Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

PETRELLA *v.* METRO-GOLDWYN-MAYER, INC., ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 12–1315. Argued January 21, 2014—Decided May 19, 2014

The Copyright Act (Act) protects copyrighted works published before 1978 for an initial period of 28 years, renewable for a period of up to 67 years. 17 U. S. C. §304(a). The author's heirs inherit the renewal rights. See §304(a)(1)(C)(ii)–(iv). When an author who has assigned her rights away "dies before the renewal period, . . . the assignee may continue to use the original work only if the author's successor transfers the renewal rights to the assignee," *Stewart* v. *Abend*, 495 U. S. 207, 221. The Act provides both equitable and legal remedies for infringement: an injunction "on such terms as [a court] may deem reasonable to prevent or restrain infringement of a copyright," §502(a); and, at the copyright owner's election, either (1) the "owner's actual damages and any additional profits of the infringer," §504(a)(1), which petitioner seeks in this case, or (2) specified statutory damages, §504(c). The Act's statute of limitations provides: "No civil action shall be maintained under the [Act] unless it is commenced within three years after the claim accrued." §507(b). A claim ordinarily accrues when an infringing act occurs. Under the separate-accrual rule that attends the copyright statute of limitations, when a defendant has committed successive violations, each infringing act starts a new limitations period. However, under §507(b), each infringement is actionable only within three years of its occurrence.

Here, the allegedly infringing work is the motion picture Raging Bull, based on the life of boxing champion Jake LaMotta, who, with Frank Petrella, told his story in, *inter alia,* a screenplay copyrighted in 1963. In 1976, the pair assigned their rights and renewal rights, which were later acquired by respondent United Artists Corporation, a subsidiary of respondent Metro-Goldwyn-Mayer, Inc. (collectively, MGM). In 1980, MGM released, and registered a copyright in, the

Syllabus

film Raging Bull, and it continues to market the film today. Frank Petrella died during the initial copyright term, so renewal rights reverted to his heirs. Plaintiff below, petitioner here, Paula Petrella (Petrella), his daughter, renewed the 1963 copyright in 1991, becoming its sole owner. Seven years later, she advised MGM that its exploitation of Raging Bull violated her copyright and threatened suit. Some nine years later, on January 6, 2009, she filed an infringement suit, seeking monetary and injunctive relief limited to acts of infringement occurring on or after January 6, 2006. Invoking the equitable doctrine of laches, MGM moved for summary judgment. Petrella's 18-year delay in filing suit, MGM argued, was unreasonable and prejudicial to MGM. The District Court granted MGM's motion, holding that laches barred Petrella's complaint. The Ninth Circuit affirmed.

Held:

1. Laches cannot be invoked as a bar to Petrella's pursuit of a claim for damages brought within §507(b)'s three-year window. Pp. 11–19.

(a) By permitting a successful plaintiff to gain retrospective relief only three years back from the time of suit, the copyright statute of limitations itself takes account of delay. Brought to bear here, §507(b) directs that Petrella cannot reach MGM's returns on its investment in Raging Bull in years before 2006. Moreover, if infringement within the three-year window is shown, a defendant may offset against profits made in that period expenses incurred in generating those profits. See §504(b). In addition, a defendant may retain the return on investment shown to be attributable to its own enterprise, as distinct from the value created by the infringed work. See *ibid.* Both before and after the merger of law and equity in 1938, this Court has cautioned against invoking laches to bar legal relief. See, *e.g., Holmberg* v. *Armbrecht*, 327 U. S. 392, 395, 396. Pp. 11–14.

(b) MGM's principal arguments regarding the contemporary scope of the laches defense are unavailing. Pp. 14–19.

(1) MGM urges that, because laches is listed in Federal Rule of Civil Procedure 8(c) as an affirmative defense discrete from a statute of limitations defense, the plea should be "available . . . in every civil action" to bar all forms of relief. Such an expansive role careens away from understandings, past and present, of the essentially gap-filling, not legislation-overriding, office of laches. This Court has never applied laches to bar in their entirety claims for discrete wrongs occurring within a federally prescribed limitations period. Inviting individual judges to set a time limit other than the one Congress prescribed would tug against the uniformity Congress sought to achieve in enacting §507(b). Pp. 14–15.

(2) MGM contends that laches, like equitable tolling, should be

"read into every federal statute of limitation," *Holmberg*, 327 U. S., at 397. However, tolling lengthens the time for commencing a civil action where there is a statute of limitations and is, in effect, a rule of interpretation tied to that statutory limit. See, *e.g., Young* v. *United States*, 535 U. S. 43, 49–50. In contrast, laches, which originally served as a guide when no statute of limitations controlled, can scarcely be described as a rule for interpreting a statutory prescription. Pp. 15–16.

(3) MGM insists that the laches defense must be available to prevent a copyright owner from sitting still, doing nothing, waiting to see what the outcome of an alleged infringer's investment will be. It is hardly incumbent on copyright owners, however, to challenge each and every actionable infringement. And there 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. Pp. 16–17.

(4) MGM is concerned that evidence needed or useful to defend against liability will be lost during a copyright owner's inaction. But Congress must have been aware that the passage of time and the author's death could cause evidentiary issues when it provided for reversionary renewal rights that an author's heirs can exercise long after a work was written and copyrighted. Moreover, because a copyright plaintiff bears the burden of proving infringement, any hindrance caused by evidence unavailability is as likely to affect plaintiffs as defendants. The need for extrinsic evidence is also reduced by the registration mechanism, under which both the certificate and the original work must be on file with the Copyright Office before a copyright owner can sue for infringement. Pp. 17–18.

(5) Finally, when a copyright owner engages in intentionally misleading representations concerning his abstention from suit, and the alleged infringer detrimentally relies on such deception, the doctrine of estoppel may bar the copyright owner's claims completely, eliminating all potential remedies. The gravamen of estoppel, a defense long recognized as available in actions at law, is wrongdoing, overt misleading, and consequent loss. Estoppel does not undermine the statute of limitations, for it rests on misleading, whether engaged in early on, or later in time. P. 19.

2. While laches cannot be invoked to preclude adjudication of a claim for damages brought within the Act's three-year window, in extraordinary circumstances, laches may, at the very outset of the litigation, curtail the relief equitably awarded. For example, where owners of a copyrighted architectural design, although aware of an

Syllabus

allegedly infringing housing project, delayed suit until the project was substantially constructed and partially occupied, an order mandating destruction of the project would not be tolerable. See *Chirco* v. *Crosswinds Communities, Inc.*, 474 F. 3d 227, 236. Nor, in the face of an unexplained delay in commencing suit, would it be equitable to order "total destruction" of a book already printed, packed, and shipped. See *New Era Publications Int'l* v. *Henry Holt & Co.*, 873 F. 2d 576, 584–585. No such extraordinary circumstance is present here. Petrella notified MGM of her copyright claims *before* MGM invested millions of dollars in creating a new edition of Raging Bull, and the equitable relief she seeks—*e.g.,* disgorgement of unjust gains and an injunction against future infringement—would not result in anything like "total destruction" of the film. Allowing Petrella's suit to go forward will put at risk only a fraction of the income MGM has earned during the more than three decades Raging Bull has been marketed and will work no unjust hardship on innocent third parties. Should Petrella ultimately prevail on the merits, the District Court, in determining appropriate injunctive relief and assessing profits, may take account of Petrella's delay in commencing suit. In doing so, however, the court must closely examine MGM's alleged reliance on Petrella's delay, taking account of MGM's early knowledge of her claims, the protection MGM might have achieved through a declaratory judgment action, the extent to which MGM's investment was protected by the separate-accrual rule, the court's authority to order injunctive relief "on such terms as it may deem reasonable," §502(a), and any other relevant considerations. Pp. 19–22.

695 F. 3d 946, reversed and remanded.

GINSBURG, J., delivered the opinion of the Court, in which SCALIA, THOMAS, ALITO, SOTOMAYOR, and KAGAN, JJ., joined. BREYER, J., filed a dissenting opinion, in which ROBERTS, C. J., and KENNEDY, J., joined.

SUPREME COURT OF THE UNITED STATES

No. 12–1315

PAULA PETRELLA, PETITIONER *v.* METRO-GOLDWYN-MAYER, INC., ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

[May 19, 2014]

JUSTICE GINSBURG delivered the opinion of the Court.

The Copyright Act provides that "[n]o civil action shall be maintained under the [Act] unless it is commenced within three years after the claim accrued." 17 U. S. C. §507(b). This case presents the question whether the equitable defense of laches (unreasonable, prejudicial delay in commencing suit) may bar relief on a copyright infringement claim brought within §507(b)'s three-year limitations period. Section 507(b), it is undisputed, bars relief of any kind for conduct occurring prior to the three-year limitations period. To the extent that an infringement suit seeks relief solely for conduct occurring within the limitations period, however, courts are not at liberty to jettison Congress' judgment on the timeliness of suit. Laches, we hold, cannot be invoked to preclude adjudication of a claim for damages brought within the three-year window. As to equitable relief, in extraordinary circumstances, laches may bar at the very threshold the particular relief requested by the plaintiff. And a plaintiff's delay can always be brought to bear at the remedial stage, in determining appropriate injunctive relief, and in assessing

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS
Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS
Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS
Sync your system to PACER to automate legal marketing.