IP Alert: “Raging Bull” Defeats the Patent Laches Defense



“Raging Bull” Defeats the Patent Laches Defense

By Ernest V. Linek

Yesterday, the Supreme Court decided that laches cannot be interposed as a defense against damages where the infringement occurred within the six-year period prescribed by Section 286 of the Patent Act.

The decision in SCA Hygiene Products AB et al. v. First Quality Baby Products LLC et al., case number 15-927, followed the reasoning from the Court’s 2014 “Raging Bull” copyright laches case, Petrella v. Metro-Goldwyn-Mayer Inc., where the Court held that since the Copyright Act sets a three-year statute of limitations during which claims must be brought, laches cannot be used to bar claims filed within that period. The 1952 Patent Act includes a six-year statute of limitations provision for past damages. The case turned on whether the Petrella copyright laches holding should likewise apply to patent law, and the Supreme Court held that it did.

Case Background

In 2003, SCA notified First Quality that their adult incontinence products infringed SCA's U.S. Patent No. 6375646. First Quality responded that its own patent, U.S. 5415649, antedated SCA's patent and made it invalid.

In 2004, SCA sought reexamination of its patent in light of First Quality's patent, and in 2007, the U.S. Patent and Trademark Office confirmed the validity of the SCA patent.

In 2010, SCA sued First Quality for patent infringement. The district court granted summary judgment to First Quality on the grounds of both equitable estoppel and laches. Laches is an equitable doctrine barring suits after unreasonable delays.

SCA appealed to the Federal Circuit. The Federal Circuit affirmed the district court's laches holding based on precedent, which permitted laches to be asserted against a claim for damages incurred within the Patent Act's six-year limitations period, 35 U.S.C. § 286.

While SCA's appeal was pending, the Supreme Court decided the Petrella case, and held that laches could not preclude a copyright claim for damages incurred within the Copyright Act's three-year limitations period, 17 U.S.C. § 507(b).

In light of the Supreme Court's Petrella decision, the Federal Circuit sitting en banc, reheard the SCA case and distinguished the statute of limitations effect in the Patent Act from that of the Copyright Act, and reaffirmed the original panel's laches holding.

The Federal Circuit's decision was based on an interpretation of the Patent Act where Section 282 creates an exception of Section 286 by codifying laches as a defense to all patent infringement claims, including claims for damages suffered within the six-year limitations period of Section 286.

Supreme Court Decision

Yesterday's 7-1 decision (Justice Breyer dissenting) vacated the Federal Circuit's ruling that laches prevented SCA from suing its competitor First Quality for patent infringement.

At the Supreme Court, SCA argued that the Patent Act is "exceptionally clear" that there is a six-year limitation on damages and that period cannot be shortened based on laches. It said the Federal Circuit was therefore wrong to hold that laches barred its infringement action. First Quality argued that patent cases have allowed the laches defense to bar damages for more than a century, and the 1952 law merely codified that longstanding practice. While the Patent Act does not explicitly use the word laches, it clearly states that "unenforceability" can be a defense, First Quality said, and the Federal Circuit got it right when it held that grounds for unenforceability include laches. Justice Alito, writing for the majority, stated that laches cannot be interposed as a

defense against damages where the infringement occurred within the period prescribed by the statute of limitations.

In the 2014 Petrella decision, the Court viewed the three-year statute of limitations language as a congressional judgment that a claim filed within three years of accrual cannot be dismissed on timeliness grounds. Here, the Court following the logic of Petrella, inferred that Section 286 of the Patent Act likewise represents a judgment by Congress that a patentee may recover damages for any infringement committed within six years of the filing of the claim.

Conclusion

Patent owners can take notice of this decision and when faced with on-going infringement not be deterred about filing an infringement action — even if they had prior contact with the infringer — which previously would have raised a laches defense.

Click here to download the decision in SCA Hygiene Products AB et al. v. First Quality Baby Products LLC et al.

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