

## High Court Laches Rulings Likely Won't Affect TM Cases

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*Law360, New York (May 22, 2017, 11:34 AM EDT)* -- On March 21, 2017, the U.S. Supreme Court held in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products LLC* that defendants accused of patent infringement may no longer invoke the equitable defense of laches to bar legal relief.[1] In support of its ruling, the court applied the same rationale underpinning its 2014 decision in *Petrella v. Metro-Goldwyn-Mayer Inc.*, which largely invalidated the defense of laches in copyright infringement suits.[2] Both opinions turned on the fact that the Patent Act and Copyright Act contain express statutes of limitations — laws that create a time limit within which plaintiffs can sue for infringement.



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The Supreme Court has yet to hear a case on the viability of laches in trademark infringement actions. Given the court's recent track record, though, some have recently speculated that the laches defense's days are numbered in the trademark context as well. Indeed, such speculation only accelerated when the Supreme Court recently rescinded its grant of the writ of certiorari in *Romag Fasteners Inc. v. Fossil Inc.* in light of *SCA Hygiene*. [3] There are, however, important differences between the federal statute that governs trademarks with those that govern patents and copyrights. And it is these differences that will likely allow defendants to continue to use the defense of laches when the appropriate circumstances exist.



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Laches is an equitable defense designed to protect defendants from the prejudice that occurs when plaintiffs unreasonably delay the commencement of a lawsuit. For example, laches prevents intellectual property owners aware of infringing activities from sitting back idly while others invest time and resources into a potentially infringing IP. It also strives to ensure that the evidence defendants need to contest claims of infringement — whether documents or a recollection from a key witness — are not lost due to the passage of time.

Originally developed in the courts of equity (and unavailable in the courts of law), laches today operates as a gap filler in situations where there is no applicable statute of limitations. In such circumstances,

courts look to analogous state statutes of limitations to help determine if the length of a plaintiff's delay is reasonable. But as the Supreme Court recently clarified in two opinions, if a direct statute of limitations exists, there is no gap for laches to fill.

In 2014, in *Petrella*, the Supreme Court ruled that laches cannot preclude federal copyright infringement actions brought within the Copyright Act's three-year limitations period codified at 17 U.S.C. § 507(b) (though the court left room for laches to bar equitable relief in "extraordinary circumstances"). According to the opinion authored by Justice Ruth Bader Ginsburg, the laches defense — a doctrine exclusive to equity — should typically not apply in circumstances where Congress enacted a direct statute of limitations. Justice Ginsburg reasoned that where there is already an express statutory limitations period, there is no need for the gap-filling function of the laches defense, and it would violate separation-of-powers principles if the judiciary were permitted to override legislation.

More recently, in the *SCA Hygiene* decision authored by Justice Samuel Alito, the court extended the rationale underlying *Petrella* to patent infringement lawsuits. By enacting Section 286 of the Patent Act, Congress stated that "no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action." Thus, even though the Patent Act's limitations language is worded differently than most other statutes of limitations, the court held that "*Petrella's* reasoning easily fits" patent infringements.[4]

And yet, even though the Supreme Court has all but eliminated the defense of laches in copyright and patent infringement actions, laches likely remains viable against allegations of trademark infringement. None of the considerations underpinning the court's *Petrella* and *SCA Hygiene* decisions apply in the context of trademark claims.

Federal trademark and unfair competition laws are governed primarily by the Lanham Act, codified at 15 U.S.C. § 1051 et seq. Unlike the Copyright and Patent Acts, the Lanham Act contains no statute of limitations and, as the *Petrella* court noted, "expressly provides for defensive use of 'equitable principles, including laches.'" [5] Thus, the two main principles that guided the Court's recent holdings against laches are absent when litigating under the Lanham Act. Without a direct statute of limitations, laches under the Lanham Act fulfills its gap-filling purpose. More importantly, judicial application of laches does not violate the separation-of-powers principles at issue with copyright and patent infringement actions. Simply put, Congress has not spoken on the timeliness of trademark infringement suits.

While the court's recent decisions may make it appear as if the Supreme Court is poised to invalidate the defense of laches altogether from infringement actions, such a result seems unlikely in the trademark context given the statutory differences between trademark law and its siblings, copyright and patent law. As a result, laches remains a viable defense so long as the defendant can show that the plaintiff unreasonably delayed in asserting trademark claims and that the delay caused the defendant prejudice.

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[1] 580 U.S.\_\_\_\_, Slip Op. 15–927 (2017).

[2] 134 S.Ct. 1962 (2014).

[3] See 137 S.Ct. 1373.

[4] SCA Hygiene Products, 580 U.S.\_\_\_\_, Slip Op. 15–927, at \*5.

[5] Petrella, 134 S.Ct. at 1974 n.15 (quoting 15 U.S.C. § 1115(b)(9)).

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