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Resetting the Doomsday Clock: Is It Constitutional for Laches to Bar Copyright Infringement Claims within the Statute of Limitations?

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NOTE

Resetting the Doomsday Clock: Is it Constitutional for Laches to Bar Copyright Infringement Claims Within the Statute of Limitations?

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INTRODUCTION

For the *Watchmen*, the Doomsday Clock was reset[1]—midnight suddenly became January 6, 2009. Warner Brothers and 20th Century Fox, two major movie studios, were scheduled to begin trial that day over who owned the rights to the movie *Watchmen*.[2] The dispute centered around a complex Hollywood contractual mechanism called "turnaround." When rights to dormant film projects are sold to another studio, the original studio has the option to take back the film for itself if the new studio has changed anything about the film (such as a new director, plot line, or starring actor).[3]

The rights to *Watchmen* were first placed into turnaround by Fox in 1991.[4] For the next fourteen years, the rights were sliced up, passed around,

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1 The Doomsday Clock, a metaphorical invention of the Bulletin of the Atomic Scientists, measures "how close humanity is to catastrophic destruction—the figurative midnight." Bulletin of the Atomic Scientists, Doomsday Clock Overview, http://www.thebulletin.org/content/doomsday-clock/overview (last visited Apr. 15, 2009). The Doomsday Clock is a recurring element in *Watchmen*, a graphic novel adapted into a movie. *See generally* ALAN MOORE, WATCHMEN (DC Comics 1986).

2 *Order Re* Motion to Dismiss, Twentieth Century Fox Film Co. v. Warner Bros. Entm't, CV08-0889 (C.D. Cal 2008) (denying Warner Brothers Motion to Dismiss and setting a trial date); Michael Cieply, *'Watchmen' Shows Messy Side of Super Life*, N.Y. TIMES, Oct. 2, 2008, http://www.nytimes.com/2008/10/02/movies/02watch.html (indicating the initial trial date of January 6, 2009).

3 Michael Cieply, *The Murky Side of Movie Rights*, N.Y. TIMES, Aug. 23, 2008, at B5, *available at* http://www.nytimes.com/2008/08/24/business/media/24steal.html?ref=business. The film *Michael Clayton* was ultimately reacquired and produced by Castle Rock because of such changed elements: George Clooney was cast as the title character subsequent to a turnaround. *Id.*

4 *Id.*

and recombined in a complex series of turnarounds.[5] Warner Brothers ended up with the rights—or so the studio thought—and spent $100 million shooting the movie.[6] Fox then claimed that its rights under a 1994 turnaround were violated, while Warner claimed that it notified Fox of the impending production of *Watchmen* in 2005 and that Fox waived its turnaround option.[7]

This kind of dispute is common in Hollywood and is usually resolved with a quick settlement;[8] but when Fox filed suit against Warner Brothers and the court denied Warner Brothers's motion to dismiss, the parties prepared for a protracted battle.[9] Fox claimed its lawsuit was about protecting its intellectual property rights, not money.[10] Meanwhile, Warner Brothers continued to advertise the film, including showing critics extended clips from the finished movie days after the motion was denied, and spent over $100 million finishing the movie as the parties entered the beginning phases of discovery.[11] The judge initially indicated that if Fox were to win, its remedy would likely be an injunction barring Warner Brothers from releasing *Watchmen*.[12] In such an event, Warner Brothers' remaining options would be costly: buy the rights from Fox from a near-powerless negotiating position or not release the movie.

Then, the seemingly impossible happened: the parties reached a

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5 *Compare* Complaint, Twentieth Century Fox Film Co. v. Warner Bros. Entm't, No. CV08-0990, (C.D. Cal. Feb. 8, 2008), 2008 WL 887552 *and* Answer, Twentieth Century Fox Film Co. v. Warner Bros. Entm't, No. CV08c-00889 (C.D. Cal. Aug. 27, 2008), 2008 WL 4064970.

6 Michael Cieply, *Studio War Involving 'Watchmen' Heats Up*, N.Y. TIMES, Aug. 30, 2008, at B7.

7 *Id.*

8 Cieply, *supra* note 3. The same judge hearing the *Watchmen* dispute presided over a similar case in 2005. There, a dispute over the rights to the *Dukes of Hazzard* ended with an injunction against Time Warner, followed by a $17.5 million settlement and the film's release. Michael Cieply, *Fox Allowed to Press Warner Over Rights to 'Watchmen'*, NEW YORK TIMES, Aug. 19, 2008, at C2, *available at* http://www.nytimes.com/2008/08/19/business/media/19movie.html.

9 *Order Re* Motion to Dismiss, Twentieth Century Fox Film Co. v. Warner Bros. Entm't, CV08-0889 (C.D. Cal 2008) (denying Warner Brothers Motion to Dismiss and setting a trial date).

10 *See, e.g.*, Michael Cieply, *Battle Over 'Watchmen' Surrounds a Producer*, N.Y. Times, Sept. 20, 2008, at B7 ("But Fox executives . . . were put off by what they saw as Warner's failure to take their claims seriously, and delivered a shock by filing suit in February.").

11 Cieply, *supra* note 6 (noting that Warner Bros. had spent $100 million and completed filming *Watchmen*); Cieply, *supra* note 2 ("Judicial advice notwithstanding, Zack Snyder, the film's director, on Wednesday showed nearly 30 minutes of the film to about 60 journalists. . . ."); Joint Rule 26(f) Report, Twentieth Century Fox Film Co. v. Warner Bros. Entm't, No. CV08-0889 (C.D. Cal. Feb. 8, 2008), 2008 WL 4064971 at 18 (creating a schedule for discovery).

12 Cieply, *supra* note 2.

settlement agreement.[13] Under the terms of the settlement, Warner Brothers was permitted to release its film as planned—without a Fox logo attached—while Fox received upfront cash payments estimated between $5 million and $10 million, a small share in the film's worldwide revenues, and gross participation in future spinoffs and sequels.[14]

Although Fox and Warner Brothers found a solution that benefitted them both, Warner Brothers could have defeated Fox outright with the equitable doctrine of laches,[15]—a defense so controversial that it is not available in some circuits.[16] Warner Brothers had asserted this defense in its pretrial pleadings, but the parties settled before the judge ruled on its use.[17] While Warner Brothers ultimately did not rely on the defense of laches, this case illustrates the pivotal role that such a defense could have in the realm of high-stakes copyright litigation.

This Note argues that the use of laches to bar a copyright infringement claim within the three-year statute of limitations period is unconstitutional under due process and separation of powers, and is contrary to the doctrine's history and congressional intent. Part I examines the history of law and equity, focusing on equity's migration from the ancient King's courts to the modern American legal system. Part II explains statutes of limitation and the doctrine of laches, generally and in the copyright infringement context, and identifies constitutional concerns about applying laches within the statute of limitations. Part III traces the application of laches to bar copyright infringement actions in the various circuits, focusing specifically on the Eleventh Circuit's use of laches in the copyright infringement context. Part IV argues that the courts' use of laches within the three-year statute of limitations is unconstitutional under due process and separation of powers concerns, and is contrary to congressional intent and the doctrine's history. Because the circuits are split, with some ignoring

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[13] Michael Fleming & David McNary, *WB, Fox Make Deal for 'Watchmen,'* VARIETY, Jan. 15, 2009, http://www.variety.com/article/VR1117998665.html?categoryid=13&cs=1.

[14] Fleming & McNary, *supra* note 13.

[15] Laches is Law French for "remissness" or "slackness," and is "the equitable doctrine by which a court denies relief to a claimant who has unreasonably delayed in asserting the claim, when that delay has prejudiced the party against whom relief is sought." BLACK'S LAW DICTIONARY 891 (8th ed. 2004).

[16] *See* WILLIAM F. PATRY, 6 PATRY ON COPYRIGHT § 20:55 (Thomas Reuters/West 2008).

[17] *See* Joint Rule 26(f) Report, Twentieth Century Fox Film Co. v. Warner Bros. Entm't, No. CV08-0889 (C.D. Cal. Feb. 8, 2008), 2008 WL 4064971 at 8 ("(k) Are Fox's claims barred by the doctrines of estoppel and laches since it was publicly known since October 2005 that *Watchmen* was being developed at WBP and yet Fox made no effort to assert its purported rights until almost two years later, after WBP and its co-financiers and partners, which include Paramount and Legendary Pictures, had invested significant sums developing the picture, requested a cost run from Fox, and was offered the title rights to *Watchmen* by Fox?").

Congress's legislation concerning the issue, Supreme Court intervention is necessary to resolve the dispute.

I. LAW AND EQUITY

Laches is a doctrine of equity. To understand laches, one must understand the complex historical relationship between law and equity.

A. *Historical Origins*

In the beginning there was law. When the Normans conquered England in 1066 AD, a set of courts was created to resolve disputes.[18] These courts—King's Bench, Common Pleas, and Exchequer—administered law and equity together.[19] Over time, the courts became more professional and bureaucratized, resulting in a formalistic system of justice controlled by precedent.[20] Appeals to justice and fair treatment fell on deaf ears.[21] Consequently, an alternate dispute resolution system developed called chancery, known today as equity, where justice trumped precedent.[22] One of the most noticeable differences in the newly separate system of equity was that its administrators were often clergymen.[23]

Over time the two legal systems converged. The strict legal rules were relaxed in law courts, while the freewheeling nature of equity began to coalesce into formal practices.[24] After a showdown between the common law courts and Chancery in 1616, these two courts began to operate as one comprehensive legal system.[25]

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18 *See* ARTHUR TAYLOR VON MEHREN & JAMES RUSSELL GORDLEY, THE CIVIL LAW SYSTEM: AN INTRODUCTION TO THE COMPARATIVE STUDY OF LAW 12 (2d ed. 1977).

19 *See* F.W. MAITLAND, EQUITY AND THE FORMS OF ACTION 1-7 (A.H. Chaytor & W.J. Wittaker eds., Cambridge Univ. Press 1916 (1909).

20 *See generally* Michael Lobban, *Preparing for Fusion: Reforming the Nineteenth-Century Court of Chancery Part I*, 22 LAW & HIST. REV. 389 (2004) (discussing the status and state of English equity practice in the 1800s).

21 *See id.*

22 *See* Fry v. Porter, (1670) 86 ENG. REP. 898, 902 (Ch.) ("[I]f there be equity in a case, that equity is an universal truth, and there can be no precedent in it."). This tradition was soon lost. Sir William Blackstone noted in the mid-century that precedent had leaked into equity, and Charles Dickens utilized that fact a century later as a plot device in his book *Bleak House*. *See* BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 432 (Oxford: Clarendon Press, 1765) *available at* http://avalon.law.yale.edu/18th_century/blackstone_bk4ch33.asp (last visited Apr. 15, 2009).

23 *See* Timothy S. Haskett, *The Medieval English Court of Chancery*, 14 LAW. & HIST. REV. 245, 247 (1996).

24 WILLIAM HOLDSWORTH, A HISTORY OF ENGLISH LAW 461-62 (7th ed. 1966) (1903).

25 *Id.* at 461-63. King James I issued an order on July 26, 1616 that recognized the legitimacy of equity and forced law courts to respect a chancery order enjoining a litigant

B. *Law and Equity in America*

The War of Independence rejected many British ideas, but equity was not one of them. The Constitution specifically mentions equity and the Supreme Court has identified American equity as comparable—but not identical—to what the High Court of Chancery in England enforced.[26] The major difference is American equity's more legal flavor; its ecclesiastic lineage was disregarded by the first American chancellors, lawyers with antagonistic feelings toward the British Crown's chancellor-clergymen.[27]

Today, law and equity in the United States have been merged by the Federal Rules of Civil Procedure.[28] However, the merger was not completed by this single act. The merger is an evolving process in which law and equity still maintain distinctive characteristics. The extent and consequences of the merger continue to draw the attention of academics and the courts.[29]

C. *The Effect of Merger on Remedies*

A number of courts have opined that the merger of law and equity suggests that any formal separation is anachronistic.[30] Still, equitable defenses are generally limited to areas where the law has not spoken. The old equitable maxim "equitas sequitur legem" has been reformatted for modern times: "a court in equity may not do that which the law forbids."[31] As a general rule, equity will not act "wherever the rights or the situation of the parties are clearly defined and established by law."[32]

This general rule leaves little room for equity to work. Some courts, wishing to grant a remedy that the law prohibits, have ignored the general

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from appearing before the law court. *Id.*

26 U.S. CONST. art. III, § 2 (extending judicial power to "all Cases, in Law and Equity, arising under this Constitution . . . ."); *see also* Bein v. Heath, 53 U.S. 168, 178 (1851) (linking American equity jurisdiction with British equity jurisdiction); *see* John R. Kroger, *Supreme Court Equity, 1789-1835, and the History of American Judging*, 34 HOUS. L. REV. 1425, 1440-71 (1998) (describing the Supreme Court's understanding of equity).

27 *See* Robert von Moschzisker, *Equity Jurisdiction in the Federal Courts*, 75 U. PA. L. REV. 287, 288-89 (1927) (describing how early American colonists were antagonistic to the Crown's chancellors).

28 FED. R. CIV. P. 2.

29 *See* Symposium, *Modern Equity*, 56 LAW & CONTEMP. PROBS. 1 (1993).

30 *See, e.g.*, Byron v. Clay, 867 F.2d 1049, 1052 (7th Cir. 1989) (Posner, J.) ("[W]ith the merger of law and equity, it is difficult to see why equitable defenses should be limited to equitable suits any more . . . ."); *see also* Edward Yorio, *A Defense of Equitable Defenses*, 51 OHIO ST. L.J. 1201 (1990) (defending expanding equitable defenses to law).

31 United States v. Coastal Ref. & Mktg, Inc., 911 F.2d 1036, 1043 (5th Cir. 1990).

32 Hedges v. Dixon County, 150 U.S. 182, 192 (1893) (pre-merger of law and equity); *see* Reno v. Bossier Parish School Bd., 520 U.S. 471, 485 (1997) (post-merger of law and equity).

rule and used equity to circumvent the law. This widespread practice has created a new equitable maxim: "a court in equity *might not* do that which the law forbids."[33]

II. LACHES AND THE STATUTE OF LIMITATIONS IN THE COPYRIGHT INFRINGEMENT CONTEXT

A. *The Statute of Limitations*

A statute of limitations is a creation by a lawmaking body to bar claims after a certain time period. It is a value judgment, marking when the interests in protecting colorable claims are overtaken by the interests in barring the prosecution of stale claims.[34] Statutes of limitations serve a number of purposes: (1) they provide peace of mind to potential defendants by releasing them from the specter of potential liability; (2) they prevent fraud by barring the prosecution of claims on evidence that has been degraded or lost; (3) they enhance commercial intercourse by preventing the disruption of litigation; and (4) they test whether claims are meritorious by encouraging diligent prosecution.

The statute of limitations for copyright infringement is three years.[35] This time limit was created in a 1957 amendment to the Copyright Act in order to promote uniformity and certainty about copyright infringement claims.[36] Prior to then, courts looked to the state statutes of limitations to determine when to bar a claim. This encouraged forum shopping because different time periods applied depending on where the claim was brought.[37]

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33 *See In re* Saxman, 325 F.3d 1168 (9th Cir. 2003) (discussing limited exception in bankruptcy to general rule barring discharge of student loan debt). The court held that the equitable power prescribed in the Bankruptcy Act regarding student loan debt could not expand or exceed statutory criteria; otherwise equitable power would eviscerate statutory provisions. *Id.* at 1173-74.

34 United States v. Kubrick, 444 U.S. 111, 117 (1979) ("'[T]he right to be free of stale claims in time comes to prevail over the right to prosecute them . . . .'") (quoting Order of R.R. Tel. v. Railway Express Agency, 321 U.S. 342, 349 (1944)); *see also* Ivani Contracting Corp. v. City of New York, 103 F.3d 257, 259 (2nd Cir. 1997) ("The first attempt at legislating a period of limitations is found in the statute of 32 Henry VIII (1541) and was restricted to actions involving real property. It was superseded by the statute of 21 James I, ch. 16 (1624), extending the limitation to personal actions as well as real. Modern statutes of limitations trace directly back to 1624, and embody the notion that fixing the periods for bringing damages actions is a legislative function that imposes certainty and predictability upon how long a defendant should be subject to suit.").

35 17 U.S.C. § 507(b) (2002).

36 An Act to Amend Title 17 of the United States Code Entitled "Copyrights" to Provide for a Statute of Limitations with Respect to Civil Actions, PUB. L. NO. 85-313, 71 Stat. 633 (1957), (codified as amended at 17 U.S.C. § 507(b)).

37 Auscape Int'l v. Nat'l Geographic Soc'y, 409 F. Supp. 2d 235, 245 (S.D.N.Y. 2004) ("[T]he goal of a uniform three year limitations period was to remove the uncertainty concerning timeliness that had plagued the copyright bar.").

The committee reports to the 1957 amendments to the Copyright Act specifically mention this concern when creating the three-year statute of limitations.[38]

Although Congress has explicitly created a three-year statute of limitations, the issue of timeliness remains nebulous because colorable claims may be barred by laches before the three-year time limit expires. Further confusing the issue, the circuits enforce laches unevenly and, in some cases, not at all.

B. *Laches*

The defense of laches first arose in equity when remedies were not bound by statutes of limitations.[39] The defense is premised on the maxim that equity aids the vigilant and discourages those who sleep on their rights.[40] It operates as an equitable version of the statute of limitations—enforcing a "use it or lose it" philosophy to waiting claims. However, laches is distinct from statutes of limitations in its focus. Statutes of limitations are a legislative policy determination that the public interest is served by dismissal of a time-barred claim, operating without regard to the instant situation; laches is an equitable doctrine focusing on the individual interests of the parties.[41] The Supreme Court justified the doctrine on a number of grounds:

> The doctrine of laches is based upon grounds of public policy, which requires for the peace of society the discouragement of stale demands; and where the difficulty of doing entire justice by reason of the death of the principal witness or witnesses, or from the original transactions having become obscured by time, is attributable to gross negligence or deliberate delay, a court of equity will not aid a party whose application is thus destitute of conscience, good faith, and reasonable diligence.[42]

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38 1957 Statute of Limitations Amendment to the Copyright Act, S. Rep. No. 85-1014, 85th Cong., 1st Sess. 12, *reprinted in* 1957 U.S.C.C.A.N. 1961, 1961-62 ("[Applying state limitations periods] leads to quite a diversity of statutes of limitations with regard to copyrights. . . . This in turn also permits 'forum shopping' by claimants.").

39 2 John Pomeroy, Equity Jurisprudence, §§ 418-19a (5th ed. 1941).

40 Jarrow Formulas, Inc. v. Nutrition Now, Inc., 304 F.3d 829, 835 (9th Cir. 2002).

41 Robinson v. Weaver, 550 S.W.2d 18, 20 (Tex. 1977) ("Statutes of limitations are not directed to the merits of any individual case, they are a result of legislative assessment of the merits of cases in general. The fact that a meritorious claim might thereby be rendered nonassertible is an unfortunate, occasional by-product of the operation of limitations.").

42 Mackall v. Casilear, 137 U.S. 556, 566 (1890); *see* Schroeder v. Schlueter, 407 N.E.2d 204, 207 (Ill. App. Ct. 1980).

C. *Laches Within the Statute of Limitations*

Enforcing laches within the statute of limitations raises serious Constitutional questions regarding separation of powers and due process.[43]

1. *Separation of Powers.* The U.S. Constitution separates its power into three coordinating branches: the legislative, with the power to create law; the executive, with the power to approve and execute law; and the judiciary, with the power to expound and enforce law.[44] Each branch defines its powers within its constitutional sphere, and is entitled to great deference from the other branches.[45] With respect to the relationship between the judicial and legislative branches, the Supreme Court has made it clear that when a law is unambiguous and constitutional, "the sole function of the courts is to enforce it according to its terms."[46] The courts are not allowed to trespass into the domain of Congress by abridgment, amendment, or alteration of legislative enactments.[47]

Statutes of limitation are created by the legislature while laches is enforced by the judiciary. When Congress has created an explicit and unambiguous period of limitation and a court undercuts that period by enforcing laches within the time limit, then that court is acting unconstitutionally.

Some courts have dealt with this issue by creating a rebuttable presumption against laches when a claim is filed within the statute of limitations.[48] Other courts use the statute of limitations as a guide in evaluating the laches defense, but warn that the statute of limitations is not

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43 These Constitutional questions have caused one commentator, William Patry, to vigorously attack the use of laches within the statute of limitations period in his treatise. 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 20:55 (2008). The entry begins: "the availability of laches for conduct occurring within the limitations period is impermissible." *Id.*

44 *See generally* U.S. CONST.

45 United States v. Nixon, 418 U.S. 683, 703 (1974) ("[I]n the performance of their assigned constitutional duties[,] each branch of government must initially interpret the Constitution, and the interpretation of its powers by any branch is due great respect from the others."); Hillis v. State, Dept. of Ecology, 131 Wash. 2d 373, 390 (Wash. 1997) ("Just because we do not think the legislators have acted wisely or responsibly does not give us the right to assume their duties or to substitute our judgment for theirs. The judiciary is the branch of government that is empowered to interpret statutes, not enact them.").

46 Caminetti v. United States, 242 U.S. 470, 485 (1917).

47 *See* MCI Telecomm. Corp. v. Am. Tel. & Tel. Co., 512 U.S. 218 (1994).

48 This applies most strongly to statutory remedies. Lyons P'ship. v. Morris Costumes, Inc., 243 F.3d 789, 797-99 (4th Cir. 2001) (stating that judicially created doctrines, such as laches, should not be used to undermine legislatively crafted remedies). However, this principle was questioned in *Teamsters & Employers Welfare Trust of Ill. v. Gorman Bros. Ready Mix*, 283 F.3d 877, 881 (7th Cir. 2002) (arguing that courts do not reject the application of equitable principles to lengthen limitation periods and that a double standard should not be applied).

necessarily conclusive.[49] Still others only allow laches to bar relief for past infringement, holding it inapplicable to prospective relief.[50] In contrast, some courts allow laches to bar equitable relief even though legal relief for the same violation would not be barred.[51]

The Supreme Court has consistently upheld Congress's absolute power to set a statute of limitations. The Court has been extremely clear: "If Congress explicitly puts a limit upon the time for enforcing a right which it created, there is an end of the matter. The Congressional statute of limitation is definitive."[52] The Court has also recognized that applying laches within a statute of limitations would frustrate the will of the legislature.[53]

2. *Due Process of Law.* The Fifth Amendment of the U.S. Constitution guarantees due process whenever a governmental action deprives a citizen of life, liberty, or property.[54] A person at risk of a governmental taking of property must be afforded an opportunity to meet the government's case at a meaningful time and in a meaningful manner.[55]

The holder of a copyright has a property interest in enforcing that copyright. Like other property owners, the holder of a copyright has the right to exclude others from using it.[56] Inherent in that right is the time limit

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49 Goodman v. McDonnell Douglas Corp., 606 F.2d 800, 804-05 (8th Cir. 1979) (stating that the running of the analogous statute of limitations is merely one factor to be considered).

50 Bellsouth Adver. & Publ'g Corp. v. Am. Bus. Lists, Inc., WL 338392, at *6 (N.D. Ga. Sept. 8, 1992).

51 Holmberg v. Armbrecht, 327 U.S. 392, 396 (1946); *In re* Marriage of Plescia, 69 Cal. Rptr. 2d 120, 124-25 (Cal. Ct. App. 1997) (holding that defense of laches was available notwithstanding the legislature's abolition of a statute of limitations). The California legislature has limited *Plescia.* CAL. FAM. CODE § 4502(c) (West 2004) (precluding laches unless claim is brought by government entity); *see also* County of Oneida, N.Y. v. Oneida Indian Nation, 470 U.S. 226, 244 n.16 (1985) ("[A]pplication of the equitable defense of laches in an action at law would be novel indeed.").

52 *Holmberg*, 327 U.S. at 395. However, the court also noted that equitable tolling doctrines are read into every federal statute of limitation. *Id.* at 397. Between those two statements, the one quoted has received widespread support and the second statement should be considered erroneous. *See* Kratochvil v. Motor Club Ins. Ass'n, 588 N.W.2d 565 (Neb. 1999) (valuing a statute of limitations tailored specifically to claims arising from uninsured motorist coverage by the Nebraska legislature over a general statute of limitations).

53 *Oneida Indian Nation*, 470 U.S. at 262 (Stevens, J., concurring and dissenting) (noting that application of laches "would not risk frustrating the will of the Legislature" because there was no Congressionally-created statute of limitations controlling the claims at issue).

54 U.S. CONST. amend. V ("[N]o state shall deprive any person of life, liberty, or property without due process of law."). This right has been incorporated to the states through the Fourteenth Amendment. *See* Kelo v. City of New London, 545 U.S. 469 (2005) (identifying that the Fourteenth Amendment incorporates the Fifth Amendment's due process clause to the states).

55 *See, e.g.*, Mathews v. Eldridge, 424 U.S. 319 (1976).

56 17 U.S.C. §§ 201(a)-201(e) (2006) (establishing ownership of copyright and unlimited

in which the right can be brought.[57]

Courts have found that shortening the time available to a Constitutionally-guaranteed remedy violates due process. For example, the Ohio Constitution guarantees its courts to be open to remedy by due course of law—a provision that is analogous to the Fifth Amendment.[58] In *Brennaman, v. R.M.I. Co.*, the Ohio Supreme Court held that a law creating a ten-year statute of repose for certain negligence claims arising from constructing property improvements violated the due process provision of the Ohio Constitution.[59] The court was worried that the claimant would be unable to discover the injury prior to the ten-year limitation.[60] The court held that the Ohio due process clause requires "the plaintiffs have a reasonable period of time to enter the courthouse to seek compensation after the accident."[61] Although *Brennaman* overruled an earlier decision of the Ohio Supreme Court, it was not an aberrant one. The court struck down another attempt to create statutes of repose five years later.[62]

D. *The Application of Laches*

The circuits that allow the defense of laches follow a similar construction of the elements, but how each element is applied varies.[63] To assert the defense, the plaintiff must prove that the defendant knew of the violation but chose to withhold suit.[64] Courts consider three elements: (1) whether there was a delay, (2) whether the delay was unreasonable, and (3) whether the defendant was prejudiced.[65]

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alienability of the copyright interest); 17 U.S.C. §§ 501(a)-501(f)(2) (2006).

57 17 U.S.C. §§ 501(a)-501(f)(2) (2006).

58 OHIO CONST. art. 1, § 16; Ohio Valley Radiology Assocs., Inc. v. Ohio Valley Hosp. Ass'n, 502 N.E.2d 599 (Ohio 1986) ("Both the Fourteenth Amendment to the United States Constitution and Section 16, Article I of the Ohio Constitution guarantee due process of law . . . .").

59 Brennaman v. R.M.I. Co., 639 N.E.2d 425, 430-31 (Ohio 1994). A statute of repose is different from a statute of limitations because the statute of limitations runs from when the cause of action accrues; the statute of repose runs from an event that may occur before the cause of action accrues. *Id.* at 431 (Moyer, C.J., dissenting).

60 *Id.* at 430. The claimant in the instant case both discovered the injury and filed suit in the eleventh year. *Id.*

61 *Id.*

62 *Brennanman*, 639 N.E.2d at 430 (overruling Sedar v. Knowlton Constr. Co., 551 N.E.2d 938 (Ohio 1990)); State *ex rel.* Ohio Acad. of Trial Lawyers v. Sheward, 715 N.E.2d 1062, 1085-86 (Ohio 1999) (rejecting the General Assembly's attempt to create statutes of repose limiting product liability, professional malpractice, and medical malpractice claims).

63 To prevent frustration, it is helpful to remember that "equity eschews mechanical rules; it depends on flexibility." *Holmberg v. Armbrecht*, 327 U.S. 392, 396 (1946).

64 Danjaq LLC v. Sony Corp., 263 F.3d 942, 952-55 (9th Cir. 2001).

65 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.06 (2004); *see, e.g.*, Thornton v. J. Jargon Co., 580 F. Supp. 2d 1261, 1268 (M.D. Fla. 2008) (analyzing the laches defense using three elements). Some courts combine the first and second

For the first element of delay, some commentators believe the clock starts contemporaneously with the infringing act that prompted the lawsuit.[66] However, some courts do not start the clock until the plaintiff has actual or constructive knowledge of the infringing act.[67]

For the second element of reasonableness, courts examine the cause of the delay.[68] If the plaintiff delayed in order to exhaust administrative remedies, to evaluate and prepare a complicated claim, or to determine whether the cost of litigation was justified by the infringement—or if the work was not being exploited by the defendant during this period—then the court will likely find the delay reasonable.[69] Conversely, if the plaintiff is using the delay as a pretext to judge the commercial viability of the underlying copyright, then the court will likely find the delay unreasonable.[70] As Judge Learned Hand described in a seminal quotation:

> It must be obvious to every one 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. Delay under such circumstances allows the owner to speculate without risk with the other's money; he cannot possibly lose, and he might win.[71]

For the third element of prejudice, courts characterize prejudice as evidentiary or expectations-based.[72] Evidentiary prejudice occurs when the

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elements, considering them together as "unreasonable delay." *See, e.g.*, Sherry Mfg. Co. v. Towel King of Fla., Inc., 1983 WL 1155, at *6 (S.D. Fla. 1983) (analyzing the laches defense using two elements).

66 NIMMER & NIMMER, *supra* note 65 (comparing laches with the statute of limitations as both measure from the time of the infringing act).

67 *See, e.g.*, Baker Mfg. Co. v. Whitewater Mfg. Co., 430 F.2d 1008, 1011 (7th Cir. 1970) (noting that laches requires express or implied acquiescence in the alleged wrong, and that the acquiescence must be predicated on express or implied knowledge).

68 *Danjaq*, 263 F.3d at 954.

69 NIMMER & NIMMER, *supra* note 65.

70 Haas v. Leo Feist, Inc., 234 F. 105, 108 (S.D.N.Y. 1916) ("[The plaintiff's] knowledge of the proposed infringement went back to December, and debars him from any profits whatever, since the defendant did most of its exploitation after that time."); Kepner-Tregoe, Inc. v. Executive Dev., Inc., 79 F. Supp. 2d 474, 487-88 (D.N.J. 1999) (holding delay unreasonable because the plaintiff had previously accused defendant of copyright infringement 14 years earlier and thus was under a duty to monitor the allegedly infringing work). *But see* Boothroyd Dewhurst, Inc. v. Poli, 783 F. Supp. 670, 680-81 (D. Mass. 1991) (holding delay reasonable because the defendant's infringing activities escalated during the delay period), *and* MacLean Assocs., Inc. v. Wm. M. Mercer-Meidinger-Hansen, Inc., 952 F.2d 769, 780 (3rd Cir. 1991) (finding that the Copyright Act does not impose upon the plaintiff a continuing duty to discover copyright infringements).

71 *Haas*, 234 F. at 108.

72 NIMMER & NIMMER, *supra* note 65.

delay results in loss of records, destruction of evidence, fading memories, or unavailability of witnesses.[73] Expectations-based prejudice occurs when the defendant acts in reliance on the assumption that his rights in the infringing material are good and settled.[74]

III. THE APPLICATION OF LACHES TO BAR COPYRIGHT INFRINGEMENT ACTIONS IN THE VARIOUS CIRCUITS

A. *Laches in the Eleventh Circuit*

The Eleventh Circuit affirmed the availability of laches in a recent landmark opinion, *Peter Letterese & Associates, Inc. v. World Institute of Scientology Enterprises.*[75] In this case, the dispute arose over a book by Les Dane entitled *Big League Sales Closing Techniques.*[76] The founder of Scientology, L. Ron Hubbard, began incorporating portions of the book into public and private Scientology courses and even hired Dane to teach several of them.[77] After Dane's death, Peter Letterese acquired the rights to *Big League Sales.*[78] Eventually, Letterese sued the Church of Scientology for

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73 *Id.*

74 *See Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 955 (9th Cir. 2001) (finding both kinds of prejudice supported laches when witnesses had died and the defendant had invested $1 billion in the James Bond franchise). *But see* Loew's, Inc. v. Columbia Broad. Sys., Inc., 131 F. Supp. 165 (S.D. Cal. 1955) (rejecting the laches defense because the defendant knew he was infringing when he produced the television show and thus was not prejudiced).

75 *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters.*, 533 F.3d 1287, 1294 (11th Cir. 2008). Letterese has since been cited positively by the Eleventh Circuit in Stuart Weitzman, LLC v. Microcomputer Res., Inc., 542 F.3d 859, 867 n.9 (11th Cir. 2008) (citing Letterese for the proposition that "laches may provide an equitable defense even to timely filed infringement actions under extraordinary circumstances.").

76 *Letterese*, 533 F.3d at 1294.

77 *Id.* at 1294-95.

78 *Id.* at 1295. Shortly after Letterese acquired the rights to the book, he was excommunicated from Scientology for violating presumably unrelated Church policies. Interestingly, he continued to regard himself as a Scientologist and his publishing house's attorney emphasized its intention not to stop Scientology's use of the book. *Id.* at 1295-96. Since the decision in this case barring their claim, Peter Letterese and Assocs. have filed a civil suit almost too fantastic to believe. Seeking damages under every provision of RICO, Letterese claims that "not only CSI and Bridge but the American Arbitration Association, prominent lawyers and their firms, Tom Cruise, Google, Yahoo!, CDI's former employees, [attorneys representing the defendants], various members of the dental industry, a competitor of Plaintiffs in the dental industry known as Dentaltown.com LLC, and David Cornell, a former client of Letterese and resident of Toronto," along with 3,238 individual co-conspirators, are engaged in a fourteen-year, ten-phase conspiracy committed to "defamation, setting up websites, unsuccessfully attempting to induce Letterese to act against the interests of his copyright licensor, seducing courts to ignore or misinterpret evidence, harassing the plaintiffs in litigation . . . . and general dirty tricks." Motion to Dismiss, Letterese v. The Church of Scientology Int'l, Inc. (S.D. Fla. 2008) (No. 08-CIV-61109), 2008 WL 3991844.

copyright infringement.[79]

The final section of the opinion affirms the district court's summary judgment for the Church of Scientology on the defense of laches.[80] The court notes that the circuits are split on whether laches is available within the three-year statute of limitations for copyright infringement, and that this question is one of first impression in the Eleventh Circuit.[81] The court could not bring itself to answer that question with an absolute "no," answering instead with a presumptive "no:" "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."[82] The court also limited the utility of laches to barring retrospective damages, not prospective relief.[83]

Although the issue of laches operating within the statute of limitations was a question of first impression, district courts in the Eleventh Circuit have quietly applied a perfunctory treatment to this issue for nearly half a century.

In 1965, a district court in Florida noted in dicta that, irrespective of the three-year statute of limitations, inexcusable delay resulting in prejudice could support a defense of laches.[84] The same district court cited that case nearly six years later when it rejected a laches defense in *Sherry Manufacturing Co. v. Towel King of Florida, Inc.*, in 1971.[85] A district court in Georgia joined the Florida court eighteen years later when it rejected a laches defense to a preliminary injunction in *Georgia Television Co. v. TV News Clips of Atlanta, Inc.*, in 1989.[86] *Sherry Manufacturing* and *Georgia Television* are notable because they implicitly recognize the availability of laches by rejecting it on the merits.[87]

The Eleventh Circuit backed away from this implicit recognition,

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79 *Letterese*, 533 F.3d at 1297.

80 *Id.* at 1319.

81 *Id.*

82 *Id.* at 1320. This "extraordinary circumstances" part has been used by a District Court in Wisconsin in denying a security bond because the court cannot conclude the plaintiff's case is frivolous—laches likely will not bar the claim because it is not extraordinary. Rudich v. Metro Goldwyn Mayer Studio, Inc. (W.D. Wis. 2008), 2008 WL 4693409. In that case, the plaintiff brought suit twenty years after the original infringement—when the movie was released on videocassette—but contends that a recent DVD release within the statute of limitations created new media and is a separate act of infringement. *Id.*

83 *Id.* at 1321.

84 Key West Hand Print Fabrics, Inc. v. Serbin, Inc., 244 F. Supp. 287, 291 (S.D. Fla. 1965).

85 *Sherry Mfg. Co., v. Towel King of Fla., Inc.*, 1983 WL 1155 (S.D. Fla. 1983).

86 *Georgia Television Co. v. TV News Clips of Atlanta, Inc.*, 718 F. Supp 939 (N.D. Ga. 1989).

87 *Id.* The plaintiff delayed filing suit only a few months after obtaining knowledge of the copyright infringement. *Id.*

however, when a laches issue reached the court in 2002. In *Calhoun v. Lillenas Publishing*, the composer of a musical work sued for copyright infringement.[88] The court affirmed summary judgment against the plaintiff on the merits of the case in a per curiam opinion.[89] In a concurring opinion spurred by the "perfect storm" of facts in the case, Judge Birch wrote to identify an alternative basis for affirming the district court: unreasonable delay.[90] He began by noting that using unreasonable delay to bar a copyright infringement action with a bona fide claim of independent creation is one of global first impression.[91] He asserted that he was not applying a laches analysis, instead analyzing the case as a declaratory judgment action.[92] Why Judge Birch was so adamant in distinguishing his analysis from a laches analysis becomes clear in the next sentence:

> Moreover, this avoids the need to embrace one side or the other in applying the laches defense. The circuits are split on whether it is appropriate to consider a laches defense where an infringement action is brought within the statutory three-year period of limitations.[93]

Remarkably, Judge Birch neglects to cite any of the previous district court decisions implicitly recognizing laches. Despite Judge Birch's caution in approaching the issue, lower courts in the Eleventh Circuit continued to implicitly recognize laches and ignore the existence of a circuit split on the issue.[94]

Four years after Judge Birch's identification of a circuit split, a lower court took notice. In *Oravec v. Sunny Isles Luxury Ventures L.C.*, a district court in Florida denied the laches defense because the defendants had not shown inexcusable delay or undue prejudice.[95] This time, the court identified a circuit split, but followed Judge Birch's lead in not embroiling the Eleventh Circuit: "The Eleventh Circuit has yet to address the

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88 *Calhoun v. Lillenas Publ'g*, 298 F.3d 1228 (11th Cir. 2002).

89 *Id.* at 1235.

90 *Id.* at 1235 (Birch, J., concurring).

91 *Id.*

92 *Id.* at n.3.

93 *Id.*

94 *See, e.g.*, Home Design Servs., Inc. v. Hibiscus Homes of Fla., Inc., No. 603CV1860 ORL19KRS, 2005 WL 3445522, at *8 (M.D. Fla. 2005) (ordering summary judgment against defense of laches because plaintiff merely neglected to discover the infringement, which is not sufficient to establish laches, and defendant was not severely prejudiced by the delay); *see also* Home Design Servs., Inc. v. Park Square Enters., Inc., No. 6:02-CV-637-ORL28JGG, 2005 WL 1027370, at *9, (M.D. Fla. May 2, 2005) (finding that a delay of less than one year in filing suit is not unreasonable and thus cannot support a laches defense).

95 *Oravec v. Sunny Isles Luxury Ventures L.C.*, 469 F. Supp. 2d 1148, 1177 (S.D. Fla. 2006).

subject."[96]

Shortly thereafter, the Eleventh Circuit addressed the subject in *Thompson v. Looney's Tavern Productions, Inc.*.[97] In a case about whether a number of screenplays infringed on the books upon which they were based, the court entered into a laches analysis:

> Appellant had known of Defendants' alleged plans to make a movie since 1992, yet waited until May of 2001 to file this lawsuit. Appellant was equitably estopped from now claiming that Defendants' conduct was infringing. Appellant's delay was inexcusable and prejudicial to the Defendants and therefore, her claim was barred by laches. *See* Danjaq LLC v. Sony Corp., 263 F.3d 942, 950-51 (9th Cir. 2001) ("To demonstrate laches, the defendant must prove both an unreasonable delay by the plaintiff and prejudice to itself.").[98]

In 1971 in *Prather v. Neva Paperbacks*, the court considered the mirror image of the availability of laches.[99] Rather than asking the court to shorten the statute of limitations, the plaintiff in *Prather* asked the court to extend it under a local rule.[100] The court declined to do so, relying on the legislative history of the three-year statute of limitations for copyright infringement.[101]

The court noted that there was no statute of limitations on copyright infringement suits before 1957.[102] This encouraged forum shopping, because there was a wide divergence between the circuits as to when claims would be time-barred.[103] In passing 17 U.S.C. § 115(b), Congress acted to provide a uniform statute of limitations throughout the United States.[104] Although the court found a reference to recognizing "equitable considerations of the locality" in the committee report, the court refused to allow that statement to undercut the very purpose of § 115(b).[105] The court wrote:

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96 *Id.* at 1176-77.

97 *Thompson v. Looney's Tavern Prods., Inc.*, 204 Fed. App'x. 844 (11th Cir. 2006).

98 *Id.* at 852.

99 *Prather v. Neva Paperbacks, Inc.*, 446 F.2d 338, 339 (5th Cir. 1971). The Eleventh Circuit was created on Oct. 1, 1981 from the former Fifth Circuit. THE BLUEBOOK: A UNIFORM SYSTEM OF CITATION, R. 10.8.2, at 96 (Colum. L. Rev. Ass'n et al. eds., 18th ed. 2005). Decisions of the Fifth Circuit issued prior to that date are binding as precedent in the Eleventh Circuit. *See* Bonner v. City of Prichard, 661 F.2d 1206, 1207 (11th Cir. 1981).

100 *Prather*, 446 F.2d at 339. The local rule is the Florida Blameless Ignorance rule. *Id.*

101 *Id.* at 339-40 (citing 17 U.S.C. § 115(b) (current version at 17 U.S.C. § 507(b) (2006))).

102 *Id.*

103 *Id.*

104 *Id.* at 339-40.

105 *Id.* at 340.

> These equitable considerations must be derived from general principles applicable to every federal forum, not those peculiar to a local jurisdiction, if the announced purpose of providing a uniform limitations period throughout the United States is to be achieved. In short, the federal statute seeks to nationalize the copyright statute of limitations, but if each state can fetter, condition, and entail its effect, we end with a parochial instead of a national statute. We refuse to so frustrate the Congressional goal of homogeneity.[106]

Despite this refusal in 1971, the Eleventh Circuit chose to disrupt Congressional homogeneity in 2008 when it implicitly followed *Thompson* in allowing laches to bar claims in copyright infringement actions in *Letterese*.[107]

B. *Laches in the Ninth Circuit*

The Ninth Circuit clarified the role of laches in the copyright context in *Jackson v. Axton*, where the court reconciled precedent—but without citing any supporting authority for its conclusion—by writing, "laches may apply whether or not any statutory limitations period runs."[108] A later court expanded this seemingly simple statement by moving laches within the statute of limitations: "a copyright holder would be vulnerable to the laches defense if he had knowledge of a planned infringement more than three years prior to filing his action, even if he complied with the statute of limitations by filing less than three years after the infringement actually began."[109]

What makes this statement especially confusing is that the Ninth Circuit deferred to Congress's statute of limitations seven years earlier in a case arising under the Age Discrimination in Employment Act (ADEA):

> The district court barred the remainder of [the plaintiff]'s ADEA claims under the equitable defense of laches. This was error because the doctrine of laches is inapplicable when Congress has provided a statute of limitations to govern the action. Because Congress provided a statute of limitations to govern ADEA actions, [Plaintiff's] ADEA claims cannot be barred by laches.[110]

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106 *Id.*

107 Peter Letterese & Assocs. v. World Inst. of Scientology Enters., 533 F.3d 1287, 1320 (11th Cir. 2008).

108 Jackson v. Axton, 25 F.3d 884, 888 (9th Cir. 1994), *overruled on other grounds by* Fogerty v. Fantasy, Inc., 510 U.S. 517 (1994).

109 Kling v. Hallmark Cards, Inc., 225 F.3d 1030, 1039 (9th Cir. 2000).

110 Miller v. Maxwell's Int'l, Inc., 991 F.2d 583, 586 (9th Cir. 1993) (citation omitted).

Despite this clear deference to Congress, the Ninth Circuit declined to mention *Miller* and instead followed *Kling* when it enforced laches within the statute of limitations in *Danjaq LLC v. Sony Corp.*[111] There, the court found that the "extraordinary delay and the extraordinary prejudice to [the defendant]" warranted enforcing laches, citing language from a prior case outside the copyright context.[112]

C. *Laches in the Eighth Circuit*

The Eighth Circuit bars the use of laches within the statute of limitations. In *Ashley v. Boyle's Famous Corned Beef Co.*, the Eighth Circuit used separation of powers to hold that federal courts cannot "apply laches to bar a federal statutory claim that is timely filed under an express federal statute of limitations."[113]

D. *Laches in the Second Circuit*

Ashley was adopted by the Second Circuit in *Ivani Contracting Corp. v. City of New York.*[114] There, the court noted its long history of not recognizing laches within the statute of limitations as a defense in other contexts before resting on the separation of powers concern in *Ashley.*[115]

E. *Laches in the Fourth Circuit*

The leading case in the Fourth Circuit is *Lyons Partnership v. Morris Costumes*, where the plaintiff sued to prevent the defendant from making look-alike costumes of Barney, the purple dinosaur.[116] The court held that laches can never bar a statutorily timely copyright infringement claim.[117] The court rested its decision on an extended discussion of the separation of

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111 Danjaq LLC v. Sony Corp., 263 F.3d 942 (9th Cir. 2001). In many circuits, because one panel cannot overrule another, a subsequent contrary opinion would be held as nugatory. *See, e.g.*, 6TH CIR. R. 206(c) (1998) ("Reported panel opinions are binding on subsequent panels. Thus, no subsequent panel overrules a published opinion of a previous panel."). The Ninth Circuit has no such rule. *See* 9TH CIR. R. 36-1 to R. 36-3 (2008).

112 *Danjaq*, 263 F.3d at 954, (citing Telink, Inc. v United States, 24 F.3d 42 (9th Cir. 1994)). Ironically, the *Telink* decision contains strong language that cuts against enforcing laches within the statute of limitations, like "[g]enerally speaking, if Congress has provided a specific limitations period, a court should not apply laches," *Id.* at 45 n.3, and "[i]n the absence of a specific limitations period, however, a court may draw on an analogous statute of limitations in determining whether laches may apply within a given period." *Id.* at 45.

113 Ashley v. Boyle's Famous Corned Beef Co., 66 F.3d 164, 170 (8th Cir. 1995) (en banc).

114 Ivani Contracting Co. v. City of New York, 103 F.3d 257, 260-61 (2nd Cir. 1997).

115 *Id.* at 260. The Second Circuit has cited *United States v. Mack*, 295 U.S. 480 (1935), exclusively for the proposition that laches cannot bar a timely filed claim.

116 Lyons P'Ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789, 795-96 (4th Cir. 2001).

117 *Id.* at 797.

powers:

> [B]ecause laches is judicially created doctrine, whereas statutes of limitations are legislative enactments, it has been observed that "[i]n deference to the doctrine of the separation of powers, the [Supreme] Court has been circumspect in adopting principles of equity in the context of enforcing federal statutes." Consequently, when considering the timeliness of a cause of action brought pursuant to a statute for which Congress has provided a limitations period, a court should not apply laches to overrule the legislature's judgment as to the appropriate time limit to apply for actions brought under the statute. Separation of powers principles thus preclude us from applying the judicially created doctrine of laches to bar a federal statutory claim that has been timely filed under an express statute of limitations.[118]

The Fourth Circuit joins the Eighth Circuit and Second Circuit as the minority of circuits that never allow laches to preclude timely copyright infringement claims.[119]

F. *Laches in other circuits*

The availability of the defense of laches within the statute of limitations in copyright infringement actions has been addressed in other circuits, but those circuits have given the issue cursory or erroneous treatment.

One example of cursory district court treatment is *John G. Danielson v. Winchester-Conant Properties*, where a district court in the First Circuit denied summary judgment on the defense of laches in a footnote because there was no unreasonable delay in filing suit.[120] The court did not reference the circuit split. An example of erroneous treatment from the same court is *Boothroyd Dewhurst v. Poli*, where the court denied the defendant's summary judgment motion by ruling, *inter alia*, that laches did not bar the plaintiff's claims because his four-year delay in filing suit was

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118 *Id.* at 798 (citations omitted).

119 *See* Ashley v. Boyles's Famous Corned Beef Co., 66 F.3d 164, 168-70 (8th Cir. 1995) (en banc). Consequently, *Lyons* has received a chilly reaction in the other circuits and has never been cited positively. Peter Letterese and Assocs., Inc. v. World Inst. of Scientology Enters., Int'l, 533 F.3d 1287, 1320 (11th Cir. 2008) (disagreeing with *Lyons*); Chirco v. Crosswinds Cmtys., 474 F.3d 227, 231-36 (6th Cir. 2007) (declining to follow *Lyons*), TMTV Corp. v. Pegasus Broad. of San Juan, 490 F. Supp. 2d 228, 234 (D.P.R. 2007) (same); Magic Kitchen LLC v. Good Things Int'l Ltd., 153 Cal. App. 4th 1144, 1156-59 (Cal. Ct. App. 2007) (same); Danjaq LLC v. Sony Corp., 263 F.3d 942, 959-60 (9th Cir. 2001) (distinguishing Lyons); Gucci Am., Inc. v. Daffy's Inc., 354 F.3d 228, 237-39 (3rd Cir. 2003) (same).

120 John G. Danielson, Inc. v. Winchester-Conant Props., Inc., 186 F. Supp. 2d 1, 26 n.5 (D. Mass. 2002).

not unreasonable.[121] In its application of laches, the court did not note any circuit split, relied on a case from the Court Of Appeals for the Federal Circuit for the elements of laches, and analogized the instant case to a vacated patent case from the federal circuit where the plaintiff delayed eight years before filing suit.[122]

An example of cursory circuit court treatment is *Candle Factory v. Trade Associates Group* out of the Fourth Circuit.[123] In this case, the plaintiffs delayed a year before filing for a preliminary injunction.[124] The court applied a laches analysis, finding that the plaintiff's delay was justified and the delay did not prejudice the defendant.[125] However, the court failed to identify it as a laches analysis; the word is not mentioned anywhere in the opinion.[126]

IV. ANALYSIS

The use of laches to bar a copyright infringement claim within the three-year statute of limitations period is unconstitutional because it denies due process to litigants and ignores the separation of powers. Additionally, the use of laches in this manner is a misapplication of the doctrine and antithetical to congressional intent. Only Supreme Court intervention can resolve the circuit split and correct the misapplication of laches and abrogation of Congress's explicit statute of limitations.

A. *Due Process*

Enforcing the doctrine of laches within the statute of limitations violates due process because it is a governmental taking without just

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121 Boothroyd Dewhurst, Inc. v. Poli, 783 F. Supp. 670, 680-81 (D. Mass 1991), *superseded by statute*, Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 132, 102 Stat. 3935 (1988), *as recognized* in Kasco Corp. v. General Servs., Inc., 905 F. Supp. 29 (D. Mass. 1995).

122 *Id.* at 680. The case cited for the elements of laches was Meyers v. Brooks Shoe Inc., 912 F.2d 1459, 1461 (Fed. Cir. 1990). The patent case analogized to the case *sub judice* was *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, No. 90-1137, 1991 WL 62407 (Fed. Cir. 1991). A month after the *A.C. Aukerman* opinion was reported, it was vacated and withdrawn after a rehearing in banc. *Id.* The *Boothroyd Dewhurst* opinion cited *A.C. Aukerman* when it was bad law, a month after it was vacated and withdrawn.

123 Candle Factory v. Trade Assocs., 23 Fed. App'x. 134 (4th Cir. 2001).

124 *Id.* at 137.

125 *Id.* at 138-39.

126 *See generally* Candle Factory, Inc. v. Trade Assocs. Group, Ltd., 23 Fed. App'x. 134 (4th Cir. 2001). Three and a half months later, the Fourth Circuit overruled itself by holding that, as a matter of law, "[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. v. Morris Costumes, Inc., 243 F.3d 789, 799 (4th Cir. 2001).

compensation and it violates the plaintiff's right to procedural due process. A holder of a copyright has a property interest in enforcing that copyright—if enforcement were not one of the sticks in the copyright bundle, the copyright itself would be worthless.[127] When the holder of that copyright is denied the ability to enforce that copyright because of a government action without the opportunity to meet the government's case at a meaningful time and in a meaningful manner, there has been a taking worthy of compensation.

The right to enforce a copyright exists for three years past the date of infringement. When a court enforces laches within the three-year statute of limitations period, it is taking the right to enforce a copyright without compensation. The court has taken a viable right to enforcement and extinguished it because it believes that the public would benefit from the discouragement of stale claims and that the individual interests of the defendant outweigh the plaintiff's right to enforcement. In other words, the court is taking the plaintiff's property because enforcing that right would be bad for the public—the essence of a taking.

Additionally, the court is making a determination that enforcing the copyright would not "promote the Progress of Science and useful Arts," the Constitution's stated purpose for copyright law.[128] Copyright law is grounded in considering what would be best for the public-at-large. When the court makes a decision to take someone's property because it would be best for the public, the court has taken the property and should compensate the plaintiff.

Enforcing laches within the three-year statute of limitations also violates the plaintiff's right to procedural due process. A person at risk of a governmental taking must be afforded an opportunity to meet the government's case at a meaningful time and in a meaningful manner. Congress has mandated the length of the meaningful time—within three years.[129] When a court extinguishes the plaintiff's right to recovery prior to the three-year time limit, that court is denying the plaintiff the right to be heard at a meaningful time. This violates the plaintiff's right to procedural due process.

The Ohio Supreme Court found a procedural due process violation when the legislature attempted to deny plaintiffs a reasonable period of time

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127 Kristine S. Tardiff, *Analyzing Every Stick in the Bundle: Why the Examination of a Claimant's Property Interests Is the Most Important Inquiry in Every Fifth Amendment Takings Case*, FED. LAWYER, Oct. 2007, at 30, 31 ("Property, in the constitutional sense, is frequently described conceptually as a 'bundle of sticks,' with each stick in the bundle representing a different right that is inherent in the ownership of the physical thing that we typically think of as property, such as a 'parcel of land.'").

128 U.S. CONST. art. I, § 8 cl. 8.

129 17 U.S.C. § 507(b) (2006).

to enforce their rights. The court held that a law creating a ten-year statute of repose for certain negligence claims arising from constructing property improvements violated the due process provision of the Ohio Constitution, a provision guaranteeing a reasonable period of time to seek compensation—akin to the 5th Amendment.[130]

There is a stronger case for a procedural due process violation when a court exercises laches within the statute of limitations. Unlike the Ohio case in which the legislature had to guess what a reasonable period of time would be, here the court knows that a reasonable period of time to bring a claim is three years. A court enforcing laches within the three year statute of limitations is doing the same thing that the Ohio legislature attempted to do: bar plaintiffs from enforcing their rights by creating an unreasonable time limit in which to bring claims. A court enforcing laches is actually creating an even more unreasonable time period than the Ohio legislature attempted to create because there is no bright line. The equitable nature of laches precludes any notice to future plaintiffs about exactly what the time limit is, and thus works even more unfairness than the Ohio's ten-year statute of repose.

B. *Separation of Powers*

Enforcing laches within the statute of limitations violates the separation of powers because the court is trespassing into the domain of Congress by amending a legislative enactment.

Congress has created an explicit statute of limitations for copyright infringement at 17 U.S.C. § 507(b): "No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." By setting the limitation period at three years, Congress made a judgment call. Congress believed that a three-year statute of limitations was the best period of time to provide peace of mind to potential defendants by releasing them from liability and to prevent fraud by barring claims based on degraded evidence while allowing potential plaintiffs enough time to discover the infringement and bring suit. It believed that three years properly balanced protecting colorable claims with barring stale claims. A court enforcing laches within the three-year statute of limitations undercuts Congress's decision; in essence, the court redraws the statute of limitations contrary to the expressed will of Congress. This replaces a legislative policy judgment with the will of the court and is unconstitutional.

Several circuits have recognized that they cannot spurn Congress's

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130 *See* Ohio Valley Radiology Assocs., Inc. v. Ohio Valley Hosp. Ass'n, 502 N.E.2d 599, 604-05 (Ohio 1986); OHIO CONST. Art. I § 16.

legislative determination that any copyright infringement claim is timely if filed within three years. The Eighth Circuit noted that a statute of limitations reflects a legislative value judgment that the Court is not allowed to change.[131] The Fourth Circuit follows the same reasoning, holding that separation of powers principles would be offended if a judicially created rule, laches, overpowered a statutory timeliness provision.[132]

Other circuits have enforced laches within the statute of limitations period. Those circuits are in error. For example, the Ninth Circuit allowed laches to bar a timely copyright infringement claim in *Danjaq*.[133] This decision created a strange alternate dimension, where copyright law is exempt from legal precedent. Eight years earlier, the Ninth Circuit correctly refused to enforce laches within the Age Discrimination in Employment Act's statute of limitations in *Miller*.[134] It is unclear why the Ninth Circuit declined even to mention *Miller* when deciding *Danjaq*.[135]

Still other circuits attempt to remedy the separation of powers concern by creating a rebuttable presumption against laches when a claim is filed within the statute of limitations, using the statute of limitations as a guide when evaluating a laches defense, or only allowing laches to bar relief for past infringement. These watered-down laches analyses are still unconstitutional. Laches itself violates the separation of powers.

The elements of laches compel courts to act as a legislature and to make policy determinations. To apply laches, a court must determine how long of a delay is unreasonable and if the defendant suffers too much prejudice from the delay. These are the same determinations that Congress made when it passed 17 U.S.C. § 507(b) and set the statute of limitations at three years. Any time a court substitutes its own judgment for the legislature's by enforcing laches within the statute of limitations, it is unconstitutional regardless of how deferential the analysis is to the statute of limitations.

The Supreme Court has been extremely clear when talking about the separation of powers in this context: "If Congress explicitly puts a limit upon the time for enforcing a right which is created, there is an end of the

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131 *See* Ashley v. Boyle's Famous Corned Beef Co., 66 F.3d 164, 170 (8th Cir. 1995).

132 *See* Lyons P'ship v. Morris Costumes, Inc., 243 F.3d 789, 799 (4th Cir. 2001).

133 *See* Danjaq LLC v. Sony Corp., 263 F.3d 943, 953-54 (9th Cir. 2001).

134 *See* Miller v. Maxwell's Int'l, Inc., 991 F.2d 583, 586 (9th Cir. 1993).

135 Miller does not necessitate that Danjaq reached the wrong conclusion, but it does make clear that Danjaq was wrong in its grounds for the decision. The court could have utilized equitable estoppel, acquiescence, or waiver to bar a noncontinuing act of infringement within the limitations period. *See* 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 20:55 (2008).

matter. The Congressional statute of limitation is definitive."[136] The Court has recognized that enforcing laches within Congress's statute of limitations frustrates the will of Congress.[137] This use is unconstitutional.

C. *Misapplication of the Doctrine*

When applying laches, courts rely on its moralistic heritage: "[A] court of equity will not aid a party whose application is thus destitute of conscience, good faith and reasonable diligence."[138] Judge Learned Hand applied laches because delaying a suit to gamble with the defendant's money is unfair.[139] The court in *Key West Hand Print Fabrics, Inc. v. Serbin, Inc.* refused to consider laches because the defendant was a deliberate infringer and thus had unclean hands.[140] The courts' obsession with morality in equity ignores the American development of equity in lieu of the old country's system.

Equity in the United States has distanced itself from its ecclesiastical British namesake. American equitable justice is doled out by lawyer-judges, not priests. Equity has been merged with law, resulting in a slow hemorrhaging of equitable principles into the legal arena. The old maxims remain, but they are now translated to focus on fairness, not strict Christian morality.[141]

When the court castigates the plaintiff on moral grounds, it is speaking from the pulpit of old equity. American equity demands that laches is administered to work fairness among both parties—a goal that cannot be achieved if laches works to bar an otherwise timely lawsuit.

Additionally, although law and equity have merged, equity is generally limited to where the law has not spoken.[142] The Supreme Court has been explicit in subordinating equity to statute: "[c]ourts of equity can no more disregard statutory provisions than can courts of law."[143]

D. *Antithetical to Congressional Intent*

Congress's intent in passing 17 U.S.C. § 507(b) is clear: all copyright

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136 *See* Holmberg v. Armbrecht, 327 U.S. 392, 395 (1946).

137 *See* Oneida County, N.Y. v. Oneida Indian Nation, 470 U.S. 226, 262 (1985).

138 Mackall v. Casilear, 137 U.S. 556, 566 (1890).

139 Haas v. Leo Feist, Inc., 234 F. 105, 108 (S.D.N.Y. 1916).

140 *See* Key West Hand Print Fabrics, Inc. v. Serbin, Inc. 244 F. Supp. 287, 291 (S.D. Fla. 1965).

141 *See generally* Roger Young & Stephen Spitz, *Suem-Spitz's Ultimate Equitable Maxim: In Equity, Good Guys Should Win and Bad Guys Should Lose*, 55 S.C. L. REV. 175 (2003) (describing modern formations of equitable maxims).

142 *See* Hedges v. Dixon County, 150 U.S. 182, 192 (1893).

143 Reno v. Bossier Parish School Bd., 520 U.S. 471, 485 (1997)

infringement claims run on the same clock. Copyright infringement claims filed within three years of the infringing act are timely. Copyright infringement claims filed outside of the three-year period after the infringing act are not timely.

Congress passed § 507(b) in response to the opposite situation, where each copyright infringement claim ran on a different clock depending on where it arose. This encouraged forum shopping—plaintiffs would sue in the states with the longest statutes of limitation.

Because some circuits will enforce laches within the statute of limitations while others will not, forum shopping is again in vogue. Why would a plaintiff bring an otherwise timely suit in the Eleventh Circuit—and potentially be a victim of laches—when the plaintiff could bring the suit in the friendly Eighth Circuit or Second Circuit? The circuit split is a new incentive to forum shop, reviving the original impetus behind § 507(b).

E. *Supreme Court Intervention is Needed*

Supreme Court intervention is needed to resolve the split of authority. Congress has legislated a three-year statute of limitations, yet some courts abrogate it by enforcing laches within the three-year period. These rogue circuits must be instructed to recognize the statute of limitations—both Congress and the Constitution demand it.

CONCLUSION

Laches should not be allowed to bar a colorable copyright infringement claim. This use confuses clients and frustrates their expectations. How does an attorney explain to the client that he *maybe* has three years to bring a claim? This use violates due process. How does an attorney explain to the client that he *should* have been heard on the merits, but now he cannot? This use violates equal protection. How does an attorney explain to the client that his claim was dismissed because he chose the wrong city in which to file?

When Congress set the time limit for copyright infringement actions at three years, they were fixing a problem of unequal enforcement. Now, that problem has reared its head again—this time as the doctrine of laches. When a court ignores Congress's explicit limitation, it frustrates the separation of powers by placing its will before Congress's. When a court summarily dismisses a request that the plaintiff's property rights be honored, it is choosing to take that plaintiff's right to enforcement without compensation, violating his due process rights. When a court summarily dismisses the claim because it was filed in the wrong circuit, that court is enforcing the law unequally because of mere geography.

Copyright litigation does not enjoy a special exception from the

normal rules of civil litigation. Supreme Court intervention is needed to realign the circuits and banish the doctrine of laches from copyright infringement claims.