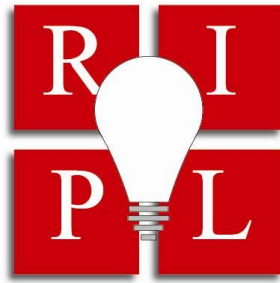


THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



THE REMAINS OF LACHES IN COPYRIGHT INFRINGEMENT CASES: IMPLICATIONS OF PETRELLA V. METRO-GOLDWYN-MAYER

DANIEL BRAINARD

ABSTRACT

Common law equitable doctrines are fundamentally at odds with modern statutes of limitations. While modern copyright courts found new ways to allow laches and the Copyright Act's three year statute of limitations to coexist, the foundation for doing so was significantly weakened. The Supreme Court in *Petrella v. Metro-Goldwyn-Mayer* restricted the use of laches as a defense to copyright infringement to only extraordinary circumstances and provided two Circuit Court cases as demonstrating examples of laches for future use. In actuality, however, it appears the Supreme Court and Circuit Courts failed to analyze the facts in depth and ended up rendering a decisions that thwarted the principles underlying laches. Additionally, those Courts seemed to have forgotten about a restriction to laches as a defense: the unclean hands doctrine. This comment assesses where laches currently is in copyright law and proposes a return to equitable principles, complete with a restrictive test to ensure that equitable defenses are truly equitable in future delayed claims for copyright infringement.

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IMPLICATIONS OF PETRELLA V. METRO-GOLDWYN-MAYER

DANIEL BRAINARD

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THE REMAINS OF LACHES IN COPYRIGHT INFRINGEMENT CASES:
IMPLICATIONS OF *PETRELLA V. METRO-GOLDWYN-MAYER*

DANIEL BRAINARD*

I. INTRODUCTION

“Equity aids the vigilant, not those who sleep on their rights.”¹ Laches, an equitable defense based on that maxim, is used in copyright infringement cases if the copyright holder unreasonably delays initiating litigation and causes prejudice to the infringer.² In 1916, Judge Learned Hand enshrined laches as a defense to copyright infringement in *Haas v. Leo Feist, Inc.* and declared “it is inequitable for the owner of a copyright, with full notice of an intended infringement, to stand inactive while the proposed infringer spends large sums of money in its exploitation, and to intervene only when his speculation has proved a success.”³

While *Haas* laid the groundwork for laches as a defense to copyright infringement claims, problems remained in modern copyright courts.⁴ The problem was that laches generally required a lengthy delay but the Copyright Act prescribed a three-year statute of limitations that only allowed a copyright holder to recover damages for three prior years.⁵ The Circuit Courts responded to the question in various ways, with some denying laches outright⁶ and others restricting its use based on certain circumstances.⁷

The Supreme Court did not address the problem with laches and the Copyright Act’s three-year statute of limitations until recently.⁸ In *Petrella v. Metro-Goldwyn-Mayer, Inc.*, the Supreme Court cleared up the confusion laches caused the Circuit Courts, holding laches does not bar legal remedies filed in and seeking relief within the statutory period.⁹ However, the Supreme Court allowed laches to endure

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¹ *Ikelionwu v. United States*, 150 F.3d 233, 237 (2d Cir. 1998) (citing *Ivani Contracting Corp. v. City of New York*, 103 F.3d 257, 259 (2d Cir. 1997)).

² *Couveau v. Am. Airlines, Inc.*, 218 F.3d 1078, 1083 (9th Cir. 2000).

³ *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y.1916) (holding that laches could act as a defense to copyright infringement, however, that case was decided before a statute of limitations was added to the Copyright Act).

⁴ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946, 951 (9th Cir. 2012) cert. granted, 134 S. Ct. 50, (2013) and rev'd, 134 S. Ct. 1962, (2014).

⁵ *Petrella*, 695 F.3d at 951; see 17 U.S.C. § 507 (2012).

⁶ See *Lyons P’ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789 (4th Cir. 2001).

⁷ See *Peter Letterese & Assocs., Inc. v. World Inst. Of Scientology Enters. Int’l*, 533 F.3d 1287 (11th Cir. 2008); *Chirco v. Crosswinds Cmty., Inc.*, 474 F.3d 227 (6th Cir. 2007); *Jacobsen v. Desert Book Co.*, 287 F.3d 936 (10th Cir. 2002); *Lyons P’ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789 (4th Cir. 2001); *New Era Publ’ns Int’l v. Henry Holt & Co.*, 873 F.2d 576 (2d Cir. 1989).

⁸ *Petrella*, 695 F.3d at 958 (Oakes concurring) (noting that laches was “in tension with Congress[ional] intent” because of Statute of Limitations). Thus a circuit court split existed on how to use laches with copyright infringement cases. See, e.g., *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1972 (2014).

⁹ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 188 L. Ed. 2d 979 (2014) (holding that “laches could not be invoked to preclude adjudication of a claim for damages brought within Copyright

in copyright infringement cases, but only where equitable relief was sought and extraordinary circumstances were present.¹⁰

This article argues that even in cases where laches may bar equitable remedies for copyright infringement claims in the statutory period, courts must limit its use more than what the Supreme Court alluded to in *Petrella*.¹¹ While equity can still aid the vigilant, it should not give him a free pass to infringe on another's copyright. To do so, courts need to scrutinize the extent to which the defendant willingly allowed the alleged prejudice to arise. As such, continuing to restrict equitable doctrines when Congress enacts a short statute of limitations period will, in actuality, provide greater equity than acquiescing to antiquated equitable maxims.¹²

Part II of this article provides an overview of laches in copyright infringement claims and discusses notable Circuit Court cases. Part III analyzes that respective case law, including *Petrella*, to define the aforementioned extraordinary circumstances. Part IV proposes a test to determine whether extraordinary circumstances exist to invoke laches under *Petrella*.

II. BACKGROUND

A. A Primer on Laches in Copyright Law

Congress passed the Copyright Act pursuant to Article I, Section 8, Clause 8 of the United States Constitution, which empowered Congress to secure authors' rights in their work product.¹³ Under the Copyright Act, an author can obtain a copyright to protect their work if it meets certain criteria.¹⁴ If that copyright owner has reason to believe another's work infringes upon their protected work, the copyright owner can file a suit for copyright infringement.¹⁵ To prove infringement, the plaintiff must show: (1) ownership of a valid copyright; and (2) that the defendant copied protected elements from that work.¹⁶

Act's three-year limitations period" and "heir's delay in commencing suit did not warrant, at the very outset of litigation, curtailment of relief equitably awardable").

¹⁰ See *Id.* at 1978 (citing *Chirco*).

¹¹ See *Id.* at 1962 (holding that laches a defense to equitable relief when extraordinary facts are present but only cites two cases as examples of those extraordinary circumstances).

¹² See 30A C.J.S. Equity § 164 (citing *Ross v. State Bd. of Elections*, 387 Md. 649, 876 A.2d 692 (2005)). "Generally courts sitting in equity will apply statutory time limitations, but courts exercising equity jurisdiction, however, are not irrevocably bound to the statutory time limitations, and thus, the courts are free, if the equities so require, to assess the facts of a purely equitable action independent of a statutory time limitation applicable at law." *Id.*

¹³ U.S. Const., Art. I, § 8, cl. 8 (allowing Congress to promote science and useful arts by providing authors and inventors rights in their work for limited time periods).

¹⁴ See 17 U.S.C. §102 (2012); NARD, CRAIG ALLEN; MADISON, MICHAEL J., LAW OF INTELLECTUAL PROPERTY 435, (4th Ed. 2013).

¹⁵ 17 U.S.C. § 411(a) (2012).

¹⁶ *Smith v. Casey*, 741 F.3d 1236, 1241 (11th Cir. 2014).

The timeline for a copyright infringement suit where laches is asserted as a defense first begins with the plaintiff having his work copyrighted.¹⁷ Next, then the defendant copied a protected part of that work.¹⁸ The plaintiff is aware of this infringement, but he unreasonably delays filing suit.¹⁹ That delay in filing suit by the plaintiff prejudices the defendant.²⁰ The defendant then asserts laches as a defense to bar plaintiff's recovery.²¹ While laches typically focuses on the resulting unreasonable delay and prejudice, its use in copyright law carries its own separate rules regarding those elements.

In determining whether the delay in filing a copyright infringement suit was unreasonable, courts measure the time from when the plaintiff knew, or constructively knew, about the infringement to the time he files suit.²² A delay is reasonable when its purpose is to determine whether the infringement will justify litigation costs.²³ A delay is unreasonable if purely for exploiting the labor of the alleged infringer in order to determine "whether the infringing conduct will be profitable."²⁴ Thus, the plaintiff is prevented from delaying suit solely to pursue a greater damages award.

To complete the defense of laches, the unreasonable delay must also prejudice the defendant.²⁵ Generally, courts recognize two forms of prejudice: "evidentiary" and "expectations-based."²⁶ Evidentiary prejudice studies the quality of evidence available due to the passage of time and how it would aid the defendant in proving the defense.²⁷ For example, "witnesses whose memories have faded or who have died" is acknowledged as evidentiary prejudice.²⁸ Expectations-based prejudice requires the

¹⁷ 17 U.S.C. § 106 (2012). That section gives the copyright holder a number of exclusive rights in the work.

¹⁸ *Tufenkian Imp./Exp. Ventures, Inc. v. Einstein Moomjy, Inc.*, 338 F.3d 127, 131 (2d Cir. 2003) (noting that "to demonstrate unauthorized copying, the plaintiff must first show that his work was actually copied; second, he must establish "substantial similarity" or that "the copying amounts to an improper or unlawful appropriation, i.e., (i) that it was protected expression in the earlier work that was copied and (ii) that the amount that was copied is more than de minimis." (citing *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.*, 150 F.3d 132, 137–38 (2d Cir.1998) (internal quotations omitted)).

¹⁹ See *Danjaq L.L.C. v. Sony Corp.*, 263 F.3d 942, 952 (9th Cir. 2001) (citing *Kling v. Hallmark Cards, Inc.*, 225 F.3d 1030, 1036 (9th Cir. 2000)). However, the Sixth Circuit refers to this as a "lack of reasonable diligence by the party against whom the defense is asserted." *Chirco*, 474 F.3d at 231.

²⁰ See *Hoste v. Radio Corp. of Am.*, 654 F.2d 11, 12 (6th Cir. 1981) (noting "[a] showing of prejudice is a requirement for the application of the doctrine of laches").

²¹ See *Petrella*, 134 S. Ct. at 1967.

²² *Kling v. Hallmark Cards, Inc.*, 225 F.3d 1030, 1036 (9th Cir. 2000) (citing *Halstead v. Grinnan*, 152 U.S. 412, 417 (1894). As such, it appears true ignorance is a counter-defense to laches. *Id.* (citation omitted).

²³ *Danjaq*, 263 F.3d at 954 (quoting *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 831 F. Supp. 202, 219 (D. Mass. 1993), rev'd on other grounds, 49 F.3d 807 (1st Cir.1995), aff'd, 516 U.S. 233 (1996)). A delay will also be reasonable when it is necessary to exhaust all administrative reasons. *Id.*

²⁴ *Id.* (quoting *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916)).

²⁵ See *Hoste v. Radio Corp. of Am.*, 654 F.2d 11, 12 (6th Cir. 1981) (noting "[a] showing of prejudice is a requirement for the application of the doctrine of laches").

²⁶ See *Danjaq*, 263 F.3d at 955.

²⁷ *Id.* (citing *Jackson v. Axton*, 25 F.3d 884, 889-90 (9th Cir. 1994)); See *Trs. for Alaska Laborers-Constr. Indus. Health & Sec; Fund v. Ferrell*, 812 F.2d 512, 518 (9th Cir. 1987); *Lotus Dev. Corp.* 831 F. at 220).

²⁸ *Danjaq*, 263 F.3d at 955. When the Supreme Court was hearing *Petrella*, evidentiary prejudice was brought up by MGM. For example, they noted LaMotta could have been a viable witness, but he "suffered myriad blows to his head as a fighter years ago," had become elderly, and "no longer

defendant financially acted to his detriment and therefore suffered consequences because of the plaintiff's unreasonable delay in initiating litigation.²⁹ In copyright law, acting to one's financial detriment is established by showing the defendant invested money, entered into transactions, or expanded its business during the delay based on its belief that the copyright owner would not file suit.³⁰ Expectations-based prejudice correlates to reliance principles inherent in equitable estoppel, though reliance is not necessary for laches.³¹ Reliance principles are generally seen through the prejudicial aspect of laches, such as the expenditures the defendant made during the plaintiff's unreasonable delay.³²

However, there is a counter-defense to laches: the "Unclean Hands" doctrine.³³ Unclean hands is based on the maxim "[h]e who comes into equity, must come in with clean hands."³⁴ To prove unclean hands in copyright infringement cases, the plaintiff must assert that the defendant engaged in some form of wrongdoing or inequitable conduct.³⁵ Somewhat obviously, the unclean hands doctrine is not applicable where the asserted misconduct is not directly related "to the merits of the controversy between the parties,"³⁶ as it must "affect the equitable relations between the parties in respect of something brought before the court for adjudication."³⁷ Furthermore,

recognize[d] [petitioner], even though he has known her for forty years." *Petrella v. Metro-Goldwyn-Mayer Inc.*, 2013 WL 3991860 (U.S.), 5 (Brief for Respondent) (internal quotations omitted).

²⁹ See *Danjaq*, 263 F.3d at 955 (citing *Jackson*, 25 F.3d at 889); See *Lotus*, 831 F. Supp. at 220. For example, the defendant can establish this prejudice by showing he invested money or entered into a business transaction based on his presumed rights. *Id.*

³⁰ See *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 1000 (9th Cir. 2006).

³¹ See *Lego A/S v. Best-Lock Const. Toys, Inc.*, 874 F. Supp. 2d 75, 81 (D. Conn. 2012) (noting "[a] copyright defendant invoking equitable estoppel must show that (1) the plaintiff had knowledge of the defendant's infringing acts, (2) the plaintiff either intended that the defendant rely on his acts or omissions or failed to act in such a manner that the defendant had a right to believe that it was intended to rely on the plaintiff's conduct, (3) the defendant was ignorant of the true facts, and (4) the defendant relied on the plaintiff's conduct to its detriment." (citation omitted)).

³² *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 1000 (9th Cir. 2006).

³³ *Mason v. Jamie Music Pub. Co.*, 658 F. Supp. 2d 571, 588 (S.D. N.Y. 2009) (unclean hands was a counter-defense to laches when defendant's conduct in obtaining copyright registration certificates while plaintiff was a minor without an appointed guardian and defendant did not seek court approval). Interestingly, and applicable to the holding of *Petrella*, is that the unclean hands doctrine is that it "is equitable in nature and would seemingly not bar recovery of damages for copyright infringement." *Mitchell Bros. Film Grp. v. Cinema Adult Theater*, 604 F.2d 852, 865 (5th Cir. 1979).

³⁴ *Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240, 241, (1933). Though that case dealt with patents, it held "the maxim of unclean hands is applied only where plaintiff's unconscionable act has immediate and necessary relation to the equity that he seeks in respect of the matter in litigation." *MedPointe Healthcare Inc. v. Hi-Tech Pharmacal Co.*, 380 F. Supp. 2d 457, 463 (D.N.J. 2005) (internal quotations omitted).

³⁵ *Saxon v. Blann*, 968 F.2d 676, 680 (8th Cir. 1992)(requiring a wrongdoing of "serious" proportions (quoting 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT, § 13.09(B) at 13-148-49 (1991)); *In re Napster, Inc. Copyright Litig.*, 191 F. Supp. 2d 1087, 1112 (N.D. Cal. 2002) (requiring "some particularly reprehensible conduct").

³⁶ *Mitchell Bros. Film Grp. v. Cinema Adult Theater*, 604 F.2d 852, 863 (5th Cir. 1979) (holding, unrelated the subject matter of this article, that "obscenity is not an appropriate defense in an infringement action, whether piggybacked on an 'unclean hands' rubric or introduced in some other manner").

³⁷ *Id.* (citing *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 245 (1933)).

copyright cases that mislead the public give rise to the unclean hands doctrine in the same way as with the defendant's misconduct in other equitable suits.³⁸

B. The Copyright Act's Statute of Limitations

Congress unified the patchwork of each state's copyright statute of limitations for copyright infringement by adding a three-year statute of limitations to the Copyright Act in 1957.³⁹ That statute of limitations allowed a copyright holder to recover damages for three prior years.⁴⁰ In debating the issue, both the Senate and House noted, "courts generally do not permit the intervention of equitable defenses or estoppel where there is a [statute of] limitation[s]."⁴¹ However, any mention of laches or equitable estoppel were absent from the issue reports.⁴² Apparently, certain Circuit Courts disregarded that Congressional note and still allowed laches as a defense.

C. The Fourth Circuit Defers to Congress

In *Lyons Partnership, L.P. v Morris Costumes, Inc.*, the Defendant created and marketed three costumes that looked like "Barney," a character from the popular children's television show by the name "Barney and Friends."⁴³ The Plaintiff alleged those costumes infringed upon their copyright of "Barney."⁴⁴ The District Court found for the defendant.⁴⁵ The Plaintiff appealed to the Fourth Circuit who found laches did not prevent the Plaintiff from obtaining an award even though the court determined two of the costumes infringed upon the Plaintiff's copyrights.⁴⁶ The Fourth Circuit reasoned "separation of powers principles" precluded laches from barring a claim brought within the three-year statute of limitations.⁴⁷ The Fourth Circuit concluded that courts cannot shorten an explicit time limitation, even when a plaintiff seeks

³⁸ Mitchell Bros. Film Grp., 604 F.2d at 864.

³⁹ See Act of Sept. 7, 1957, Pub. L. No. 85-313, 71 Stat. 633 (reenacted without alteration in the Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (codified at 17 U.S.C. § 507(b))); See also S. REP. NO. 85-1014, at 2 (1957), reprinted in 1957 U.S.C.C.A.N. 1961, 1962. Additionally, because of the various state statute of limitations, Congress sought to prevent forum-shopping with the 1957 amendments. *Id.*

⁴⁰ 17 U.S.C. § 507(b) (2012).

⁴¹ S. REP. NO. 85-1014, at 2 (1957), reprinted in 1957 U.S.C.C.A.N. 1961, 1962 (citing H. REP. NO. 85-150) (noting that movie producers, songwriters, and similar others were interested in a short statutory period while those holders who might be infringed upon were interested in creating a longer statute of limitations period) (also noting equitable considerations were made in debating the issue, but only for cases involving disability, insanity, and infancy absent fraud or deception on the part of the defendant).

⁴² See *Petrella*, 695 F.3d at 958.

⁴³ *Lyons P'Ship, L.P.*, 243 F.3d at 795-96. The three costumes were: (1) a purple dinosaur costume; (2) "Hillary the Purple Hippopotamus; and (3) "Duffy the Dragon," which was also purple. *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.* at 789.

⁴⁶ *Id.* at 806.

⁴⁷ *Id.* at 796, 797.

equitable relief.⁴⁸ Furthermore, the Fourth Circuit noted the Supreme Court already came to that conclusion sixty-six years prior.⁴⁹ As such, the Fourth Circuit held laches was not a defense to copyright infringement.⁵⁰

D. The Eleventh Circuit Restricts to “Extraordinary Circumstances”

In *Peter Letterese & Associates., Inc. v. World Institute of Scientology Enterprises*, the Eleventh Circuit determined their stance on laches in copyright infringement cases.⁵¹ In that case, the Plaintiff alleged the Defendant infringed upon his copyrighted book about sales techniques by incorporating parts of the Plaintiff’s book into the Defendant’s instructional course materials.⁵² However, the Plaintiff knew parts of his book were being used by the Defendant,⁵³ as the Defendant hired the Plaintiff to conduct seminars based on parts of his sales book.⁵⁴ The Defendant asserted laches and the District Court entered summary judgment in favor of the Defendant and the Plaintiff appealed.⁵⁵ The Eleventh Circuit reversed, holding laches did not bar the claim.⁵⁶ In doing so, the Eleventh Circuit sent an ode to Judge Hand’s excerpt from *Haas v. Leo Feist, Inc.* about laches,⁵⁷ but acknowledged that Congress

⁴⁸ *Lyons P’Ship, L.P.*, 243 F.3d at 797-98. The Fourth Circuit stated “Morris Costumes did not make a serious attempt to defend the district court’s statute of limitations” but relied on laches. *Id.*

⁴⁹ *Id.* at 798 (citing *United States v. Mack*, 295 U.S. 480, 489, (1935) and *County of Oneida v. Oneida Indian Nation*, 470 U.S. 226, 244 n. 16 (1985) (noting “[a]pplication of the equitable defense of laches in an action at law would be novel indeed”).

⁵⁰ *Lyons P’ship, L.P.*, 243 F.3d at 789. The Fourth Circuit stated that “if the claim is one for injunctive relief, laches would not apply. A prospective injunction is entered only on the basis of current, ongoing conduct that threatens future harm. Inherently, such conduct cannot be so remote in time as to justify the application of the doctrine of laches.” *Id.* (citing *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 461 (4th Cir. 1996) (“[I]n consideration of the public interest, estoppel by laches may not be invoked to deny injunctive relief if it is apparent that the infringing use is likely to cause confusion” (citing 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 31.04910 (3d ed. 1995))).

⁵¹ *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters. Int’l*, 533 F.3d 1287 (11th Cir. 2008).

⁵² *Peter Letterese & Assocs.*, 533 F.3d at 1294. The book, *Big League Sales*, was originally published in 1971 by the Parker Company. *Id.* Notably, the introduction to the book claimed “its descriptions of ‘specific techniques and true cases’ collectively ‘pinpoint[] the most effective, miracle closes’ in sales.” *Id.* L. Ron Hubbard, “took a shine” to the book and recommended it be used in order to sell Scientology books and seminars. *Id.*

⁵³ *Id.* at 1294.

⁵⁴ *Peter Letterese & Assocs.*, 533 F.3d at 1294.

⁵⁵ *Id.* at 1287.

⁵⁶ *Id.* at 1293. The Eleventh Circuit in their opinion took a jab at the Fourth Circuit that interposing laches in a copyright infringement cases was an “unqualified no” based on *Lyons Partnership, L.P.* *Id.* at 1320 (internal quotations omitted) (citation omitted). However, the Eleventh Circuit reasoned “there is a strong presumption that a plaintiff’s suit is timely if it is filed before the statute of limitations has run. Only in the most extraordinary circumstances will laches be recognized as a defense.” *Id.*

⁵⁷ *Id.* at 1320 (quoting *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916) (“It must be obvious to everyone familiar with equitable principles that it is inequitable for the owner of a copyright, with full notice of an intended infringement, to stand inactive while the proposed infringer spends large sums of money in its exploitation, and to intervene only when his speculation has proved a success.

has since enacted a statute of limitations.⁵⁸ The Eleventh Circuit concluded that laches is only recognized in the most extraordinary circumstances where the plaintiff is seeking retrospective relief, not prospective relief, such as an injunction.⁵⁹

E. Petrella v. Metro-Goldwyn-Mayer, Inc.: Something Somewhat Finite

In *Petrella v. Metro-Goldwyn-Mayer, Inc.*, Jake LaMotta co-authored multiple works with Frank Petrella about his life and boxing career.⁶⁰ These works included a book, *Raging Bull*, and two screenplays (hereinafter the “1963 screenplay” and the “1973 screenplay”).⁶¹ Those works became the basis for creating the 1980 movie, *Raging Bull*, which Metro-Goldwyn-Mayer, Inc. (“MGM”) copyrighted.⁶² When F. Petrella died in 1981, the renewal rights to the book and screenplays passed to his daughter, Paula Petrella.⁶³ She renewed the copyright for the 1963 Screenplay in 1991 and alleged sole ownership of F. Petrella’s prior interest.⁶⁴ MGM denied Petrella’s alleged sole ownership in the film, and the controversy began.⁶⁵

Petrella filed suit against MGM⁶⁶ who moved for summary judgment based on laches, which the District Court granted.⁶⁷ Interestingly, the District Court cited the reason for Petrella’s alleged delay in filing suit from 1991-2009 was because she would

Delay under such circumstances allows the owner to speculate without risk with the other’s money; he cannot possibly lose, and he may win”).

⁵⁸ *Peter Letterese & Assocs.*, 533 F.3d at 1320. Judge Hand’s excerpt was not relevant because Congress had not enacted a statute of limitations showing the issue was very different when the case was decided.

⁵⁹ *Id.* at 1321. (quoting *Studiengesellschaft Kohle mbH v. Eastman Kodak Co.*, 616 F.2d 1315, 1325 (5th Cir.1980)) (noting that “although laches and estoppel are related concepts, there is a clear distinction between the two. The defense of laches may be invoked where the plaintiff has unreasonably and inexcusably delayed in prosecuting its rights and where that delay has resulted in material prejudice to the defendant. The effect of laches is merely to withhold damages for infringement which occurred prior to the filing of the suit”).

⁶⁰ *Petrella*, 695 F.3d at 949.

⁶¹ *Id.*

⁶² *Id.* In 1976, Chartoff-Winkler Publications, Inc. acquired the rights from F. Petrella and LaMotta for the book and two screenplays “exclusively and forever.” *Id.* at 950. Then, Chartoff-Winkler assigned the motion pictures rights to United Artists Corporation, a subsidiary of MGM. United Artist then registered a copyright in the film in 1980. *Id.*

⁶³ *Id.* The movie, *Raging Bull*, has been critically acclaimed as one of the best movies of all time. Time Magazine’s All-Time 100 Movies, TIME, February 12, 2005.

⁶⁴ *Petrella*, 995 F.3d at 950. Petrella learned about the case of *Stewart v. Abend*, 495 U.S. 207 (1990), where Supreme Court held “when an author dies before a renewal period arrives, his statutory successors are entitled to renewal rights, even though the author has previously assigned the renewal rights to another party,” and “[t]he owner of a derivative work does not retain [the] right to exploit that work when the death of the author causes the renewal rights in the preexisting work to revert to the statutory successors.” *Stewart*, 495 U.S. at 207-219. Furthermore, MGM admitted that they also reviewed Petrella’s rights when *Stewart* was decided. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 2013 WL 6665055 (U.S.), 6 (U.S., 2013) (Brief for Petitioner).

⁶⁵ *Petrella*, 134 S. Ct. at 1971 (noting that beginning in 1998 Petrella and MGM exchanged letters to determine the validity of Petrella’s copyright infringement claims based on the movie and her ownership of the 1963 Screenplay).

⁶⁶ *Id.*

⁶⁷ *Id.* at 1971.

“probably never recoup” due to the film being in debt.⁶⁸ The District Court also revealed that Petrella was unaware of a time limit for filing her claim.⁶⁹ Testimony at trial revealed MGM continuously distributed the film since 1991, spending substantial funds to market, promote, and license the film.⁷⁰

However, Petrella’s delay in initiating suit was not as cavalier as the District Court made it seem.⁷¹ Petrella first asserted the movie *Raging Bull* infringed on her ownership of the 1963 screenplay in 1998.⁷² Over the next three years, Petrella and MGM argued via letters about whether MGM was infringing on her rights, with Petrella threatening legal action.⁷³ During this correspondence, MGM regularly sent Petrella financial statements showing the movie was not profitable.⁷⁴ In 2001, MGM notified Petrella that the film was unlikely to ever be profitable and stopped sending her financial statements.⁷⁵

In reviewing the District Court’s ruling,⁷⁶ the Ninth Circuit noted a delay is unreasonable if for the “purpose of capitalizing on the value of the alleged infringer’s labor.”⁷⁷ The Ninth Circuit concluded Petrella’s delay in filing suit was unreasonable, as she was found to have delayed suit to exploit MGM’s labor.⁷⁸ The Ninth Circuit thus affirmed the grant of summary judgment,⁷⁹ and Petrella appealed to the Supreme Court.⁸⁰

⁶⁸ *Petrella*, 995 F.3d at 952. In Petrella’s Reply and Response Brief to the Ninth Circuit, she noted “appellees argue Appellant delayed filing this suit until it was profitable and that was the only reason for the delay. The argument makes no sense because the suit was filed at a time Appellees contended the Film was still deeply in debt and despite Appellees telling Appellant the Film would never show a profit.” Paula PETRELLA, Plaintiff-Appellant-Appellee, v. METRO-GOLDWYN-MAYER, INC., et al., Defendants-Appellees-Appellants., 2011 WL 11074199 (C.A.9), 10.

⁶⁹ *Petrella*, 995 F.3d at 952.

⁷⁰ *Id.* at 953-54. MGM allegedly spent \$8.5 million dollars in the United States to market, advertise, and promote the film. *Id.* Additionally, MGM entered into licensing agreements for television networks to show *Raging Bull* through 2015. *Id.*

⁷¹ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 2013 WL 6665055 (U.S.), 6 (U.S., 2013) (Brief for Petitioner). During this time, Petrella was caring for her sick mother and disabled brother, which caused her to live in New York for a year. *Id.* Additionally, her previous attorney’s had a conflict of interest as they also represented Mr. De Niro, who played Jake LaMotto in the movie. *Id.* In a footnote to Petrella’s Brief, she noted her attorney’s might have feared litigation over the movie may harm De Niro’s image and income. *Id.* at 7.

⁷² *Petrella*, 695 F.3d at 950.

⁷³ *Petrella*, 2013 WL 6665055 (U.S.), 6 (Brief for Petitioner).

⁷⁴ *Id.* at 6-7.

⁷⁵ *Id.* In actuality, the film was not very profitable. At the box office, the film made \$23 million with an \$18 million budget. *Raging Bull*, Box Office Mojo, available at: <http://www.boxofficemojo.com/movies/?page=main&id=ragingbull.htm>.

⁷⁶ *Petrella*, 134 S. Ct. at 1971-72 (noting MGM moved for summary judgment based on laches and several other grounds. MGM asserted Petrella’s 18 year delay was unreasonable and prejudicial. In particular, the court stated, MGM had shown “expectations-based prejudice, because the company had made significant investments in exploiting the film; in addition, the court accepted that MGM would encounter “evidentiary prejudice, because Frank Petrella had died and LaMotta, then aged 88, appeared to have sustained a loss of memory.” (internal citations omitted)(internal quotations omitted).

⁷⁷ *Petrella*, 695 F.3d at 953, 956 (citing Judge Hand’s famous quote from *Haas*).

⁷⁸ *Petrella*, 695 F.3d at 953.

⁷⁹ *Id.* at 957.

⁸⁰ *Petrella*, 134 S. Ct. at 1962.

The Supreme Court held *Petrella's* delay in waiting to determine whether the cost of litigation would be worth it was not “untoward,” reasoning the three-year statute of limitation was created for exactly that reason.⁸¹ Though the Supreme Court noted the Ninth Circuit found expectations-based prejudice caused to MGM, they did not go into a prejudice analysis in the opinion.⁸² As such, the Supreme Court reversed and remanded the case, holding MGM could not invoke laches to bar a claim for damages within the statutory period.⁸³ However, the Supreme Court noted laches was still available for equitable claims in “extraordinary circumstances” and clarified the appropriate scope through a synopsis of one case and a parenthetical of another.⁸⁴

F. Cases Presenting Extraordinary Circumstances for Laches as a Defense to Copyright Infringement

The synopsis cited *Chirco v. Crosswinds Communities*, a case where equitable relief would prejudice innocent third parties as opposed to the Defendant.⁸⁵ That case contains an interesting set of facts and circumstances that were not fully revealed in the *Petrella* opinion.⁸⁶

In that case, the Plaintiffs, in conjunction with an architectural firm, created residential developments that sought to maximize space and aesthetics.⁸⁷ The Plaintiffs obtained copyrights for these plans with two developments.⁸⁸ In actuality though, those copyright plans were involved in two copyright infringement suits with the same Defendant.⁸⁹

Glieberman owned the defendant corporation in *Chirco v. Charter Oaks Homes, Inc.*⁹⁰(the “First Lawsuit”), as well as the defendant corporation in *Chirco v. Crosswinds Communities*⁹¹ (the “Second Lawsuit”). The First Lawsuit began with

⁸¹ *Id.* at 1976. “[T]here is nothing untoward about waiting to see whether an infringer's exploitation undercuts the value of the copyrighted work, has no effect on that work, or even complements it. Section 507(b)'s limitations period, coupled to the separate-accrual rule, allows a copyright owner to defer suit until she can estimate whether litigation is worth the candle.” *Id.*

⁸² See *Id.* at 1972.

⁸³ *Id.* at 1972-1977. The Supreme Court cautioned that the District Court on remand should “closely examine MGM's alleged reliance on *Petrella's* delay” also noting “[w]hile reliance or its absence may figure importantly in this case, we do not suggest that reliance is in all cases a *sine qua non* for adjustment of injunctive relief or profits.” *Id.* at 1978-1979.

⁸⁴ *Petrella*, 134 S. Ct. at 1979.

⁸⁵ *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 235-36 (6th Cir. 2007).

⁸⁶ See *Petrella*, 134 S. Ct. at 1966.

⁸⁷ *Chirco*, 474 at 229. The Plaintiffs designed a twelve unit residential building where the front and back of the building were identical with four units on the first floor and eight units on the second floor. *Id.* Six garages were in a row on each side of the building, thereby creating no “back of the building.” *Id.* There were four units on the first floor as well as a row of six single car garages on the first floor at each end of the building. *Id.* “Each of the twelve garages ha[d] direct access to its assigned residential unit without requiring the occupants to go outside or use a common hallway to access their units.” *Id.* at 230.

⁸⁸ *Id.* (noting that those copyrights were obtained on November 28, 1997 through development plans entitled Knollwood Manor and Aberdeen Village).

⁸⁹ *Chirco*, 474 at 234. The first lawsuit was *Chirco v. Charter Oaks*, Case No. 03-74600. The second lawsuit was *Chirco v. Crosswinds Communities*, Case No. 01-71403. *Id.*

⁹⁰ *Chirco v. Crosswinds Communities, Inc.*, 2005 WL 5612069 (C.A.6) (Brief for Appellant).

⁹¹ *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 236 (6th Cir. 2007).

Glieberman constructing a 12 unit condominium development called “Heritage,” which the Plaintiffs asserted infringed on their design.⁹² Three months after learning of the alleged infringement, the Plaintiffs filed the First Lawsuit against Charter Oak Homes, Gliberman, and another entity, alleging copyright infringement, and seeking monetary and injunctive relief.⁹³ Discovery in the First Lawsuit showed Gliberman intended to build another development, Jonathan’s Landing, which Plaintiffs also believed infringed on their design plans.⁹⁴ Two years later, Gliberman and Crosswinds Communities, Inc. began construction of Jonathan’s Landing.⁹⁵ Six months after that, Plaintiffs filed the Second Lawsuit, requesting an injunction to tear down Jonathan’s Landing.⁹⁶ However, at the time of the complaint, there were already “109 individuals or families” actually living in the development.⁹⁷

The Defendant in the Second Lawsuit moved for summary judgment asserting laches as a defense, given the two and a half year delay in filing suit, and the District Court granted the defendant’s motion.⁹⁸ In affirming the District Court’s ruling, the Sixth Circuit compared the prejudice that would arise in granting an injunction to tear down a development where people actually lived to the same kind which Judge Hand remarked “the judicial system should abhor” in *Haas*.⁹⁹ The Sixth Circuit also noted that laches was available as a defense to both equitable and legal relief.¹⁰⁰ However, while the Sixth Circuit affirmed laches as a defense, it was solely for an equitable outcome for those people living in the development that the Plaintiffs sought to tear down.

The Plaintiffs’ appellate brief provides insight as to why their delay was reasonable. In it, they argued the First Lawsuit provided express notice that Plaintiffs would pursue any and all additional copyright infringement claims.¹⁰¹ Furthermore, because Gliberman was a defendant in both the First and Second Lawsuit, he was

⁹² *Chirco*, 474 at 230.

⁹³ *Id.*

⁹⁴ *Id.* Specifically, plaintiffs requested plans for Jonathan’s Landing through a freedom of information request. *Id.* Furthermore, the evidence showed plans for the second project, Jonathan’s Landing, were found in the plaintiff’s files dating from April 16, 2001, showing blatant awareness of the copyright infringement. *Id.*

⁹⁵ *Chirco*, 474 at 230.

⁹⁶ *Id.*

⁹⁷ *Chirco*, 474 F.3d at 230. By the time *Chirco* filed his second lawsuit, “168 of the planned 252 units had been constructed, 141 of them sold, and 109 already occupied by the buyers.” *Id.* Furthermore, the evidence showed plans for the second project, Jonathan’s Landing, were found in the plaintiff’s files dating from April 16, 2001, showing blatant awareness of the copyright infringement. *Id.*

⁹⁸ *Id.* at 230-231. “Plaintiffs have not shown why they did not diligently pursue the claim as to Jonathan’s Landing as early as May 9, 2002, or perhaps earlier. Plaintiffs have not shown that the Jonathan’s Landing case was in fact covered in Case No. 01–71403, a case in which Crosswinds is not a party. There is no mention of the Jonathan’s Landing project in the Amended Complaint. Defendants had no notice that Plaintiffs were going to sue them regarding this project.” *Id.*

⁹⁹ *Id.* at 236.

¹⁰⁰ *Id.* at 234 (quoting *Teamsters & Employers Welfare Trust of Illinois v. Gorman Bros. Ready Mix*, 283 F.3d 877, 881 (7th Cir. 2002)).

¹⁰¹ *Chirco v. Crosswinds Communities, Inc.*, 2005 WL 5612069 (C.A.6) (Brief for Appellant) (noting “[t]he complaint in the First Lawsuit sought relief which gave express notice that Plaintiffs would proceed against the Defendants not only for the original Waterford Condominiums but for any additional development which infringed Plaintiffs’ copyrights).

provided clear notice of their intentions.¹⁰² While the Plaintiffs recognized they could have amended the First Lawsuit complaint to include infringement with Jonathan's Landing,¹⁰³ they asserted this would cause further delay in the First Lawsuit's proceedings.¹⁰⁴ The Plaintiffs further noted that the court took nearly ten months to enter an order on a motion for summary judgment in the First Lawsuit,¹⁰⁵ but then filed the Second Lawsuit a month later.¹⁰⁶ The Plaintiff's brief alleged the complaint for the Second Lawsuit "recognize[d] and relied on," the fact that the first summary judgment motion found Gliberman was jointly and severally liable for the actions of the entities which he controlled.¹⁰⁷ Whether or not that delay was reasonable or "untoward" was barely analyzed by the Sixth Circuit.¹⁰⁸

The *Petrella* opinion also discussed, parenthetically albeit, the case of *New Era Publications Int'l v. Henry Holt & Co.* which presented similar extraordinary circumstances as in *Chirco*.¹⁰⁹ In that case, the Plaintiffs bestowed certain licenses in copyrights they had obtained from L. Ron Hubbard to the Church of Scientology.¹¹⁰ The Defendant published a biography about L. Ron Hubbard, which the Church claimed infringed upon their copyrights.¹¹¹ The Church sued the Defendants for publishing the biography of Hubbard,¹¹² but not until after the book was printed and shipment began.¹¹³ Plaintiffs sought a temporary restraining order ("TRO"), and the District Court denied it based on laches.¹¹⁴ Curiously, the TRO was for prospective relief, in the form of an injunction to stop a second printing of ten thousand additional copies of the book.¹¹⁵ The District Court granted the TRO, but at trial found for the Defendant, concluding that, "if [the P]laintiff delayed for tactical reasons, and the delay resulted in exposing the publisher to extreme and avoidable harm from a temporary order of restraint, [the P]laintiff must bear the consequences of its delay."¹¹⁶

¹⁰² *Id.*

¹⁰³ *Id.* (noting that pursuant to F.R.C.P. 15(c), the claim for Jonathan's Landing would relate back to the date the original complaint was filed, allowing them to amend the First Lawsuit complaint regarding the Charter Oak development).

¹⁰⁴ *Id.* (noting that "moving to amend would likely further delay proceedings and involve additional briefing which would burden the court. Plaintiffs were cognizant of the fact that the District Court had taken months to decide prior motions").

¹⁰⁵ *Id.* The court denied the motion and entered the order on October 10, 2003 finding that Gliberman "controlled and dominated the corporate entities and could be jointly and severally liable for their infringement." *Id.*

¹⁰⁶ *Chirco*, 2005 WL 5612069 (Brief for Appellant) (noting that Plaintiffs filed the Second Lawsuit on November 14, 2003).

¹⁰⁷ *Id.*

¹⁰⁸ *See Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 234-37 (6th Cir. 2007). Their analysis of the reasonableness of the delay was only a restatement of particular facts, followed by a conclusion. *Id.* Their entire analysis on the issue appeared to be a cop-out.

¹⁰⁹ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1978, 188 (2014).

¹¹⁰ *New Era Publications v. Henry Holt and Company, Inc.*, 873 F.2d 576, 577 (2nd Cir. 1988).

¹¹¹ *Id.*

¹¹² *Id.* The book was called *Bare-Faced Messiah: The True Story of L. Ron Hubbard* and was written by Russell Wilson. *Id.*

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *New Era Publications*, 873 F.2d at 577.

¹¹⁶ *New Era Publications, Int'l, ApS v. Henry Holt & Co.*, 684 F. Supp. 808, 811 (S.D.N.Y. 1988). Though purely dicta, the District Court suspected the reason for the Plaintiff's delay in litigation was because the book sold poorly in England, Canada and Australia. *Id.* Furthermore, the court suspected

The Second Circuit affirmed, concluding that requiring the destruction of the entire work would result in undue prejudice to third-parties who pre-ordered the book.¹¹⁷

III. ANALYSIS

This section compares and contrasts the facts and reasoning of the previously discussed cases. This section further compares how *Petrella* relates to engrained equitable principles.

A. New Ways to Determine Prejudice

The Sixth Circuit, in deciding *Chirco*, misstated the evidence regarding the two lawsuits and never noted the delay for the costs of litigation as the Supreme Court did in *Petrella*.¹¹⁸ As Justice Ginsburg stated, there is “nothing untoward” about waiting to ensure that litigation is feasible.¹¹⁹ In *Chirco*, until the project actually began construction, the costs of litigation would not have outweighed the possible benefits.¹²⁰ Furthermore, because the summary judgment motion in the First Lawsuit actually would have provided guidance in the Second Lawsuit against Crosswinds Communities, Inc., the Sixth Circuit should have weighed that fact.¹²¹ Fully assessing the issue of the delay can only benefit judicial economics. Furthermore, the Plaintiff’s appellate brief in *Chirco* argued the defense of unclean hands and that laches is not available as an equitable defense to deliberate infringers: those with unclean hands.¹²² Though it was not yet determined that Jonathan’s Landing infringed on the Plaintiff’s copyrighted designs, the Defendants willfully infringed by constructing Jonathan’s

a suit by the Plaintiffs would draw more attention to the book they saw as unfavorable. *Id.* The book had already been published and released in the United Kingdom, Canada and Australia in fall of 1987. *Id.* at 809. Those publications were met with litigation brought by plaintiff and the Church of Scientology to stop publication on copyright and other grounds. *Id.* For those suits, “applications for preliminary relief were denied in Canada and England. In Australia the plaintiff withdrew its suit.” *Id.* Regardless of the outcome, those filed suits should have provided notice that plaintiff was not sitting on his rights and, like in *Chirco*, the outcome of those suits would provide guidance for litigation the U.S. version.

¹¹⁷ *New Era Publications*, 873 F.2d at 584–85 (noting “it appear[ed] that a permanent injunction would result in the total destruction of the work since it is not economically feasible to reprint the book after deletion of the offending material. Such severe prejudice, coupled with the unconscionable delay already described, mandates denial of the injunction for laches and relegation of New Era to its damages remedy”).

¹¹⁸ See *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 235-36 (6th Cir. 2007).

¹¹⁹ *Petrella*, 134 S. Ct. at 1976

¹²⁰ See *Crosswinds Communities v. Chirco*, 2007 WL 1453836, 13 (Brief in Opposition for Writ of Certiorari) (arguing that “[u]ntil Defendants actually commenced construction, it would have been uneconomical for Plaintiffs to pursue litigation - especially when the rights in the copyrighted plans and architectural works were already being litigated”). Because the land was not at issue, and the suit would be for future improvements to the property, the project needed to begin before the ability to recover meaningful damages presented. This then places future similar copyright holders in a Catch-22 scenario that will only then increase litigation. They will need to file suit on any and all plans that may be infringing in order to ensure their designs are not stolen.

¹²¹ *Chirco*, 2005 WL 5612069 (Brief for Appellant).

¹²² *Chirco*, 2005 WL 5612069 (Brief for Appellant).

Landing while the First Lawsuit was pending because they knew of the similarity of all designs.¹²³ The “cardinal maxim of equity jurisprudence is that he who comes into equity must come with clean hands.”¹²⁴ The Plaintiffs argued the Defendant’s ongoing infringement should have precluded their assertion of laches.¹²⁵ The Sixth Circuit seemed to wholly ignore that argument and merely concluded that Judge Hand and the judicial system “should abhor” the injunctive relief sought by the Plaintiffs.¹²⁶

However, the *Petrella* opinion seemed to discuss *Chirco* solely because innocent third parties would be unduly prejudiced by the equitable relief sought.¹²⁷ Based on its citation in *Petrella*, *Chirco* stands for two notable propositions with laches in copyright infringement claims: (1) that harm, of some degree, to third parties will satisfy the prejudicial aspect of laches;¹²⁸ and (2) that if such prejudice is great, less analysis is needed to determine the reasonableness of the delay.¹²⁹

While Judge Hand would “abhor” the inequity to third parties, courts should still analyze prejudice to the defendants.¹³⁰ The *Chirco* opinion seems to lack actual evidence of prejudice caused to defendants in the delay of filing suit.¹³¹ While the prejudice caused to defendants is unclear, the prejudice caused to third parties, the 109 individuals or families living in Jonathan’s Landing, is certainly clear.¹³² Allowing prejudice to be imputed from third parties to the defendant still respects laches principles.¹³³ This though should still be compared with prejudice caused to the Defendants. The Plaintiffs were previously successful in pursuing a claim against other developers and architecture firms, who were represented by the same lawyers in

¹²³ See *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 230 (6th Cir. 2007).

¹²⁴ *Banks v. Rockwell Intern. North American Aircraft Operations*, 855 F.2d 324 (6th Cir. 1988) (noting the “cardinal maxim of equity jurisprudence is that he who comes into equity must come with clean hands”) (citation omitted). *Chirco*, 2005 WL 5612069 (Brief for Appellants) (arguing the unclean hands doctrine “closes the doors of a court of equity to one tainted with inequitableness or bad faith relative to the matter in which he seeks relief” (citing *Precision Instr. Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 814 (1945))).

¹²⁵ *Chirco*, 2005 WL 5612069 (Brief for Appellants) The brief alleged that the “decision to construct the Howell Condominiums during the pendency of the First Lawsuit was an act of continuing infringement with no deference to the pending action and no apparent concern as to consequences.” Thus because of defendant’s “willful ongoing infringement, and their contempt for the pending court proceedings makes the equitable defense of laches unavailable to them.”

¹²⁶ *Chirco*, 474 F.3d at 236. The Fourth Circuit in addressed the issue of ongoing infringement with laches noting “a prospective injunction is entered only on the basis of current, ongoing conduct that threatens future harm. Inherently, such conduct cannot be so remote in time as to justify the application of the doctrine of laches.” *Lyons P’ship, L.P.*, 243 F.3d at 799. However, the Ninth Circuit holds the opposite. See *Danjaq*, 263 F.3d at 954.

¹²⁷ *Chirco*, 474 F.3d at 236.

¹²⁸ *Id.*

¹²⁹ See *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 235 (6th Cir. 2007).

¹³⁰ See *supra* text accompanying note 20.

¹³¹ *Chirco*, 2005 WL 5612069 (Brief for Appellants). Plaintiff’s brief noted that the complaint in the First Lawsuit made clear that plaintiffs complained not only about the Waterford Condominiums but all other developments based on, or derived from, their Knollwood and Aberdeen copyrights. *Id.* It infers that defendants could not have actually been prejudiced by plaintiffs failing to file suit on the Howell project because defendants were already aware plaintiffs were asserting their rights for any and all projects which infringed upon their copyrighted designs. See *Id.*

¹³² *Chirco*, 474 F.3d at 235.

¹³³ See *Chirco*, 474 F.3d at 236.

both the First and Second Lawsuits.¹³⁴ The Defendants did not take action on a presumed right but took action in face of challenged rights. Based on this, the Sixth Circuit neglected to weigh prejudice with ongoing infringement to determine whether the Defendants were truly prejudiced and thus whether laches applied.

Similarly, the Second Circuit in *New Era Publications* failed to substantially determine why the Defendants were unduly prejudiced.¹³⁵ The Second Circuit was compelled by the fact that the Defendants made clear they would not cooperate with the Plaintiffs after the Plaintiffs notified them of the infringing conduct.¹³⁶ The Second Circuit then speculated that an injunction would result in the destruction of the entire work because it was “not economically feasible to reprint the book after deletion of the infringing material.”¹³⁷ Again, that prejudice analysis focused on third-party buyers of the book. However, the Second Circuit determined prejudice would be caused to the Defendants and third parties if the second printing of the book was stopped.¹³⁸ In so doing, the Second Circuit disregarded the notion that laches is only meant for retrospective relief.¹³⁹ As such, *New Era Publications* stands for the proposition that prejudice caused by prospective relief is appropriate for analysis under laches.

Though laches is not historically a defense for prospective relief, retrospective relief should also provide a means for prospective relief. If the laches defense fails, the plaintiff “regained” the copyright and is free to enforce it.¹⁴⁰ Providing an injunction for prospective relief creates a more judicially efficient means of enforcement. As such, pursuant to *New Era Publications*, actual injury as well as the likelihood of injury can be analyzed for determining prejudice.

B. The Unquestioned Irrelevancy of Notice

The Defendants in *Petrella*, *Chirco*, and *New Era Publications* each had substantial notice that a suit would be brought.¹⁴¹ Likewise, the alleged infringements in all cases were continuing acts of infringement rather than separate acts.¹⁴² The

¹³⁴ *Chirco*, 2005 WL 5612069 (Brief for Appellants).

¹³⁵ *New Era Publications*, 873 F.2d at 584-85.

¹³⁶ *Id.* at 584 (noting “[defendants] had made clear since [defendants] defiant letter in the summer of 1986 that it had no interest either in cooperating with [plaintiff s] or in entering into discussions of infringements. There is no good reason why [plaintiffs] should have waited until May [1988] to seek provisional orders of restraint.”)

¹³⁷ *Id.* (citations omitted).

¹³⁸ *New Era Publications*, 873 F.2d 577.

¹³⁹ *Peter Letterese & Assocs.*, 533 F.3d at 1321 (noting that laches is for retrospective relief by distinguishing it with equitable estoppel).

¹⁴⁰ Thus while laches is designed to provide for retrospective relief, it inherently will provide prospective relief if the laches defense fails. This can thus be provided through, for example, an injunction for future infringement.

¹⁴¹ *See Chirco*, 474 F.3d at 233-236. The Second Circuit and District Court in *Chirco* attempted to “cop out” by noting the defendant corporations were not the same, with full knowledge both corporations were under Gliberman’s control.

¹⁴² *See Petrella*, 134 S. Ct. at 1969 (stating that “[i]t is widely recognized that the separate-accrual rule attends the copyright statute of limitations. Under that rule, when a defendant commits successive violations, the statute of limitations runs separately from each violation. Each time an infringing work is reproduced or distributed, the infringer commits a new wrong. Each wrong gives rise to a discrete ‘claim’ that ‘accrue[s]’ at the time the wrong occurs. In short, each infringing act

courts in both *Chirco* and *New Era Publications* failed to analyze notice when laches is asserted as a defense.¹⁴³ However, as in *Chirco*, the court in *New Era Publications* paid special deference to the fact that undue prejudice would fall upon innocent third parties, the buyers of the books, if the injunction was granted.¹⁴⁴

Apparently, now a copyright holder can delay litigation for any reason and still prevail in obtaining their sought remedy. Furthermore, Justice Ginsburg's use of the term "untoward" only supports this proposition.¹⁴⁵ This contemporary jurisprudence is at odds with the history of what once constituted unreasonable delay. Historically, a delay was considered unreasonable if it exploited the labor of the alleged infringer¹⁴⁶ and reasonable if to justify litigation costs.¹⁴⁷ Differentiating these two simply calls for semantics, because waiting to justify litigation costs requires exploitation of the infringer's labor.¹⁴⁸ However, while courts have the power to make arbitrary differentiations, it muddles the line between what is a reasonable or unreasonable delay. The facts and holdings of *New Era Publications* and *Petrella* evidence this muddling.¹⁴⁹

C. Unclean Hands as a Counter-Defense to Laches

The concurrence in the Ninth Circuit's opinion in *Petrella* brings up a point of analysis that the Supreme Court, the Sixth Circuit in *Chirco*, and the Second Circuit in *New Era Publications* failed to do.¹⁵⁰ The Ninth Circuit noted a laches defense is unavailable to a "willful infringer," or a "deliberate pirate," in Judge Hand's rhetoric.¹⁵¹ Unlike *Petrella*, the facts of *Chirco* and *New Era Publications* clearly indicate that the Defendants probably were "willful infringers," given the previous suits brought against

starts a new limitations period"). Plaintiffs in both *New Era* and *Chirco* allude that because their works were substantially similar or "virtually the same" as works that were already being litigated with the same defendants, those defendants could not assert laches because of their continuing infringement, making them "willful infringers" and thus having their assertion of laches barred by their unclean hands.

¹⁴³ See *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227(6th Cir. 2007); *New Era Publications Int'l, ApS v. Henry Holt & Co.*, 873 F.2d 576 (2d Cir. 1989).

¹⁴⁴ *New Era Publications*, 873 F.2d at 584. (noting that "[a]t the time of the TRO application, 12,000 copies of the book already had been printed, packed and (except for 3,000 copies left on a loading dock) shipped. Review copies had been sent out and a second press run was scheduled for May 6").

¹⁴⁵ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1976 (2014).

¹⁴⁶ *Danjaq*, 263 F.3d at 954 (quoting *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916)).

¹⁴⁷ See *supra* text accompanying note 23.

¹⁴⁸ See *supra* notes 22 and 23 and accompanying text.

¹⁴⁹ In *Chirco*, the plaintiffs were waiting for the summary judgement order on the First Lawsuit to determine how they would proceed in the second lawsuit. *Chirco*, 2005 WL 5612069 (Brief for Appellant). They were not exploiting Glieberman's labor. In *Petrella*, she waited for the movie to become profitable so litigation costs would become justified. In actuality, the delay in *Chirco* appears more historically reasonable than the delay in *Petrella*. *Petrella*, 134 S.Ct. at 1972.

¹⁵⁰ *Petrella*, 695 F.3d at 959

¹⁵¹ *Id.* ("A laches defense is available to an infringer so long as the infringer is not a 'deliberate pirate,' to use Judge Hand's phrase, whom our circuit defines as a 'willful infringer.'" (citing *Danjaq*, 263 F.3d at 956-59)).

them based on substantially similar works and the unique circumstances.¹⁵² As such, notice of a suit, in conjunction with a previous suit for similar conduct, should evidence a defendant's willful infringement.¹⁵³

Because the Defendants in both *Chirco* and *New Era Publications* were actively aware that the Plaintiffs would file suit, they cannot claim prejudice.¹⁵⁴ Furthermore, because *Chirco* and *New Era Publications* indicated the Defendants had unclean hands, and the Second and Sixth Circuit barely mentioned any such prospect, copyright courts in the future should not forget to contemplate whether a defendant does, in fact, have unclean hands.¹⁵⁵ Conversely, the Supreme Court by citing *Chirco* and *New Era Publications* indicated that equity as a whole requires laches to prevail when third parties are injured, regardless of how unclean the defendant's hands are.¹⁵⁶ Courts need to interpret this narrowly to ensure equitable principles are maintained. This reading of the *Petrella* decision ensures that equity will only aid the vigilant, and not give the infringer a free pass.

What is clear from *Petrella* is that injury to third parties will trump the unclean hands doctrine, preventing a plaintiff's counter-defense to laches. While this may seem unfair to future plaintiffs, as they are denied their preferred remedy, it in actuality ensures that greater equity is maintained. To reconcile the willful infringement seen in *Chirco* and *New Era Publications* with historical equitable principles, future courts must strike a balance between the extent of the defendant's willful infringement or unclean hands, and the actual injury to third parties.

Rulings allowing for these extraordinary circumstances incentivizes copyright infringers to act quickly so they can get away with it.¹⁵⁷ Furthermore, because the courts provided money damages in lieu of the equitable relief sought,¹⁵⁸ it still denies the copyright holder of their preferred remedy. This also incentivizes copyright holders to delay initiating litigation because they can purposely exploit the work of another. By extending the common law to only allow equity in claims to aid the vigilant, as the

¹⁵² See *Petrella*, 135 S.Ct. at 1978 (noting that plaintiff sought for an injunction against future infringement which the Supreme Court noted would not result in total destruction of the film, and thus "the circumstances [there] may or may not ([the court] need not decide) warrant limiting relief at the remedial stage, but they are not sufficiently extraordinary to justify threshold dismissal" because the case did not present the undue prejudice or unusual circumstances as noted in *Chirco* or *New Era Publications*)(internal quotations omitted).

¹⁵³ See *Taylor v. Meirick*, 712 F.2d 1112, 1118-19 (7th Cir. 1983) (holding that under the continuing wrong doctrine, only the last such act in a series of infringing acts needs to occur within the three-year statutory period in order for the defendant to be liable for all acts of infringement).

¹⁵⁴ See *supra* text accompanying note 101.

¹⁵⁵ See *Chirco*, 474 F.3d at 230 (mentioning the prior suit in a paragraph but focused on discovery); see also *New Era Publications*, 873 F.2d at 577 (mentioning the previous suits in two lines and noting that both suits were dismissed because of laches in England and Canada and later mentioned in a quote from the District Court). The prior suits were mentioned in greater detail in the District Court opinion. *New Era Publications, Int'l, ApS v. Henry Holt & Co.*, 684 F. Supp. 808, 809-11 (S.D.N.Y. 1988).

¹⁵⁶ See *Petrella*, 134 S. Ct. at 1978 (citing *Chirco* and *New Era Publications*, cases where prejudice caused to all third parties was analyzed).

¹⁵⁷ See *Chirco*, 2005 WL 5612069 (Brief for Appellants).

¹⁵⁸ See *Petrella*, 135 S.Ct. at 1978 (noting that *Chirco* and *New Era Publications* only prevented equitable relief.)

Supreme Court in *Petrella* has, will ensure equitable principles remain truly equitable as Judge Hand determined in *Haas*.¹⁵⁹

IV. PROPOSAL

In evaluating *Petrella*, *Chirco*, and *New Era Publications*, copyright courts should provide clearer guidance to determine when extraordinary circumstances are present in order to allow laches as a defense to copyright infringement. This section further discusses those cases with historical equitable principles and creates a test to ensure the *Petrella* progeny respects historical principles of equity and only allows its use in the most extraordinary circumstances.¹⁶⁰ In the alternative, if courts cannot respect previously defined extraordinary circumstances, Congress should statutorily abandon laches as a defense to copyright infringement.¹⁶¹

A. An Extraordinary Standard

What the Supreme Court did not stress in the *Petrella* decision and what courts need to heed, is that laches is essentially inapplicable¹⁶² as a defense in all copyright infringement claims, both for legal and equitable relief.¹⁶³ In order for courts to not further thwart that principle, they need to adopt the general rule that laches is not a defense to copyright infringement, for both legal and equitable remedies.¹⁶⁴ However,

¹⁵⁹ *Haas*, 234 F. at 108 (stating “[i]t is not its innocence, but the plaintiff’s availing himself of that innocence to build up a success at no risk of his own, which a court of equity should regard. A few weeks’ delay in the case of a song so ephemeral as this may have the same effect as 16 years, when the publication is a legal encyclopedia in 30 volumes”).

¹⁶⁰ See *supra* text accompanying note 36. The Supreme Court in *Petrella* noted that *Chirco* was illustrative of the extraordinary circumstances warranted, “at the very outset of litigation for” “curtailment of the relief equitably awardable.” *Petrella*, 134 S. Ct. at 1977. However, *New Era Publications* only received a parenthetical citation and a “see also” indicating extraordinary circumstances warranted should be closer to the harm in *Chirco*, rather than *New Era Publications*. *Id.* at 1978.

¹⁶¹ *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1985 (2014) (Breyer, dissenting) (noting “[t]he gravamen of laches is the plaintiff’s unreasonable delay, and the consequent prejudice to the defendant” (citing 6 PATRY, COPYRIGHT § 20:54, at 20–96)).

¹⁶² See 29 No. 6 Federal Litigator 5 (noting that after *Petrella*, “laches is essentially unavailable as defense to a claim that is brought during a limitations period allowed by statute” and “would appear to apply with equal force to other litigation contexts”).

¹⁶³ See *Petrella*, 134 S. Ct. at 1977; “A highly unusual set of facts that are not commonly associated with a particular thing or event.” EXTRAORDINARY CIRCUMSTANCE, Black’s Law Dictionary (9th ed. 2009).

¹⁶⁴ See *supra* notes 121105 and 121 and accompanying text. The *Petrella* opinion makes this point clear by first noting that Congress’ three-year statute of limitations left “‘little place’ for a doctrine that would further limit the timeliness of a copyright owner’s suit.” *Petrella*, 134 S. Ct. at 1977 (signaling D. DOBBS, LAW OF REMEDIES § 2.6(1), p. 152 (2d ed. 1993)). However, the dissent in *Petrella* states that that place was important because of “those few and unusual cases where a plaintiff unreasonably delays in bringing suit and consequently causes inequitable harm to the defendant, the doctrine permits a court to bring about a fair result. I see no reason to erase the doctrine from copyright’s lexicon, not even in respect to limitations periods applicable to damages actions.” *Petrella*, 134 S. Ct. at 1986 (Breyer dissenting).

courts should allow an exception for equitable actions with extraordinary circumstances.¹⁶⁵ As the Supreme Court cited in *Petrella*, the facts and results of *Chirco* and *New Era Publications* imply a way to thwart laches' true principle since the defendants were not vigilantes, but willful infringers.¹⁶⁶ Again, equity should just *aid*¹⁶⁷ the vigilant.

Laches can bar an equitable remedy only if the plaintiff's cause of action stood to unduly prejudice multiple third parties, as opposed to just a singular third party.¹⁶⁸ Furthermore, courts must analyze the injury to third parties as a whole, and not just their individual injury. For instance, if there were only ten families to consider in *Chirco*, rather than 109, requiring those ten families to relocate would likely not be the kind of inequity that Judge Hand would "abhor."¹⁶⁹ But, as the facts of *Chirco* were, requiring 109 families or individuals to move creates a much more inequitable situation.¹⁷⁰

Finally, because *Chirco* and *New Era Publications* is sound precedent in the *Petrella* progeny, courts must determine whether the uncleanness of the defendant's hands can outweigh the actual harm caused to third parties.¹⁷¹ If the defendant's hands are unclean, then courts should grant equitable relief.

Accordingly, courts should use the following two-prong test to respect the *Petrella* decision as well as the system of equity: (1) Was there a substantial injury to third parties?; and (2) If so, were the defendant's willful acts of infringement so great that equity requires the substantial injury to third parties be set aside? If question 2 is answered positively, then courts should grant equitable relief. If not, then courts should deny equitable relief and allow a legal remedy in its place.

B. How That Test Would Affect New Era Publications

Applying this test to *New Era Publications* would likely cause the Second Circuit to reach the same decision, but to a lesser extent. Recall in that case, the Second

¹⁶⁵ *Petrella*, 134 S. Ct. at 1977.

¹⁶⁶ See *Chirco*, 2005 WL 5612069 (Brief for Appellants); *New Era Publications Int'l, ApS v. Henry Holt & Co.*, 873 F.2d 576, 584 (2d Cir. 1989).

¹⁶⁷ [emphasis added].

¹⁶⁸ See *Chirco*, 474 F.3d at 230, 35-36. The Sixth Circuit continued to emphasize the multiple innocent third parties living in Jonathan's Landing. However, because they characterized it as "109 individuals or families" it diminished the impact as an actual number of innocent third parties could not be apprehended. *Id.* However, there still was no mention about the ability of the First Lawsuit providing precedent for the Second Lawsuit, which may have justified the Plaintiff's delay had the Sixth Circuit noted that fact. *Id.*

¹⁶⁹ See *supra* note 36 and 60 and accompanying text.

¹⁷⁰ *Chirco*, 474 at 230 (noting that causing 109 families or individuals to move out of their homes if the equitable relief plaintiff sought in *Chirco* was granted, was exactly the kind of inequity "Judge Hand cautioned in *Haas* and which the judicial system should abhor." *Chirco*, 474 F.3d at 236.

¹⁷¹ Given the Supreme Court cited two cases that each had prior suits about the same copyrighted work, they knew the cleanliness of the defendants hands would become a factor, somehow, in deciding what presents extraordinary circumstances. See *Peter Letterese & Assocs.*, 533 F.3d at 1321; see *supra* text accompanying note 59; See also *Petrella*, 134 S. Ct. at 1978 (noting "[a]llowing *Petrella's* suit to go forward will put at risk only a fraction of the income MGM has earned during that period and will work no unjust hardship on innocent third parties, such as consumers who have purchased copies of *Raging Bull*." (drawing an analogy to *Chirco*, 474 F.3d, at 235-236)).

Circuit noted that when the TRO was filed, 12,000 copies of the book were printed, packed, and shipped.¹⁷² By shifting and stating the focus of the analysis from the harm caused to the Defendant from the delay, to the actual harm to third parties, this case would likely result the same.¹⁷³ The facts make clear that people avidly wanted to read the book given the request for an additional printing.¹⁷⁴ As such, there was substantial harm done to third parties. Then, if the Second Circuit weighed the prejudice caused to third parties to the willfully infringing actions of the Defendant.

Additionally, recall in *New Era Publications* that the Defendants emphasized that they had no interest in cooperating or entering into discussion about the infringements.¹⁷⁵ As such, the Defendants clearly did not have clean hands and knew that the book they were publishing contained infringing material. Under the facts, the Second Circuit determined the delay was prejudicial, but this fact actually indicates the uncleanness of the hands of the Defendant's, showing willful infringement.¹⁷⁶ If willful infringers are able to claim laches, it only further incentivizes people to "try to get away with it" instead of going through the proper creative and legal channels for future profit.¹⁷⁷ Again, laches has not and cannot be used as a means to thwart the ramifications of copyright infringement.¹⁷⁸

¹⁷² *New Era Publications Int'l, ApS v. Henry Holt & Co.*, 873 F.2d 576, 584 (2d Cir. 1989). Review copies were also sent out and a second press run was scheduled. *Id.* It is interesting the court pointed this out as since the second press run was only scheduled, no actual injury occurred and thus, prospective and not retrospective relief was indicated. Again, laches is designed for retrospective relief. See *supra* text accompanying note 59.

¹⁷³ See *New Era Publications*, 873 F.2d at 577 (noting that by the time litigation was initiated "defendant had published the book, having printed and packed 12,000 copies, and having sent out review copies on April 27. With the exception of 3,000 copies that a trucker had failed to collect and which were waiting on the loading dock, the first printing had been shipped beyond the publisher's control. To fill additional orders, Holt had scheduled a second print run for May 6") (citing to *New Era Publications International, ApS v. Henry Holt and Co.*, 684 F.Supp. 808, 809-10 (S.D.N.Y.1988)).

¹⁷⁴ *New Era Publications*, 873 F.2d at 577.

¹⁷⁵ *Id.* at 584.

¹⁷⁶ See *Id.* at 577. By quoting the District Court, the Second Circuit blamed the problems on the plaintiffs. The Second Circuit opinion quoted part of the District Court opinion that noted that "[never did the plaintiff take sufficient steps to obtain a copy of the book to determine whether it differed from the books published in England, Australia, and Canada. Never did the plaintiff ask Holt when it would be published. *Id.* The plaintiff did not take any legal step until May 4 [1988] when it sought the temporary restraining order." *Id.* (citing to *New Era Publications International, ApS v. Henry Holt and Co.*, 684 F.Supp. 808, 809-10 (S.D.N.Y.1988)).

¹⁷⁷ *Michael A. CHIRCO and Dominic Mocerri, Plaintiffs-Appellants, v. CROSSWINDS COMMUNITIES, et al., Defendants-Appellees.*, 2005 WL 5612069 (C.A.6) (noting that "[d]efendants proceeded with construction of the Howell Condominiums for the same reason they continued with the construction of the Waterford Condominiums: they wanted to build as many infringing condominiums as possible and garner as much profit as possible before the District Court could render a judgment against them").

¹⁷⁸ See *Williams v. Int'l Ass'n of Machinists & Aerospace Workers*, 484 F. Supp. 917, 920 (S.D. Fla. 1978) *aff'd sub nom. Williams v. Int'l Ass'n of Machinists & Aerospace Workers*, 617 F.2d 441 (5th Cir. 1980) (noting that "[n]o rule is more settled than that equity aids only the vigilant. Equity discourages delay in the enforcement of rights, as nothing but good conscience, good faith, and diligence justify its action. It will not restore opportunities or renew possibilities that have been lost by neglect, ignorance, or even want of means. Rather, equity will remain passive, granting no aid to a complainant, even though he might have been entitled to such relief had he acted with reasonable diligence").

C. Not Respecting What “Extraordinary” Means

If courts do not properly weigh the defendant’s willful infringement with the third parties’ injury, then they should not allow laches as a defense to copyright infringement. The test to define extraordinary circumstances will be difficult in future claims. Any more deviations, or exceptions to the historical elements of laches would cause laches to be unrecognizable. Furthermore, as the Supreme Court noted in *Petrella*, holding laches further would be “legislation-overriding.”¹⁷⁹ As such, if confusion remains, Congress should clarify their views on equitable defenses through amending the Copyright Act. Recall, while those were considered in debate of the 1976 Copyright Act, a mention of laches was not included.¹⁸⁰ Those reports just noted that “courts generally do not permit the intervention of equitable defenses or estoppel where there is a [statute of] limitation[s].”¹⁸¹ Since there was never a Congressional decision about the issue, Congress should clarify the use of laches in copyright infringement cases, and to what extent.

V. CONCLUSION

As this article discussed, modern copyright courts will have a difficult time allowing for the use of laches as a defense in the face of a short statute of limitations. But as the Supreme Court and other courts noted, there is a means to reconcile both equitable defenses to ensure an equitable decision. By maintaining the extraordinary circumstances limitation, equity can continue to only “aid the vigilant.”¹⁸²

¹⁷⁹ See *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962, 1974-75 (2014); 29 No. 6 Federal Litigator 5.

¹⁸⁰ See *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946, 958 (9th Cir. 2012) rev’d, 134 S. Ct. 1962 (2014).

¹⁸¹ See *Petrella*, 695 F.3d at 958.

¹⁸² *Ikelionwu v. United States*, 150 F.3d 233, 237 (2d Cir. 1998) (citations omitted).