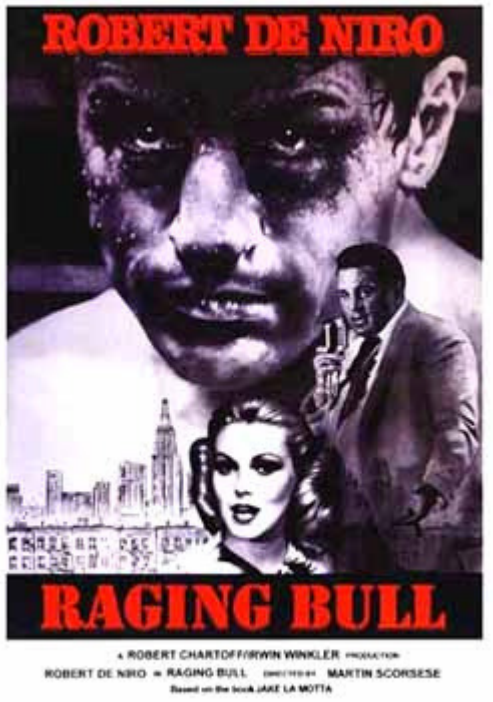
The "Raging Bull" Decision (Almost) One Year Later:
A Discussion of Copyright Limitations and Laches Defenses



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Copyright Society, Texas Chapter Meeting

March 5, 2015

Overview

- Legal background
- Summary of *Petrella v. MGM* timeline and lower court rulings
- Summary of Supreme Court arguments and decision
- Future implications and recent cases
- Possible extension to patent context

Legal Background

Laches

- Doctrine of equitable law meant to prevent plaintiffs from sleeping on their rights.
  - When a plaintiff, who is aware of the defendant's copyright infringement, delays in bringing suit, and that delay works against the defendant.
- Only available in a civil case.
- Decided by a judge, not a jury.

Copyright Act
Civil Statute of Limitations

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

17 U.S.C. §507(b).

Pre-*Petrella* Circuit Split on Applicability of Laches in Copyright Cases

- Second Circuit - laches is available as a bar to injunctive relief and past money damages but not to future money damages. (*New Era Publ'ns Int'l v. Henry Holt & Co.* (1989)).

- Fourth Circuit – laches does not bar any claim brought within limitations period. (*Lyons P'ship v. Morris Costumes* (2001).

- Sixth Circuit – laches is available in only "the most compelling of cases." (*Chirco v. Crosswinds Cmtys., Inc.* (2007)).

Pre-*Petrella* Circuit Split on Applicability of Laches in Copyright Cases

- Ninth Circuit - laches can bar all relief, both legal and equitable, if earlier act of infringement outside limitations period. (*Danjaq LLC v. Sony Corp*. (2001)).

- Tenth Circuit – laches is restricted to exceptional cases. (*Jacobsen v. Deseret Book Co.* (2002)).

- Eleventh Circuit – strong presumption of timeliness if suit filed within the statutory period. Laches available only in extraordinary circumstances. (*Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters., Int'l* (2008)).

Petrella v. MGM

__ U.S. __, 134 S. Ct. 1962 (2014)

Petrella v. MGM – Event Timeline

Marketing of movie continues

1963
Screenplay written by Petrella; © registered

1970
Book written by Petrella, LaMotta, Carter

1973
Screenplay written by Petrella

1976
Assignment by Petrella / LaMotta

1980
"Raging Bull" movie released

1981
Petrella dies

1991
28-year term for 1963 © expires; Paula Petrella files renewal application for 1963 screenplay

1998-2000
Petrella's attorney sends notice of alleged infringement; letters exchanged

2009
Petrella sues MGM, UA for copyright infringement

7 year gap

9 year gap

1960 | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | 2005 | 2010 | 2015

District Court Action

- Filed January 6, 2009, in the Central District of California.
- Defendants: MGM, United Artists, Twentieth Century Fox.
- Suit sought damages (monetary damages, profits, and attorneys' fees) for acts of infringement after January 6, 2009.
- Also sought injunctive relief.

District Court Action

- Defendants moved for summary judgment on several grounds, including laches – argued that Petrella had delayed too long, to the prejudice of Defendants.
- District court granted summary judgment for Defendants based solely on laches.

Ninth Circuit Panel Ruling

- Affirmed grant of summary judgment based on laches.
- The court used the three-prong analysis used in their earlier case, *Danjaq LLC v. Sony*. Under this analysis and based on the foregoing facts, the appellate court affirmed the district court and found that the case should be dismissed under the doctrine of laches.

Ninth Circuit Concurrence

- Judge William Fletcher concurred based on circuit precedent, but noted that the Ninth Circuit's approach was "the most hostile to copyright owners of all the circuits."
- Urged the Ninth Circuit to correct its "wrong turn," but rehearing by the full court was declined.

Supreme Court Weighs In

- Argued January 21, 2014 – Decided May 19, 2014.
  - Counsel for the plaintiff – Stephanos Bibas
  - Counsel for defendant – Mark A. Perry
- Opinion delivered by Ginsberg, in which Scalia, Thomas, Alito, Sotomayor, and Kagan joined.
- Breyer, Roberts and Kennedy filed a dissenting opinion.

The Issue Before the U.S. Supreme Court

No. 12-1315

In The
Supreme Court of the United States

PAULA PETRELLA,

Petitioner,

v.

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

Respondents.

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

BRIEF FOR PETITIONER

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"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)."

Summary of Petrella's Arguments

- Petrella's claims for relief should not be completely barred.
  - **Would contradict the Statute of Limitations:** Separation of powers argument.
  - **Would Affect Non-Equitable Remedies:** Laches cannot bar either injunctive relief or damages for copyright infringement, as it would result in uncompensated compulsory licenses and laches cannot limit legal, as opposed to equitable, remedies.

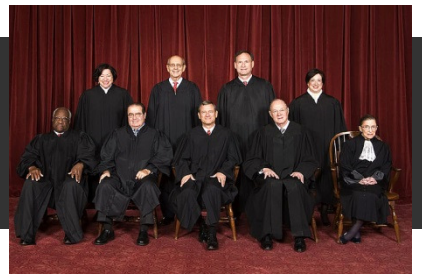
Summary of Petrella's Arguments

- Precluding application of laches against claims within the limitations period provides the **benefits** of:
  - preventing evidentiary concerns from trumping heirs' copyrights;
  - reducing needless litigation by copyright holders; and
  - protecting against financial prejudice through the equitable estoppel doctrine.

MGM's Arguments

- Federal courts have the inherent equitable power to apply laches in all civil actions.
- Congress intended that federal courts would apply laches in copyright cases.
- Laches may bar an entire claim regardless of the relief sought.
- Petitioner's entire claim is barred by her unreasonable delay and the resulting prejudice.

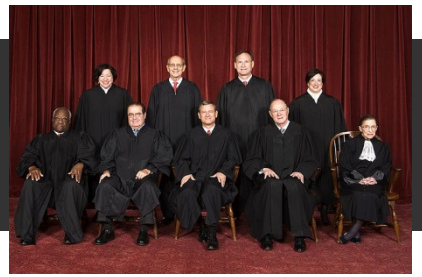
Justices' Comments from Oral Argument



- **Justice Alito** – The copyright statute of limitations says you can't do it (bring a claim) unless it's within three years "but it doesn't say that, if it's within three years, you're home-free."

- **Justice Sotomayor** – "[I]n terms of injunctive relief, given their reliance on your failure to act for 18 years, they shouldn't be put out of business and told that they can't continue in their business."

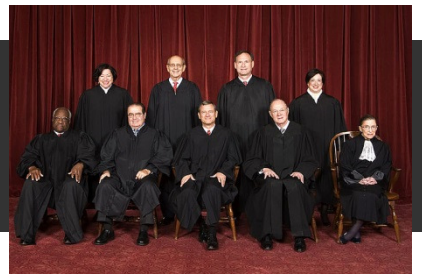
Justices' Comments from Oral Argument



- **Justice Kagan** – "We don't have very many cases where courts have applied laches as against the statute of limitations, but that's because you can't think of many instances in which it would be considered unfair to take the entire statute of limitations to bring a suit."

- **Justice Breyer** – "Who in their right mind would go ahead and make this year after year, if a huge amount of money is going to be paid to this copyright owner who delayed for 30 years and didn't even seem to own it?"

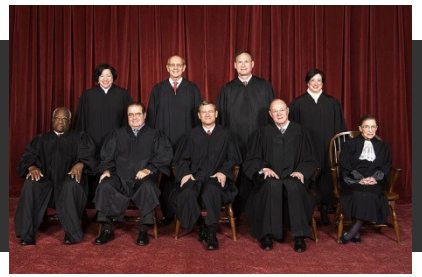
Justices' Comments from Oral Argument



- **Justice Kennedy** – "Estoppel applies. Why isn't laches just a first cousin of estoppel? Estoppel is an affirmative misrepresentation. Why isn't laches here almost a misrepresentation?"

- **Justice Sotomayor** – "Your complaint is not against the witness dying. Your complaint is about what Congress does, which is to give a person the right to keep a copyright or renew it when the individual with whom you probably dealt with is dead. That's always going to be the case."

Justices' Comments from Oral Argument



- **Justice Ginsburg** – "Why is it unreasonable for the plaintiff to see if the copyright is worth anything?"

Supreme Court's Holdings

- Laches cannot be used to bar a claim for damages brought within the three-year window statute of limitations.
  - Or in any other case that has a statute of limitations.
- Section 507(b) itself takes into account the possibility of delay.
- Plaintiffs may delay to see how an "infringer's exploitation" affects the copyrighted worth.
- In "extraordinary circumstances" laches may affect equitable relief – if invoked in the "very outset of litigation."
  - In some cases, it may not be equitable to halt or end a project that has already been undertaken.

Future Implications

Implications for Plaintiffs

- Plaintiffs may watch the market and consider when bringing suit would be most profitable.
- Plaintiffs still bear the burden of proving copyright infringement, so they should consider what effect delay will have on their ability to access evidence.
- Old cases can now be revived on appeal.
- The doctrine of estoppel can still bar a claim.

Implications for Defendants

- Defendants must be aware that they can effectively be put on notice.
  - Consider whether it would be a good idea to invest further once you are notice of a claim of infringement.
  - May want to pursue an action of declaratory judgment as soon as possible.
- Good record keeping, indemnification and insurance policies are essential.
- Dissent raises fear that plaintiffs may pursue actions every few years.
  - Not likely as once copyright infringement is proved, the plaintiff may get "forward-looking injunctive relief."

Effects So Far

- Decades-old claims are now being pursued.
- Attempts are being made to revive cases for which the statute of limitations has run.
- Federal Circuit considering impact on patent infringement cases.

Spirit v. Led Zeppelin

Michael Skidmore as Trustee for the Randy Craig Wolfe Trust v. Led Zeppelin, 14-03089, U.S. District Court, Eastern District of Pennsylvania (Philadelphia).

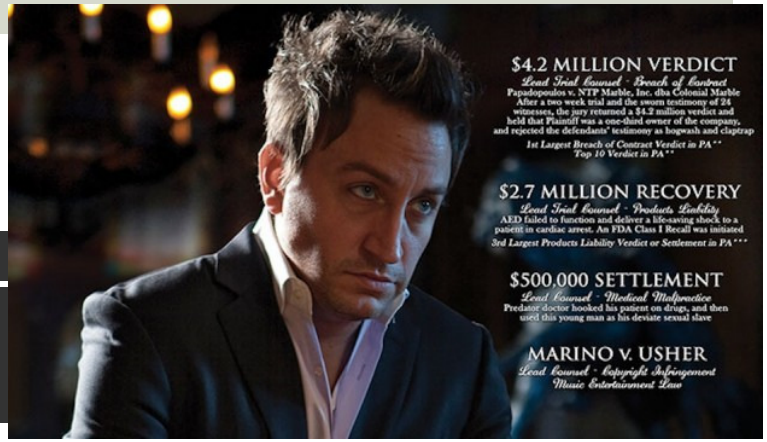
Spirit v. Led Zeppelin - Facts

- This claim was initially made by the guitarist of Spirit, Randy California, 44 years ago.
- California claimed that Led Zeppelin stole the famous guitar opening of the 1971 song "Stairway to Heaven" from Spirit's song 1968 song "Taurus."
- California never pursued a claim during his lifetime because he became destitute and could not afford an attorney.
- The trust could not afford to sue, until they found an attorney to represent them on a contingency basis.

Spirit v. Led Zeppelin - Complaint

- A complaint was filed in Pennsylvania court May 31, 2014.
- The complaint argues that "Any reasonable observer, when comparing 'Taurus' and 'Stairway to Heaven,' must conclude that -- at the very least -- significant portions of the songs are nearly identical."
- The complaint is asking for statutory damages, defendants' profits, punitive damages plus equitable relief in the form of an order that California is credited as a writer of "Stairway to Heaven."

Spirit v. Led Zeppelin – The Case So Far



- In September 2014, Led Zeppelin's attorney filed a motion to dismiss or move the case arguing both that they lacked the personal and business connections to Pennsylvania that would justify being sued there.
- The Plaintiffs then re-submitted their original complaint with new arguments that the band specifically targeted Pennsylvania as a market for their music.
- October 20, 2014 the Judge, Juan Sanchez, denied the request to dismiss or move venue without prejudice.

Stan Lee Media, Inc. v. Walt Disney Co. (D. Colo., 2014).

Stan Lee Media, Inc. v. Walt Disney Co. (D. Colo., 2014). Stan Lee Media Inc. v. Lee, No. 2:07-CV-00225, 2012 WL 4048871 (C.D. Cal. Aug. 23, 2012) (Abadin II); Lee v. Marvel Enters., Inc., 765 F. Supp. 2d 440, 456 (S.D.N.Y. 2011) aff'd, 471 F. App'x 14 (2d Cir. 2012); Abadin v. Marvel Entm't, Inc., No. 09 Civ. 0715 (PAC), 2010 WL 1257519 (S.D.N.Y. Mar. 31, 2010)(Abadin I); Stan Lee Media, Inc. v. Marvel Entm't, Inc., No. 07 Civ. 2238 (PAC) (S.D.N.Y. Mar. 15, 2007); QED Prods., LLC v. Nesfeiled, No. 07-CV-00225 (SVW) (SSX) (C.D. Cal. Jan. 8, 2007).

Stan Lee Media v. Disney – Facts

- 1998 - Plaintiffs claim that they entered into an agreement with Stan Lee in which he assigned his copyrights to the characters that he had already created and those that he would create in the future.
  - A few months later, Stan Lee entered into another agreement with Marvel, which assigns them the exact same characters.
- 2001 - Stan Lee repudiated the 1998 agreement with SLMI because of the company's failure to pay him.
- 2006 - SLMI recorded the 1998 agreement with the Copyright Office.
- 2007 - SLMI initially filed a complaint for copyright infringement alleging that Marvel did not own any of the characters created by Stan Lee.

Stan Lee Media v. Disney - Background

- Recently, a district court in Colorado granted District's motion to dismiss for failure to state a claim based on issue preclusion from an earlier decision.
  - The Court awarded $239,940 in attorneys' fees.
- **On appeal to the Tenth Circuit, SLMI invoked *Petrella* by arguing that the case should at the very least mean the complaint was reasonable enough to have avoided a fee award.**
- The Tenth Circuit did not address *Petrella*, but affirmed based on issue preclusion.

Stan Lee Media v. Disney – After *Petrella*

- SLMI invoked 17 U.S.C. 501(b) in an attempt to intervene in a copyright infringement case between Disney and American Music Theater.
- In a letter to the judge, one day after *Petrella*, SMLI's attorney stated that, "By virtue of the Supreme Court's *Petrella* decision, the [2010] decision can no longer be accorded any preclusive, prospective, res judicata effect regarding subsequent copyright positions based on subsequent conduct in lawsuits commenced within three years after the date of such subsequent conduct."
- The court dismissed the motion to intervene.
- **All courts have declined to discuss the possible effect of *Petrella* to this case.**

Osama Ahmed Fahmy v. Jay-Z (aka Shawn Carter) et al.

No. 2:07-CV-05715, (C.D. Cal. 2014).

Fahmy v. Jay-Z

- The co-writer of an Egyptian song, "Koshara, Koshara,"which is sampled in Jay-Z's song "Big Pimpin," sued in 2007 for copyright infringement.
- In 2011, a judge initially used laches to bar the complaint.
- June 2014, Fahmy argued in a reconsidered motion that the decision in *Petrella* should allow his claims to proceed.
- The judge then issued a reconsidered opinion in December 2014 allowing discovery from 2006 onward.
- A hearing regarding the infringement is scheduled for later this month.

Jacobus Rentmeester v. Nike Inc.

CA No. 3:15-cv-00113 (D. Oregon 2015)

Rentmeester v. Nike

Suit filed January 22, 2015. Allegations:

- Plaintiff choreographed a photo shoot of Michael Jordan in 1984, as part of a photo spread of Olympic athletes for *Life Magazine*.
- Nike paid $150 to borrow color transparencies from Plaintiff and then returned them.
- Nike created a "nearly identical" photograph and released it to promote Air Jordan shoes.

Rentmeester v. Nike

Rentmeester's Life Magazine
"Jordan Photo"

"Nike Copy"

Rentmeester v. Nike

- Plaintiff complained of infringement, and Nike paid Plaintiff $15,000 for continued use of the "Nike Copy" in North America for two years.
- Nike continued using the "Nike Copy" thereafter.
- In 1987, Nike began using the Jumpman Logo, a stylized version of the "Nike Copy" photograph.

Rentmeester v. Nike

Comparison of stylized "Jordan Photo" with Nike "Jumpman Logo"

Laches in Patent Cases

Laches in Patent Cases

- "Limitations" provision in Patent Statute:

  Except as otherwise provided by law, **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.

35 U.S.C. § 286.

- *Aukerman*: Federal Circuit held (en banc) that delays of **6+ years** are **presumptively unreasonable**.
  - Laches **bars only pre-suit recovery** for damages.
  - Laches does not bar injunctive relief.

SCA Hygiene Prods. v. First Quality Baby Prods. (No. 2013-1564) (CAFC en banc)

- 2003: Plaintiff sent "cease and desist" letter to defendant. Defendant argued patent was invalid.
- 2004: Plaintiff sought reexamination of its patent from the Patent Office in light of Defendant's arguments.
- 2007: Patent Office confirmed patentability.
- 2010: Suit filed (over 6 years after C&D letter).
- District court: Summary judgment on laches and estoppel.
- CAFC panel: reversed estoppel, but affirmed laches.
- Rehearing *en banc* granted in December; briefing in progress.

SCA Hygiene Prods. v. First Quality Baby Prods. (No. 2013-1564) (CAFC en banc)

QUESTIONS PRESENTED:

(a) In light of the Supreme Court's decision in ***Petrella v. Metro-Goldwyn-Mayer*, 134 S. Ct. 1962 (2014)** (and considering any relevant differences between copyright and patent law), should this court's en banc decision in ***A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992)**, be overruled so that the **defense of laches is not applicable** to bar a claim for damages based on patent infringement occurring within the **six-year damages limitations period established by 35 U.S.C. § 286?**

SCA Hygiene Prods. v. First Quality Baby Prods. (No. 2013-1564) (CAFC en banc)

QUESTIONS PRESENTED (CONT'D):

(b) In light of the fact that **there is no statute of limitations for claims of patent infringement** and in view of Supreme Court precedent, should the defense of laches be available under some circumstances to bar an entire infringement suit for either damages or injunctive relief? *See, e.g.*, ***Lane & Bodley Co. v. Locke*, 150 U.S. 193 (1893).**

END

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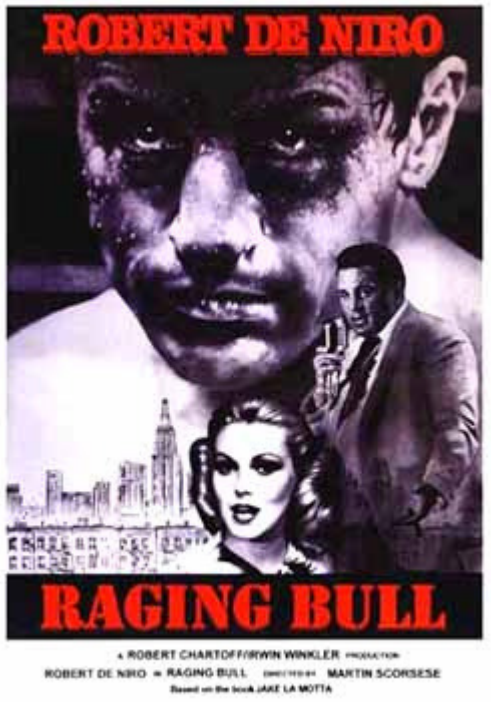

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