." *Id.*

The same rule applies to damages claims for a series of statutory violations: each claim accrues separately. *See, e.g., Klehr v. A.O. Smith Corp.*, 521 U.S. 179, 189-90 (1997) (civil RICO); *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 338 (1971) (Sherman and Clayton Acts); *State Farm Mut. Auto. Ins. Co. v. Ammann*, 828 F.2d 4, 5 (9th Cir. 1987) (Kennedy, J., concurring) (noting rules for civil RICO, antitrust, and § 1983 actions).

"Congress has been operating against the background rule recognized in *Bay Area Laundry* for a

very long time.” *TRW Inc. v. Andrews*, 534 U.S. 19, 38 (2001) (Scalia, J., concurring in the judgment). It has been the “standard rule” for more than a century and a half. *Gabelli v. SEC*, 133 S. Ct. 1216, 1220-21 (2013). This Court “ha[s] repeatedly recognized that Congress legislates against the standard rule that the limitation period commences when the plaintiff has a complete and present cause of action.” *Graham Cnty. Soil & Water Conservation Dist. v. United States ex rel. Wilson*, 545 U.S. 409, 418 (2005) (internal quotation marks omitted).

If courts deviated from this separate accrual rule, they would foreclose as-yet unaccrued claims. Permitting the limitations period to start running before the plaintiff could even sue for a particular violation in a series of violations could “bar[] [the plaintiff] from the courts,” a result that would be “unfortunate” and “untoward.” *Crown Coat Front Co. v. United States*, 386 U.S. 503, 514-15 (1967).

2. *The Separate Accrual Rule Applies Fully to Copyright Claims.* The text of the Copyright Act’s statute of limitations embodies the separate accrual rule. It uses standard accrual language, requiring that a “civil action” be “commenced within three years after the claim accrued.” 17 U.S.C. § 507(b). That phrase, referring to each claim in the singular, tracks the accrual language interpreted in this Court’s precedents on the separate accrual rule generally. *See, e.g., Gabelli*, 133 S. Ct. at 1220 (interpreting 28 U.S.C. § 2462, which required that an “action” be “commenced within five years from the date when the

claim first accrued”); *Crown Coat*, 386 U.S. at 510-11 (applying 2 U.S.C. § 2401(a), which required that a “civil action” be “filed within six years after the right of action first accrues”). The separate accrual rule is no “judicial engraftment onto the statute of limitations.” Opp. 21. It is the plain meaning of the words Congress chose.

For copyright infringement, an “element[] essential to [each claim’s] existence,” *Atl. Mut. Ins.*, 298 U.S. at 489, is that the defendant has committed the particular allegedly infringing act. Thus, courts and leading copyright treatises agree that the three-year period runs separately for each act of infringement, even if it is one of a continuing series of infringing acts. “If infringement occurred within three years prior to filing, the action will not be barred even if prior infringements by the same party as to the same work are barred because they occurred more than three years previously.” 1-12 NIMMER ON COPYRIGHT § 12.05[B][1][b]; see, e.g., *Bouchat v. Balt. Ravens Ltd. P’ship*, 619 F.3d 301, 316 (4th Cir. 2010); *William A. Graham Co. v. Haughey*, 568 F.3d 425, 433 (3d Cir. 2009); *Roger Miller Music, Inc. v. Sony/ATV Publ’g, LLC*, 477 F.3d 383, 390 (6th Cir. 2007); *Stone v. Williams*, 970 F.2d 1043, 1049 (2d Cir. 1992). Patry, following the case law, dubs this the “separate accrual rule.” 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 20:23 (2013) (on Westlaw); e.g., *Klehr*, 521 U.S. at

190.⁶ No court has required a copyright action seeking relief for an infringement within the past three years to be brought within three years of the initial act of infringement. 6 PATRY ON COPYRIGHT § 20:23.

The legislative history confirms the text’s plain import. When a House subcommittee considered the predecessor to the bill that was ultimately enacted, a representative of the Association of American Motion Pictures (now Motion Picture Association of America) testified that the standard accrual rule would apply to the Copyright Act. *Copyrights – Statute of Limitations: Hearings on H.R. 781 Before the Subcomm. No. 3 of the H. Comm. on the Judiciary*, 84th Cong. 48 (1955) (*Hearings on H.R. 781*) (testimony of Fulton

⁶ In their brief in opposition, respondents appear to conflate the separate accrual rule with the continuing violation doctrine. Opp. 21. The former treats discrete new claims as timely regardless of earlier claims; the latter authorizes suit for ongoing, continuous violations extending into the limitations period, even if some components of the violation predated the limitation period. *Klehr*, 521 U.S. at 189-90. A price-fixing conspiracy may be actionable as a continuing violation extending into the statutory limitations period, even if it began long ago. *Id.* By contrast, the “separate accrual” rule allows a plaintiff to recover for “a separable, new” wrong within the limitations period, but not to “bootstrap to recover for injuries caused by other earlier [wrongs] that took place outside the limitations period.” *Id.* at 190.

Here, Ms. Petrella seeks damages and injunctive relief for discrete wrongs since 2006, so these claims are timely under the separate accrual rule. She does not contend that any pre-2006 wrongs are ongoing and actionable, so she need not rely on the continuing violation doctrine.

Brylawski) (“Every performance of every moving picture is a separate infringement – if they occurred three years ago. That would be barred in three years. But the next time they showed it a new infringement would occur which would be actionable.”).

Here, Ms. Petrella could not have challenged specific infringements occurring after 2006 until those infringements actually took place. For example, she could not have challenged MGM’s release of the “Ultimate Sports Gift Set” DVD collection, which included *Raging Bull*, until respondents released it on April 10, 2007. Nor could she have claimed that the “Sports Gift Set” DVD collection, which included *Raging Bull*, infringed her copyright until respondents released it on May 22, 2007. *Cf.* JA 27-28. Those infringement claims did not accrue until 2007. Her suit, filed in 2009, was timely as to these and all other infringements occurring during or after 2006.

B. The Separation of Powers Prevents Judges from Constricting Congress’s Express Three-Year Statute of Limitations

The separation of powers bars judges from superimposing additional timeliness requirements upon those prescribed by Congress. The judicial role is particularly circumscribed in copyright law, as the Constitution expressly vests power over copyrights in Congress. Moreover, Congress has the institutional competence to develop copyright law: it is best able to

adapt the law to technological change and balance the competing interests of copyright owners and the public. Because Congress enacted the Copyright Act's statute of limitations, courts may not apply laches to constrict it.

1. *Generally.* The separation of powers constrains the judicial role in statutory interpretation. “[I]n our constitutional system[,] the commitment to the separation of powers is too fundamental for [courts] to pre-empt congressional action by judicially decreeing what accords with ‘common sense and the public weal.’” *Tenn. Valley Auth. v. Hill*, 437 U.S. 153, 195 (1978). In interpreting statutes, courts must “put aside” their “individual appraisal of the wisdom or unwisdom of a particular course consciously selected by the Congress.” *Id.* at 194. It is “the exclusive province of the Congress . . . to formulate legislative policies.” *Id.*

2. *In Copyright Law.* These limits on the judicial role are especially important in the field of copyright. The Copyright and Patent Clause expressly vests in Congress the power to establish and regulate copyrights. U.S. CONST. art. I, § 8, cl. 8. “As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors” *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

For more than a century and a half, “it [has been] settled that the protection given to copyrights is

wholly statutory. The remedies for infringement ‘are only those prescribed by Congress.’” *Id.* at 431 (citation omitted) (citing *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 661-62 (1834) and quoting *Thompson v. Hubbard*, 131 U.S. 123, 151 (1889)). Thus, a “recurring theme” in copyright law has been “[t]he judiciary’s reluctance” to alter copyright protections “without explicit legislative guidance.” *Id.* at 431. In short, courts “are not at liberty to second-guess congressional determinations and policy judgments of this order,” even if some might consider those policy judgments “debatable or arguably unwise.” *Eldred v. Ashcroft*, 537 U.S. 186, 208 (2003).

In addition to Congress’ constitutional authority in the copyright field, judicial deference to Congress is warranted for two other reasons. First, copyright law adapts to technological change, such as the conversion of old works to new media. *Sony*, 464 U.S. at 430. “Congress,” not the courts, “has [both] the constitutional authority and the institutional ability to accommodate the . . . competing interests that are inevitably implicated by such new technology.” *Id.* at 431.

Second, in copyright law, Congress must constantly balance competing interests by striking legislative bargains. Congress has repeatedly amended copyright statutes to strike “a difficult balance between the interests of authors” in profiting from their labors “and society’s competing interest in the free flow of ideas, information, and commerce.” *Sony*, 464 U.S. at 429; accord *Twentieth Century Music Corp. v.*

Aiken, 422 U.S. 151, 156 (1975). Thus, courts should not alter the balance Congress has struck, by adding “burdensome requirements” that hinder authors’ and publishers’ ability to vindicate their “valuable, enforceable rights.” *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (quoting *Washingtonian Pub. Co. v. Pearson*, 306 U.S. 30, 36 (1939)).

This Court has been especially sensitive to Congress’s delicate balancing of interests when considering the Copyright Act’s time limitations. In *Eldred*, for instance, this Court “defer[red] substantially to Congress[’s]” lengthening of copyright terms. 537 U.S. at 195, 204-05, 208. It is “the Legislature’s domain” to determine, even in the face of existing expectations, what “incentive[s]” to give “authors to create and disseminate their work.” *Id.* at 205-06.

Likewise, in *Stewart*, this Court recognized that Congress’s history of extending copyright terms reflected its changing evaluation of how to balance authors’ and users’ respective interests. 495 U.S. at 230. “This evolution of the duration of copyright protection tellingly illustrates the difficulties Congress faces in” protecting authors’ and their families’ exclusive rights to profit from their labor. *Id.* Congress granted authors’ heirs enforceable rights to profit by renewing the copyright in the deceased author’s work, *after* the author’s death and decades after the work was first written. *Id.* Accordingly, this Court honored the legislature’s judgment: “Absent an explicit statement of congressional intent that the rights in the renewal term . . . are extinguished . . . , it is not our role to

alter the delicate balance Congress has labored to achieve.” *Id.*

3. *Laches Is Not Available Within a Statutory Limitations Period.* Where Congress has enacted a statute of limitations, courts may not use laches to constrict that time period.

“If Congress explicitly puts a limit upon the time for enforcing a right which it created, there is an end of the matter. The Congressional statute of limitation is definitive.” *Holmberg*, 327 U.S. at 395. Or, as Justice Cardozo put it, “[l]aches within the term of the statute of limitations is no defense at law.” *Mack*, 295 U.S. at 489; accord *Ashley v. Boyle’s Famous Corned Beef Co.*, 66 F.3d 164, 169-70 (8th Cir. 1995), *abrogated on other grounds by Rowe v. Hussman Corp.*, 381 F.3d 775, 782 n.6 (8th Cir. 2004); Br. of the United States as Amicus Curiae 21, *Merck & Co. v. Reynolds*, 559 U.S. 633 (2010) (No. 08-905) (citing *Mack* in opposing defendants’ “attempt to engraft laches principles onto” the federal statute of limitations for civil securities fraud claims).

The laches defense is redundant of a statute of limitations. Laches itself is a “rule of limitations” that applies only “in the absence of any [applicable] statute of limitations.” *Russell*, 309 U.S. at 287.⁷

⁷ In their brief in opposition, respondents attempt to distinguish *Holmberg*, *Mack*, and *Russell* as resting upon “the intersection between laches and *sovereignty*.” Opp. 10-11 (emphasis in original). That is an alternative holding of *Mack*. 295 U.S. at 489.

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Additionally, because it can be triggered by “delay alone,” it is at root a timeliness doctrine, just like statutes of limitations. *Id.* Thus, “laches is not available where the legislative body has fixed a period within which the action may be brought.” 30A C.J.S. EQUITY § 138, at 428 (2d ed. 2007).

These principles apply with particular force to the Copyright Act. *Holmberg*, *Mack*, and *Russell* were the governing law when Congress enacted the Copyright Act’s statute of limitations in 1957. Having enacted the statute against the backdrop of these cases, Congress would not have expected laches to bar actions filed within the statutory limitations period.

Other authorities agree that the separation of powers bars laches in copyright infringement suits. Writing for the Fourth Circuit, Judge Niemeyer relied on separation of powers principles to preclude laches entirely in copyright infringement cases. “[A] court should not apply laches to overrule the legislature’s judgment as to the appropriate time limit to apply” *Lyons P’ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 798 (4th Cir. 2001) (relying in this discussion on *Holmberg*, *Mack*, and *Ashley*). “Separation of powers principles thus preclude [courts] from applying the judicially created doctrine of laches to

But neither *Mack*’s primary holding, nor *Holmberg*’s or *Russell*’s holding or reasoning, relies on sovereignty. Moreover, the separation of powers, like federalism, also preserves legislative sovereignty.

bar a federal statutory claim that has been timely filed under an express statute of limitations.” *Id.*

Moreover, as the Fourth Circuit observed, “this principle is equally relevant when Congress creates a cause of action for traditional equitable remedies, such as injunctions, and specifies a statute of limitations for that action.” *Id.* at 798. Patry’s copyright treatise concurs with *Lyons*’ separation of powers analysis. “[L]aches should be limited to cases in which no statute of limitations applies.” 6 PATRY ON COPYRIGHT § 20:55. Thus, Patry concludes, “[t]he availability of laches for conduct occurring within the limitations period is impermissible.” *Id.*

C. The Statutory Context of the Copyright Act Confirms that Laches May Not Bar Claims Brought Within the Statute of Limitations

A comparison of the Copyright Act with other intellectual property statutes, and an understanding of the background against which it was enacted, confirm that laches cannot constrict the statutory limitations period. First, Congress specifically authorized laches as a defense to other intellectual property infringements but declined to do so in the Copyright Act. The natural inference is that Congress did not intend for laches to bar copyright infringement claims. Second, while Congress understood that equitable tolling is implicit in statutes of

limitations as a background principle, the same was not true of laches.

1. *Other Intellectual Property Statutes, Unlike the Copyright Act, Use Language Authorizing the Defense of Laches.* As noted above, an express statute of limitations precludes the laches defense unless Congress provides otherwise. While Congress has not provided otherwise in the Copyright Act, it has done so in other areas of intellectual property law. The Lanham Act, which governs trademarks, has no statute of limitations. *Lyons*, 243 F.3d at 799. Instead, it expressly authorizes “equitable principles, including laches,” as defenses to infringement. 15 U.S.C. § 1115(b)(9).

The Patent Act also includes language that may authorize the defense of laches. Specifically, it establishes defenses of “absence of liability for infringement or unenforceability.” 35 U.S.C. § 282(b)(1). According to the Examiner-in-Chief of the Patent Office, one of the drafters of the Patent Act, this wording was added to “include . . . defenses such as . . . laches.” P.J. Federico, *Commentary on the New Patent Act*, 35 U.S.C.A. 1, 55 (1954), reprinted in 75 J. PAT. & TRADEMARK OFF. SOC’Y 161, 215 (1993); see *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1029 (Fed. Cir. 1992) (en banc) (relying on this statutory phrase and Federico’s statement in allowing laches as a defense to patent infringement).

The Copyright Act’s statute of limitations contains no such wording inviting recourse to laches. The

negative inference is unmistakable. Congress knows how to incorporate laches into a statute when it wishes to, but chose not to do so here. On the contrary, it enacted a bright-line statute of limitations for copyright claims against the background rule of *Holmberg*, *Mack*, and *Russell*. This Court routinely reasons that where Congress “use[s] explicit language” in certain statutes, its silence on the same topic in another statute “cautions against” reading the same doctrine into the latter statute. *Marx v. Gen. Revenue Corp.*, 133 S. Ct. 1166, 1177 (2013); *see, e.g., Amoco Prod. Co. v. S. Ute Indian Tribe*, 526 U.S. 865, 877 (1999). The statute’s clear words, adopted against the backdrop of cases disallowing laches within a statute of limitations, preclude any recourse to laches.

2. *Equitable Tolling*. The unavailability of laches in the Copyright Act may usefully be contrasted with “equitable tolling,” which does apply here as it does to other statutes of limitations. Tolling, unlike laches, has long applied both to actions at law and those in equity, so the term “equitable tolling” is no longer quite accurate. *Bailey v. Glover*, 88 U.S. (21 Wall.) 342, 348-50 (1875); *see infra* pp. 35-36. And tolling, unlike laches, has long been applied to statutes of limitations. *See, e.g., Irwin v. Dep’t of Veterans Affairs*, 498 U.S. 89, 95 (1990); *Am. Pipe & Constr. Co. v. Utah*, 414 U.S. 538, 558-59 (1974). It “is read into every federal statute of limitation.” *Holmberg*, 327 U.S. at 397. Congress is thus presumed to draft all statutes of limitations against the background principle of equitable tolling. *See Young v. United States*,

535 U.S. 43, 49-50 (2002); *see also Exploration Co. v. United States*, 247 U.S. 435, 449 (1918).

The word “accrued” and the specified length of time must be read against this backdrop. Tolling is baked into what Congress means when it specifies that a case must be “commenced within three years after the claim accrued.” 17 U.S.C. § 507(b). By contrast, laches is not a tool for parsing words in statutes of limitations; there are no words in the Copyright Act that preserve laches. It is instead a separate timeliness doctrine that imposes an additional, extra-statutory requirement for bringing suit. Laches was never a background doctrine applied to statutes of limitations, and superimposing it constricts the period specified by Congress.

D. The Legislative History Confirms That Laches Cannot Constrict the Copyright Act’s Express Statute of Limitations

The text of the Copyright Act’s statute of limitations is clear, and it is reinforced by the background principle that laches does not apply where Congress has enacted an express statute of limitations. The statutory text is therefore not “sufficiently ambiguous to warrant recourse to legislative history.” *Eldred*, 537 U.S. at 209 n.16. But even if one consulted the legislative history, it would confirm the text’s plain import. Congress meant to preserve doctrines that

lengthen the time for bringing suit, but conspicuously never mentioned *shortening* it.

1. Congress enacted a three-year statute of limitations for civil copyright claims to promote uniformity. S. REP. NO. 85-1014, at 2 (1957). In the absence of a federal statute of limitations, judges had borrowed a variety of state limitations periods, which ranged from one to six or eight years. *Id.* at 1-2. In the 84th Congress, the House passed H.R. 781 to add a three-year statute of limitations, but the bill arrived too late to be passed by the Senate. *Id.* at 1. The next year, the 85th Congress enacted the three-year limitations period in an indistinguishable bill, H.R. 277. Act of Sept. 7, 1957, Pub. L. No. 85-313, 71 Stat. 633 (codified at 17 U.S.C. § 507(b)).

2. The issue of tolling arose in Congress's consideration of the limitations period. The proposed federal limitations period was going to displace the varying state statutes of limitations, cutting New York's six-year period in half. That impending cut prompted New Yorkers to demand tolling to offset the shortening of the limitations period: "If we have a shorter provision than six years – and this represents a compromise view – if we reduce it to a period shorter than six years[,] then the statute should be tolled under certain circumstances." *Hearings on H.R. 781*, at 29 (testimony of Herman Finkelstein, Chairman of the Committee on Copyright Law Revision of the Bar of the City of New York); *see id.* at 14 (statement of George D. Carey, Principal Legal Advisor, Copyright Office, Library of Congress) (expressing the view that

“New York would accept this” limitations period if it included a tolling provision, but if there were no tolling, members of the Bar and representatives of authors and users would not generally agree).

The House considered enumerating the circumstances under which tolling would apply. Members of the House Judiciary Committee understood that all 48 states tolled state copyright actions if a plaintiff suffered a legal disability, a defendant was absent from the country, or a party died. *Hearings on H.R. 781*, at 13 (Carey), 29-30, 32 (Finkelstein). They discussed at length whether to spell out these exceptions, as well as one for fraudulent concealment, in the statutory text. *Id.* at 32 (Finkelstein), 37-38 (testimony of Vincent T. Wasilewski, Nat’l Ass’n of Radio & Television Broadcasters). The motivation for enumerating the tolling doctrines, according to the Copyright Office’s Principal Legal Advisor, was to reassure plaintiffs that they would “hold[] on to a right which now exists under the state laws.” *Id.* at 15 (Carey).

3. Congress ultimately decided not to specify the availability of and grounds for tolling because it believed that “[f]ederal district courts, generally, recognize these equitable defenses anyway.” S. REP. NO. 85-1014, at 3 (quoting H.R. REP. NO. 84-2419, at 2). The Copyright Office’s Principal Legal Advisor had testified that tolling was a background principle included in statutes of limitations. He noted that *Holmberg* had held that “this equitable doctrine [fraudulent concealment] is read into every Federal statute of limitation.” *Hearings on H.R. 781*, at 11-12

(quoting and citing *Holmberg*, 327 U.S. at 397).⁸ “But if [anyone] argue[d]” that courts would not read in tolling automatically, representatives would have thought it “very important that we put them in.” *Hearings on H.R. 781*, at 43 (statement of Rep. James Quigley). Absent that worry, and certain that courts would apply the background principle of equitable tolling, the concern that “specifically enumerating various” grounds for “suspend[ing]” the limitations period “might result in unfairness to some persons” led the Senate to leave tolling implicit. S. REP. NO. 85-1014, at 3.

4. Although both the House and Senate Reports express Congress’s intent to allow equitable tolling that could extend the limitations period, no one suggested that the limitations period could be constricted. The Senate Report noted: “Equitable considerations are available to *prolong* the time for bringing suit in such cases where there exist the disabilities o[f] insanity o[r] infancy, absence of the defendant from the jurisdiction, fraudulent concealment, etc.” S. REP. NO. 85-1014, at 3 (quoting H.R. REP. NO. 84-2419, at 3) (emphasis added); *accord id.* at 3 (discussing “various equitable situations on which the

⁸ While *Holmberg* said that tolling is implicit in every statute of limitations, it made the opposite point about laches, stating that an express, governing statute of limitations precludes recourse to laches. 327 U.S. at 395; *see supra* p. 28. Thus, the relevant background principle when Congress added the statute of limitations to the Copyright Act was that laches was *unavailable*, as explicitly stated in the very precedent cited to Congress.

statute of limitations is generally *suspended*)” (emphasis added); *id.* at 2 (discussing “specific equitable considerations with reference particularly to *tolling* the statute”) (emphasis added).

5. Permitting defendants to invoke laches within the statute of limitations conflicts with Congress’s intent to assure plaintiffs enough time to bring suit. It contravenes the legislative compromise Congress struck, which carefully balanced a longer limitations period, in the interest of authors, against a shorter one, in the interest of users of works. Using laches to constrict the compromise Congress reached finds no support in the legislative record.

II. Laches Cannot Bar Either Injunctive Relief or Damages for Copyright Infringement

The text of the Copyright Act and general separation of powers considerations suffice to resolve this case. Aside from these considerations, there are additional, specific reasons why laches cannot bar either of the primary forms of relief sought here.

First, laches cannot bar injunctive relief. Using laches to bar prospective injunctive relief would amount to involuntarily licensing copyrights to infringers for free. That remedy would be at odds with the traditional four-factor test for injunctive relief. It would also violate the Copyright Act, which authorizes compulsory licenses only in limited circumstances not present here. Moreover, the penalty will

often be disproportional to the harm, contrary to Congress's intent.

Nor can laches bar remedies at law. Congress has already specified limits on damages to ensure a fair measure of remedies: it limited damages to three years, and it let infringers offset their expenses in calculating profits. There is no need to restrict remedies further, particularly by invoking an additional timeliness requirement. Moreover, as an equitable doctrine, laches is categorically unavailable to bar legal remedies.

A. Laches Does Not Bar Injunctive Relief

1.a. *Barring Injunctive Relief Would Amount to Compulsory Uncompensated Licensing and Upset the Four-Factor Test for Injunctive Relief.* At root, copyright law protects each owner's "right to exclude others from using his property." *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932). The right to exclude is at the heart of what it means to have a property right, and it may be vindicated by injunctive relief.

Thus, even though trademark law contains no statute of limitations, this Court has refused to allow laches to bar injunctions in trademark infringement suits. Barring injunctive relief, it reasoned, would amount to "creat[ing] a new right in the defendant." *Menendez*, 128 U.S. at 524. Mere delay cannot "destroy the right to prevention of further injury." *Id.* at 525. In other words, "[m]ere delay or acquiescence cannot defeat the remedy by injunction in support of

the legal right, unless it has been continued so long and under such circumstances as to defeat the right itself.” *Id.* at 523. While an equitable remedy may be limited as to “completed” acts, “so far as the act is in progress and lies in the future, the right to the intervention of equity is not generally lost by previous delay, in respect to which the elements of an estoppel could rarely arise.” *Id.* at 524. That was true of the thirteen-plus year delay in *Menendez* and of the twenty-year delay in *McLean*. *McLean*, 96 U.S. at 250; *Holt v. Menendez*, 23 F. 869, 871 (C.C.S.D.N.Y. 1885), *aff’d*, 128 U.S. 514 (1888). As this Court concluded in *McLean*, “[e]quity courts will not, in general, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear.” 96 U.S. at 253.

Similarly, even in patent law, where the governing statute has been read as authorizing the defense of laches, laches cannot bar prospective relief or damages for future violations. *Aukerman*, 960 F.2d at 1040-41 (quoting and relying on *Menendez*, 128 U.S. at 523-24).

b. Put another way, courts may not superimpose on the Copyright Act doctrines that effectively forbid injunctive relief. The Copyright Act specifically provides that courts in copyright infringement suits “may . . . grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” 17 U.S.C. § 502(a). That is similar to the Patent Act’s provision that courts “may grant injunctions in accordance with the principles of equity to prevent the violation of any

right, . . . on such terms as the court deems reasonable.” 35 U.S.C. § 283.

These provisions preserve litigants’ access to equitable relief under the traditional four-factor test for injunctive relief.⁹ As this Court has recognized, these statutory provisions prevent courts from adding categorical barriers to relief. In *eBay*, the district court had adopted rules that, in effect, “categorical[ly] deni[ed] . . . injunctive relief” “in a broad swath of [patent infringement] cases.” 547 U.S. at 393-94. Conversely, the court of appeals had adopted rules that, in effect, “categorical[ly] grant[ed] . . . such relief.” *Id.* at 394.

This Court rejected both extremes as judicially created rules independent of the statute. The lower courts’ categorical rules “cannot be squared with the principles of equity adopted by Congress.” *eBay*, 547 U.S. at 393. Injunctions must remain available for patent infringement based on the ordinary four-factor test for injunctive relief, which the statute incorporated by reference. *Id.* at 391-94 (interpreting 35 U.S.C. § 283 (Patent Act) and 17 U.S.C. § 502(a)

⁹ The four traditional factors for permanent injunctive relief are:

- 1) Irreparable injury;
- 2) Inadequacy of remedies at law;
- 3) The balance of hardships between the parties; and
- 4) The public interest.

See eBay, 547 U.S. at 391.

(Copyright Act)). And this Court reaffirmed its earlier holding that courts sitting in equity retain “jurisdiction to grant injunctive relief,” *even if* “a patent holder . . . has unreasonably declined to use the patent,” a claim tantamount to laches. *Id.* at 393 (citing *Cont’l Paper Bag Co. v. E. Paper Bag Co.*, 210 U.S. 405, 422-30 (1908)). Concurring, the Chief Justice emphasized that courts have historically granted injunctions “in the vast majority of patent cases,” because damages usually are inadequate to enforce the owner’s right to exclude. *Id.* at 395.

In this case the Ninth Circuit repeated the error of the district court in *eBay*: it imposed another judicially created rule that is independent of the statute. Its holding does not purport to parse any words in the statute of limitations, but rather trumps them with a nonstatutory doctrine. Its approach to laches categorically forecloses injunctive (and all other) relief, based on a test other than the traditional four-factor test.

Indeed, applying laches would conflict with the four-factor test for injunctive relief. Initially, while laches does not take into account the prejudice suffered by the plaintiff or the public interest (and thus the Ninth Circuit never considered these factors), the four-factor test necessarily does. Therefore, laches would frequently bar injunctions in cases where the four-factor test would permit them. Moreover, the test for laches turns on the length of delay and reason for delay (as well as prejudice to the defendant). But delay in and of itself is not one of the four factors for

injunctive relief, and is neither necessary nor sufficient for any of them. At most, delay is one fact that might affect prejudice, which in turn could bear on the balance of hardships or another injunctive factor. But in applying the four-factor test, a showing of prejudice to a defendant – whether caused by delay or otherwise – will likely affect just the scope and tailoring of the injunction, rather than eliminating permanent injunctive relief as a matter of law, as the Ninth Circuit did.

Instead of applying a distinct laches defense to take injunctive relief off the table as a matter of law, courts should analyze the facts of the case directly under the four-factor injunctive test. Here, that would require the courts below to confront the prejudice that Ms. Petrella would suffer from losing all rights to enforce her copyright against respondents and their successors and assignees for the next thirty-eight years. It would also require them to consider the concrete prejudice respondents would suffer and then tailor any injunction accordingly.¹⁰

¹⁰ Respondents have entered into agreements “to broadcast the Film through 2015.” Pet. App. 14a. The Ninth Circuit evidently treated that fact as establishing enough prejudice to respondents to bar Ms. Petrella’s suit entirely. Pet. App. 14a-18a. But it failed to weigh that concern against Ms. Petrella’s ownership interest in her copyright, which extends 36 years past 2015, or to consider tailoring injunctive relief to accommodate existing commercial arrangements.

c. The Ninth Circuit's rule deprives copyright owners of their right to exclude. If laches were available to cut off all remedies – not just for past infringements but also for future ones – it would amount to a permanent, compulsory license. The copyright holder could still use the work and keep third parties from infringing it, but the alleged infringer in effect would receive a forced license to exploit the copyright until the end of its term, which may now last for a century or more. *See* 17 U.S.C. § 302. And the license would cost the infringer *nothing*.

Granting infringers even a nonexclusive license would contravene the statutory limits on compulsory licenses. Those provisions of the Act authorizing compulsory licenses reflect a series of legislative bargains that courts may not revise.¹¹ Licensing provisions

¹¹ The Act provides for limited, specified circumstances in which copyright holders can be forced to allow others to use their copyrighted works. These compulsory licenses, however, mostly involve broadcasters' abilities to rebroadcast existing content, where one-on-one licensing negotiations would not be feasible due to the transaction costs of finding and negotiating with thousands of copyright holders for small sums. *See, e.g., WPIX, Inc. v. ivi, Inc.*, 691 F.3d 275, 281 (2d Cir. 2012), *cert. denied*, 133 S. Ct. 1585 (2013); *Cablevision Sys. Dev. Co. v. Motion Picture Ass'n of Am.*, 836 F.2d 599, 602 (D.C. Cir. 1988). They do not involve rights in screenplays, motion pictures, or other one-time transactions in which a publisher or user has always been expected to negotiate directly with the copyright holder concerning the specific rights sought. And all but one of them require the licensee to pay a royalty to the licensor. *See* 17 U.S.C. §§ 111(d)(1) (broadcast programming syndication by cable), 114(e)(1) (services transmitting sound recordings), 115(c) (musical records),

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designed to handle mass licensing in response to high search costs do not apply to copyrights transferred by one-on-one negotiation between an individual screenplay author and a large movie studio, or the later interaction between the studio and the author's heir. Provisions that conspicuously omit motion pictures cannot be stretched to cover movies. And provisions that require royalty payments cannot authorize zero-dollar licenses.¹²

118(b) (public noncommercial broadcasting of pictures and music), 119(b)(1)(B) (satellite television retransmission); *see also id.* § 405(b) (requiring royalty for innocent infringement by omission of a copyright notice). *Cf.* 17 U.S.C. § 122(c) (no royalty required for secondary satellite transmission of local or low-power television broadcasting).

¹² Some authorities allow defendants to claim that plaintiffs have granted them implied licenses. Assuming *arguendo* that implied licenses are consistent with Congress's enumeration of specific licensing provisions, they require proof of the licensor's intent and affirmative conduct. *See Baisden v. I'm Ready Prods., Inc.*, 693 F.3d 491, 500 (5th Cir. 2012). Courts narrowly limit the implied license doctrine to circumstances where the licensor created a work at the request of the licensee, gave the work to the licensee, and did so intending that the licensee would copy and distribute the work. *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 558-59 (9th Cir. 1990). Such an implied license, when not supported by consideration, is revocable. 3-10 NIMMER ON COPYRIGHT §§ 10.01[C][5], 10.02[B][5]. Moreover, as this Court has held in trademark law, "[w]here consent by the owner to the use of his [rights] by another is to be inferred from his knowledge and silence merely, it lasts no longer than the silence from which it springs. It is, in reality, no more than a revocable license." *Menendez*, 128 U.S. at 524 (internal quotation marks omitted).

Here, Ms. Petrella never manifested approval of respondents' use of the copyrighted work or did anything that could

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2. *The Ninth Circuit's Approach Creates a Bevy of Perplexing Problems.* Allowing laches to bar injunctions would raise a host of knotty problems better left to Congress. Under the Ninth Circuit's holding, do respondents have the right to remaster *Raging Bull* in new media formats, or to repackage it with outtakes, reminiscences, or new director's cuts? Do respondents now have the right to film a remake of *Raging Bull*? Could they use protected elements of *Raging Bull* to make a new work, such as a sequel, a Broadway play, or a television series incorporating flashbacks to the original? Could they sell their rights in *Raging Bull* to another studio, to exploit the existing film or make new works incorporating it? May they exploit all these rights until Ms. Petrella's copyright expires in 2051, or only until they have recouped their expenditures or expectations?

These problems are intractable. If laches were added to the requirements for filing suit, courts would have to resolve these problems without any statutory guidance at all. Not one of them is raised by applying the statute of limitations as enacted by Congress, which is the only appropriate measure of the timeliness of a suit under the Copyright Act.

3. *Barring Injunctive Relief Would Give Infringers a Disproportionate Remedy.* Granting compulsory

have been construed as granting a license. Even if she had, her attorneys' letters, beginning in 1998, would have sufficed to revoke any gratuitous consent.

licenses would often give an infringer windfalls completely out of proportion to his expenditures. The breadth of a compulsory, uncompensated license may bear no relationship to the amount of prejudice, if any, he has suffered. A defendant may claim prejudice based on expenditures in creating, marketing, and distributing a film. But granting a compulsory license may over- or under-compensate the defendant. Appropriate compensation depends on how much the work is worth, how many years remain in the copyright term, and whether the defendant has already recouped its expenditures. These factors are fortuitous, not calibrated to any prejudice suffered. As the separate accrual rule reflects, retrospective considerations should not automatically foreclose all prospective relief.

Here, for instance, MGM was aware of Ms. Petrella's potential claims by the time she renewed her father's copyright in 1991. Pet. App. 9a. MGM's counsel admitted that they had reviewed her claims when this Court decided *Stewart* in 1990. JA 128. In 1998, 1999, and 2000, Ms. Petrella's lawyer repeatedly reminded respondents of her claims, as counsel for both sides disputed whether respondents had the right to continue exploiting the film. JA 125-35, 257-67; Pet. App. 5a-6a. Nevertheless, between 1991 and 2009, respondents spent \$8.5 million on *Raging Bull*, "earned a substantial profit" on these interim expenditures, and "allege[dly] would not have done anything different, or been in any better position, had the suit been filed sooner." Pet. App. 14a-15a; *see* Pet. App. 13a.

The court of appeals' decision, which effectively granted respondents an involuntary license to exploit *Raging Bull* for *nearly half a century* – for free, no less – is an excessive penalty for Ms. Petrella's delay in filing suit. It grants respondents a huge windfall, out of all proportion to their expenditures.

B. Laches Does Not Bar Relief at Law

Laches cannot bar the monetary remedies provided by § 504 for two independent reasons. First, Congress struck a balance on the issue of damages, letting infringers deduct various expenses and limiting recovery to the three years before suit was filed. Laches must not upset this balance. Second, as a defense traditionally confined to equity, laches cannot limit relief at law.

1. *Congress Carefully Specified Limits on Monetary Relief.* Laches is unnecessary to protect copyright defendants' expenditures because Congress has already taken infringers' interests into account by limiting monetary relief for infringement. Plaintiffs who succeed in proving copyright infringement may recover actual damages and profits attributable to the infringement. 17 U.S.C. § 504(b). But infringers may deduct their related expenses in calculating profits. *Id.* Courts interpret deductible expenses broadly to include costs as diverse as overhead and income tax on gross revenues. 5-14 NIMMER ON COPYRIGHT § 14.03[C][1]-[3]. That disposes of respondents'

concern that they have incurred promotion, marketing, and distribution expenses. Opp. 13.

Additionally, the process of apportioning any profits attributable to factors other than the copyrighted work gives courts flexibility to compensate defendants. 17 U.S.C. § 504(b). For instance, courts can consider defendants' foregone profits and intangible investments, including their decisions to put some projects ahead of others. Courts can likewise consider defendants' global distribution networks when they allocate profits, if those systems make works far more profitable than they would have been otherwise. *Id.*; e.g., *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 407 (1940); see also *Rogers v. Koons*, 960 F.2d 301, 313 (2d Cir. 1992). This profits calculation protects defendants who have invested in infringing works against being put in a worse financial position than if they had never made the expenditures.

In lieu of actual damages, copyright holders may be awarded statutory damages of between \$750 and \$30,000 for all infringements "as the court considers just." 17 U.S.C. § 504(c)(1). Courts may raise the ceiling as high as \$150,000 for willful infringements. *Id.* § 504(c)(2). As with actual damages, courts retain wide discretion in calculating statutory damages. See *F.W. Woolworth Co., v. Contemporary Arts, Inc.*, 344 U.S. 228, 232 (1952); *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100, 106-07 (1919). Accordingly, they may take infringers' expenses and other deductions into account in reducing statutory damages.

Congress also determined that three years is a fair and equitable period to reach back for liability and damages. The three-year limit is particularly reasonable because most infringers are on notice that they are infringing. In this case, respondents actually knew of Ms. Petrella's potential claims by 1991. JA 128; Pet. App. 9a. In many other cases, registration or renewal of the copyright will put the infringer on notice. And where an infringer proves that he neither knew nor had reason to know that he was infringing a copyright, courts have discretion to reduce statutory damages to a sum as low as \$200. 17 U.S.C. § 504(c)(2).

2. *Laches Cannot Bar Actions or Remedies at Law.* Laches is an equitable defense traditionally limited to equitable causes of action and remedies. As such, unless a statute provides otherwise, laches cannot bar or limit actions or relief at law, such as damages for copyright infringement.¹³

Actions seeking monetary relief for copyright infringement are actions at law, for remedies at law. Section 504 specifies that those legal remedies include actual damages, statutory damages, profits, and double royalties in some circumstances. 17 U.S.C. § 504; see *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 351-52 (1998) (holding that

¹³ “Notwithstanding the fusion of law and equity by the Rules of Civil Procedure, the substantive principles of Courts of Chancery remain unaffected.” *Stainback v. Mo Hock Ke Lok Po*, 336 U.S. 368, 382 n.26 (1949).

copyright infringement actions for statutory damages are actions at law seeking remedies at law); *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 477 (1962) (same, for profits from trademark infringement); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1175 (9th Cir. 1977) (applying *Dairy Queen* to profits from copyright infringement); 6 PATRY ON COPYRIGHT § 22:149.

“Though a good defense in equity, laches is no defense at law.” *Abraham v. Ordway*, 158 U.S. 416, 423 (1895) (quoting *Wehrman v. Conklin*, 155 U.S. 314, 326 (1894)). It does not matter how long the plaintiff at law waits, so long as he brings suit within the statutory limitations period. “[C]omplainants cannot avail themselves, as a matter of law, of the laches of the plaintiff in” bringing suit. *Wehrman*, 155 U.S. at 326. “[E]quity, in the absence of any statute of limitations made applicable to equity suits, has provided its own rule of limitations through the doctrine of laches” *Russell*, 309 U.S. at 287. But “application of the equitable defense of laches in an action at law would be novel indeed.” *Cnty. of Oneida v. Oneida Indian Nation*, 470 U.S. 226, 244 n.16 (1985).¹⁴

¹⁴ In their brief in opposition, respondents attempt to distinguish *Russell* and *County of Oneida* as resting upon “the intersection between laches and *sovereignty*.” Opp. 10-11 (emphasis in original). But the reasoning of these cases relies not on sovereignty, but on the limits on the role of “equity, in the absence of any statute of limitations.” *Russell*, 309 U.S. at 287.

III. Precluding the Defense of Laches Would Have Salutary Consequences

No countervailing policy concerns compel this Court to disregard the separation of powers and the Copyright Act's text, background principles, legislative history, and policy goals. On the contrary, barring laches would further Congress's goals and the proper enforcement of the Copyright Act. By specifically authorizing the *Stewart* renewal right, Congress deliberately elevated protection of heirs' interests in a copyright over potential deterioration of evidence concerning the original copyright. Besides, other rules and practices suffice to mitigate evidentiary prejudice. Because copyright litigation typically turns on the factfinder's own analysis of documents on file with the Copyright Office, there is little risk that key evidence will be lost. To the best of our knowledge, circuits that have precluded or restricted the availability of laches have not seen a flood of stale or fraudulent claims.

In order to avoid laches, moreover, copyright holders would have to bring suit prematurely and more often, perhaps by enlisting so-called copyright trolls. That would breed excessive litigation. Laches would also undercut the Copyright Act's goals of clarity and predictability, increasing litigation costs. And other doctrines, such as equitable estoppel, adequately guard against abuse of the copyright laws.

A. Laches Is Unnecessary to Guard Against Evidentiary Prejudice

1. *Congress Chose to Allow Stewart v. Abend Renewal Claims Despite Passage of Time and Death of the Key Witness.* Allowing evidentiary concerns to trump heirs' copyrights, as the district court did here, runs counter to the Act's structure and manifest policy. Congress made specific provision for authors' heirs to claim the reversionary right recognized by *Stewart*. By its nature, that right cannot vest until decades after the creation of the work, and *after* the likely key witness, the author, has died. Congress must have been aware that the passage of time and author's death could create evidentiary issues, but it subordinated concerns about evidentiary prejudice to the rights of heirs.

As *Stewart* held, if an author dies before his copyright is eligible for renewal, his heirs inherit the renewal right free of any previous assignment. 495 U.S. at 217-20. Congress specifically adopted this policy to give the family of "the author a second chance to obtain fair remuneration" and "to provide for the family of the author after his death.'" *Id.* at 220, 218 (quoting *De Sylva v. Ballentine*, 351 U.S. 570, 582 (1956)). For pre-1976 copyrights, such as the ones in *Stewart* and in this case, the initial term was 28 years long. *Eldred*, 537 U.S. at 194.

A *Stewart* claim can never be brought until 28 years after a work was written and copyrighted. And it cannot be brought until the author has become

unavailable to testify, since the author's death is a prerequisite to a *Stewart* claim. If courts are allowed to bar suits because of laches, based on the inevitable degradation of evidence over the course of 28 years (and, in particular, the death of the author), *Stewart* claims will rarely if ever succeed. Indeed, under the district court's rationale, laches would have foreclosed Ms. Petrella's claims even if she had sued in 1991, by which time Mr. Petrella and Book coauthor Joseph Carter had already died, even though many other witnesses remain alive to this day.¹⁵

Even if courts limited cognizable prejudice to post-renewal delay, the lesson of *Stewart* would remain clear. Congress deliberately chose to accept a substantial delay and potential decay in evidence. *Cf. Eldred*, 537 U.S. 186 (upholding statute lengthening copyright terms to the author's lifetime plus seventy years). It subordinated potential evidentiary

¹⁵ That is how laches operated in this case. Respondents argued that they had been prejudiced by the deaths of, among others, Mr. Petrella in 1981 and Mr. Carter in 1984. The district court agreed and applied laches to bar the suit, even though almost all the key witnesses remain alive – even setting aside Jake LaMotta, whose faculties have been questioned, these include Joey LaMotta, director Martin Scorsese, lead actor Robert De Niro, and the two screenwriters. JA 122, 236; Pet. App. 46a. The district court applied laches even though Messrs. Petrella and Carter died long before Ms. Petrella could have renewed the copyright in 1991. It stressed that even if some witnesses remain alive, laches focuses instead on whether others have died. Pet. App. 46a.

prejudice to its policy of giving authors' families a second chance and an inheritance.

2. *Burdens of Proof and Document-Based Adjudication Allay Evidentiary Prejudice.* To the extent that evidentiary prejudice matters, laches is unnecessary to protect copyright defendants against it. As an initial matter, a copyright plaintiff bears the burden of proving infringement. Timely copyright registration provides prima facie evidence of validity but does not establish unauthorized copying, the crux of most infringement suits. To establish that, the plaintiff must also prove copying and improper appropriation. *Sid & Marty Krofft*, 562 F.2d at 1162-64; *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946). She must establish that the defendant had access to the work, that he used protected elements from the work, and that the works are substantially similar. 4-13 NIMMER ON COPYRIGHT §§ 13.02, 13.03; see, e.g., *Peter F. Gaito Architecture, LLC v. Simone Dev. Corp.*, 602 F.3d 57, 61, 66 (2d Cir. 2010); *Durham Indus., Inc. v. Tomy Corp.*, 630 F.2d 905 (2d Cir. 1980); *Sid & Marty Krofft*, 562 F.3d at 1164-65. Only after the plaintiff meets her burden as to each of these elements must the defendant disprove infringement. Thus, any prejudice caused by the unavailability of evidence is more likely to harm plaintiffs than defendants. That is especially true of *Stewart* claims, such as this one, where the key witness – the deceased author – almost certainly would have supported his heir's claim.

a. The nature of copyright litigation makes significant prejudice to either party unlikely. The key

pieces of evidence are the certificate of registration, the original work itself, and the allegedly infringing work. Although copyright attaches as soon as a work is fixed in a tangible medium and registration is “permissive,” both the certificate of registration and a copy of the original work must be on file with the Copyright Office before a copyright owner may bring a civil infringement action. 17 U.S.C. §§ 408(b), 411(a). Thus, there is almost no risk that the crucial evidence will be missing. The registration mechanism reduces the importance of extrinsic evidence and minimizes the risk that delay will cause material evidentiary prejudice.

b. Copyright adjudication relies primarily on the factfinder’s direct comparison of the original and infringing works. Where a work has been published or disseminated, the defendant’s access to and ability to copy it are unlikely to be major impediments. The key issue becomes substantial similarity. Proof of substantial similarity hinges mainly on the “average lay observer[’s]” perception of how closely the alleged copy resembles the original copyrighted work, occasionally supplemented in part by expert dissection of any unprotectable elements. *Peter F. Gaito Architecture*, 602 F.3d at 66; *Durham Indus.*, 630 F.2d at 911; see ROBERT C. OSTERBERG & ERIC C. OSTERBERG, SUBSTANTIAL SIMILARITY IN COPYRIGHT LAW 3-4 to 3-5 (2003). The comparison relies on the factfinder’s “good eyes and common sense” to compare the two works’ “total concept and overall feel.” *Peter F. Gaito Architecture*, 602 F.3d at 66 (internal quotation marks omitted).

Factfinders can compare the works themselves, without fact witness testimony or other historical evidence, further reducing the risk of evidentiary prejudice.¹⁶

c. If evidentiary prejudice were a serious problem, one would expect to see a flood of stale claims in the five circuits that disallow laches (entirely or partially) or restrict it to rare cases. *See* Pet. 16-22 (collecting cases). Yet we are unaware of any such problem in those circuits.

B. Laches Risks Breeding Excessive, Costly Litigation and Copyright Trolls

1. *If Laches Can Bar Suits, Copyright Holders May Be More Likely to Challenge Infringements They Might Otherwise Tolerate, Encouraging Needless Litigation and Copyright Trolls.* Allowing laches to bar copyright suits might well, perversely, breed litigation. While one might expect laches to reduce

¹⁶ Where delay is a significant factor, finders of fact may take it into account in weighing the evidence, even if laches is not a threshold bar to suit. As this Court recently reiterated in the habeas context, “[a] court may consider how the timing of the submission and the likely credibility of [a plaintiff’s] affiants bear on the probable reliability of . . . evidence.” *McQuiggin v. Perkins*, 133 S. Ct. 1924, 1935 (2013) (quoting *Schlup v. Delo*, 513 U.S. 298, 332 (1995)). Courts naturally view belated claims of newly discovered evidence with more suspicion, particularly ones asserted only after the sole witnesses to the contrary have died. *Id.* at 1935-36; *see Herrera v. Collins*, 506 U.S. 390, 417-18 (1993). But evidentiary concerns should go to the weight of the evidence, not to its admissibility.

litigation by foreclosing suit *ex post*, the likely result *ex ante* is more copyright litigation, not less. Owners would likely challenge infringements prematurely to avoid laches' bar.

Copyright owners do not challenge all actionable copyright infringements. Sometimes, they choose to wait and see whether an infringement undercuts the value of the original, has no effect, or complements it. Fan sites and fan fiction, for instance, may complement a book or movie. Tim Wu, *Tolerated Use*, 31 COLUM. J.L. & ARTS 617, 619-20 (2008). Even if an infringement is harmful, the harm may be too small to justify the cost of litigation, at least for the time being. Under the statute of limitations, the copyright holder may wait and see whether enforcement is necessary. *Cf.* Pet. App. 11a.

If laches barred suit, however, owners could not risk waiting. Even if an infringement was not currently harmful, they would have to speak now or forever hold their peace. Though owners might otherwise delay suit to avoid litigation costs, courts could accuse them of waiting to profit from infringers' expenditures, as the Ninth Circuit did here. Pet. App. 11a. Owners would thus have to challenge innocuous infringements in court lest those infringements grow and cause harm in the future. Even cease-and-desist letters, like the ones sent by Ms. Petrella's counsel between 1998 and 2000, would not suffice to preserve their rights, according to the decision below, as they supposedly did not preserve Ms. Petrella's.

As a result, newer or less successful authors and artists, without the means to enforce their rights themselves, would often turn to so-called copyright trolls. Trolls' business model depends on purchasing narrow assignments of rights and then suing to recover statutory damages plus attorney's fees. They thus have systematic incentives to overenforce copyrights. Shyamkrishna Balganesh, *The Uneasy Case Against Copyright Trolls*, 86 S. CAL. L. REV. 723, 753-68 (2013). Laches would make this problem worse.

2. *Laches Would Undermine Copyright Law's Fundamental Goals of Clarity and Predictability.* In addition to spurring overenforcement and trolling, laches would drive up litigation costs because it is a muddy, fact-specific standard that requires litigation to sort out. "[L]ike any property right," a copyright's "boundaries should be clear." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730 (2002) (patent case). "This clarity is essential to promote progress, because it enables efficient investment in" new works. *Id.* at 730-31. It also reduces owners' and users' uncertainty and fears of litigation and so increases works' marketability. Thus, "it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible." *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527 (1994).

The corollary of clarity is predictability. The "paramount goal" of the 1976 Copyright Act was to "enhanc[e] predictability and certainty of copyright ownership." *Cnty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 749 (1989) (citing H.R. REP. NO.

94-1476, at 129). Predictability encourages and rewards the creation and dissemination of ideas, which is another key aim of copyright law. *See Golan v. Holder*, 132 S. Ct. 873, 888-89 (2012). When property rights are predictable, there is less need to litigate. Owners, secure in their title, are encouraged to create and distribute works freely.

Congress enacted a clear, predictable rule of timeliness: the statute of limitations guarantees owners three years to sue from the date of each infringement. Laches clouds this pellucid rule. Upon Congress's simple legal rule, laches requires judges to superimpose a fact-intensive, multi-factor balancing test. Instead of crystallizing a right that is predictable *ex ante*, the defense forces parties to litigate *ex post*.

As a matter of course, case-by-case outcomes will vary widely. Respondents admit that: "varying outcomes . . . will always result from abuse-of-discretion review of district court's [*sic*] application of flexible equitable doctrines." Opp. 20. These variations necessarily undercut copyright law's clarity and predictability, raising litigation costs and uncertainty and impeding settlement. Congress may sometimes choose to trade off clarity in pursuit of other goals. *See, e.g.*, 17 U.S.C. § 107 (setting forth a four-factor balancing test for the fair use defense to copyright infringement). But where Congress has deliberately enacted a clear, predictable rule, courts must not muddy it.

C. Equitable Estoppel Is Available to Protect Against Financial Prejudice

While the Ninth Circuit thought laches necessary to protect against financial prejudice, equitable estoppel suffices to guard against affirmative, intentional wrongdoing that causes loss. Though courts' verbal formulae vary slightly, equitable estoppel has four basic prerequisites: (1) the party to be estopped must know the true facts; (2) he must act or "make[] a misrepresentation of fact to another party with reason to believe that the other party will rely on it;" (3) the innocent party must not know the true facts; and (4) he must detrimentally rely on the action or misrepresentation. *Marvel Characters, Inc. v. Simon*, 310 F.3d 280, 292 (2d Cir. 2002); *Hampton v. Paramount Pictures Corp.*, 279 F.2d 100, 104 (9th Cir. 1960); Pet. App. 26a.

Equitable estoppel is an affirmative defense that may bar plaintiffs' copyright claims completely, eliminating all potential remedies. 4-13 NIMMER ON COPYRIGHT § 13.07[A]; 6 PATRY ON COPYRIGHT § 20:58. Its name is no longer quite accurate, as equitable estoppel has been applied at law for more than a century. Equitable estoppel "has long since 'worked over' into law," so it "affects not only equitable remedies, but also legal remedies." 1 DAN B. DOBBS, LAW OF REMEDIES: DAMAGES – EQUITY – RESTITUTION § 2.3(5), at 86 (2d ed. 1993); see *Wehrman*, 155 U.S. at 327 (recognizing a claim of "equitable estoppel" at law because "an estoppel *in pais* was an available defense to an action at law.") (citing cases, including *Dickerson v. Colgrove*,

100 U.S. (10 Otto) 578, 582-84 (1879)); 4-13 NIMMER ON COPYRIGHT § 13.07[A]; 6 PATRY ON COPYRIGHT § 20:58.

As Judge Fletcher’s concurrence below notes, the test for equitable estoppel is substantially more stringent than the test for laches. For estoppel to bar a suit, the copyright owner must actually know of the defendant’s infringement, affirmatively mislead the defendant, and inflict actual harm. Laches, by contrast, requires no affirmative act, no knowledge, and no detrimental reliance. Pet. App. 26a-27a. It protects even defendants on notice of the plaintiff’s claims, such as respondents, so long as they are not “deliberate pirate[s].” Pet. App. 25a, 27a (internal quotation marks omitted). Even though respondents willfully continued their infringements, fully aware of Ms. Petrella’s claims, the Ninth Circuit let their laches claim succeed. Pet. App. 18a n.4.

To justify laches as a defense to copyright infringement, the decision below rested on a circuit precedent, *Danjaq*, which in turn invoked Judge Learned Hand’s early decision in *Haas*. Pet. App. 7a-8a (citing *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 950-51 (9th Cir. 2001) (citing *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916)). *Danjaq* misread *Haas* as recognizing laches as a defense to copyright infringement. 263 F.3d at 951. Not only did Judge Hand decide *Haas* long before Congress added a statute of limitations to the Copyright Act in 1957, but also he was discussing equitable estoppel, not laches. His oft-quoted passage addressed a copyright owner who had “full notice of an intended infringement” and induced detrimental reliance to “avail[] himself” of

the infringer's expenditures over time. *Haas*, 234 F. at 108. Knowledge and detrimental reliance are required for equitable estoppel but not for laches. Thus, in his concurrence below, Judge Fletcher correctly described the passage from *Haas* as “a classic invocation of equitable estoppel.” Pet. App. 25a.

The difference between the two defenses is apparent in this case. Ms. Petrella did and said nothing to mislead respondents about her rights or induce detrimental reliance. On the contrary, she repeatedly pressed her claims in negotiations. Respondents were never ignorant of her potential claims; they knew of them by 1991, when Ms. Petrella renewed the copyright. JA 128; Pet. App. 9a. They “earned a substantial profit” over and above their expenditures since 1991. Pet. App. 14a-15a. And, Ms. Petrella has contended, they “would not have done anything different, or been in any better position, had the suit been filed sooner.” Pet. App. 15a. Yet the Ninth Circuit dismissed respondents' profit and lack of detrimental reliance as irrelevant to laches, even though it would have precluded an estoppel. Pet. App. 14a-15a, 27a. As these facts illustrate, equitable estoppel is tailored more narrowly than laches to catch only intentional, affirmative wrongdoing that causes loss.¹⁷

¹⁷ Similarly, a plaintiff's affirmative, serious misconduct may trigger the defense of unclean hands. 4-13 NIMMER ON COPYRIGHT § 13.09[B]; 6 PATRY ON COPYRIGHT § 17:127. And a plaintiff's deliberate, overt act of abandonment may also support the defense of abandonment. 4-13 NIMMER ON COPYRIGHT § 13.06; 6 PATRY ON

(Continued on following page)

Estoppel is a well-established background principle at law against which Congress legislated when it enacted the statute of limitations for copyright infringement claims. It requires no proof of delay. Even though it may involve delay, its gravamen is wrongdoing, overt action, and loss, whereas laches focuses on timeliness. Thus, while laches is redundant of and supplanted by statutes of limitations, the defense of estoppel remains to target misconduct and overt action more precisely.

◆

CONCLUSION

The decision of the court of appeals should be reversed.

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COPYRIGHT § 5:155. Unlike laches, both defenses require an overt act, and neither requires proof of delay as an element.