No. 12-1315

In The
Supreme Court of the United States

PAULA PETRELLA,

Petitioner,

v.

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

Respondents.

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

PETITIONER'S REPLY BRIEF

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INTRODUCTION

By specifying a three-year limitations period for copyright infringement suits, Congress precluded recourse to laches. Laches, a timeliness doctrine, is a *substitute* for statutes of limitations, unlike tolling and other interpretive tools used in *applying* the terms of statutes of limitations. Thus, once Congress enacts a statute of limitations, courts may not use laches to constrict its time period. Moreover, allowing laches to bar all injunctive relief would permanently deprive copyright holders of their property right to exclude infringers. It would effectively grant infringers free licenses for decades, overriding the Copyright Act's compensation requirements and limits on compulsory licensing. And laches, an equitable doctrine, cannot limit remedies at law, such as monetary relief.

This Court has never held that laches may bar claims filed within a congressionally prescribed limitations period, and indeed held to the contrary four years ago. Accepting respondents' invitation to change course now would add laches as an issue in virtually every federal case hitherto governed by a federal statute of limitations. "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." *Holmberg* v. *Armbrecht*, 327 U.S. 392, 395 (1946). That rule applies with particular force to the Copyright Act, which specifies its own statutory safeguards against financial and evidentiary prejudice.

The decisions below presumed laches and applied the wrong legal standards for prejudice, without requiring any proof of net harm to respondents. And they treated laches as an automatic threshold bar to all relief, which respondents concede is impermissible. Br. 37. All of the issues are properly preserved, fairly included within the question presented, and require reversal of the judgment below.

I. The Copyright Act's Statute of Limitations Precludes Laches Within the Limitations Period

Respondents urge this Court to hold, for the first time, that laches may bar claims brought within federal statutes of limitations, a holding that could have widespread effects across federal law. As it has before, this Court should reject respondents' argument, which is supported only by inapposite precedents and strained analogies.

A. Laches, a Judicial Timeliness Doctrine, Conflicts with Statutes of Limitations Prescribed by Congress

1. *This Suit, Unlike* Morgan *and* Ledbetter, *Is Timely Under the Separate Accrual Rule*. Under the separate accrual rule, each discrete copyright infringement is actionable for three and only three years, not "indefinitely." *Compare* Resp'ts Br. 8-9, 18, 32-33 *with* Pet'r Br. 19-24; U.S. Br. 12-14. Each time an infringer opts to distribute an infringing work, he commits a new and distinct wrong. *Compare* Resp'ts

Br. 31 (mislabeling each wrong an "identical claim") *with* Pet'r Br. 24. Thus, an infringer is liable for infringements committed within three years of the filing of suit, but insulated from liability for earlier infringements.

Respondents never dispute that the separate accrual rule applies here. Br. 30-34. Accordingly, they err in relying upon *National Railroad Passenger Corp.* v. *Morgan* thirteen times. 536 U.S. 101 (2002). *Morgan* nowhere implies that laches may bar claims for discrete wrongs occurring entirely within the limitations period. Section II.A of that opinion, dealing with the separate accrual rule, held that "[e]ach discrete discriminatory act starts a new clock for filing charges alleging that act," regardless of whether "past acts" are already time-barred. *Id.* at 113. Section II.B of the opinion *distinguished* such separately accruing wrongs from hostile-work-environment claims, which, unlike separately accruing wrongs, are continuing violations that remain actionable even if components of the violation predated the limitations period. *Id.* at 115-17; *see* Pet'r Br. 23 n.6. Section II.C, on which respondents attempt to rely, then suggested that defendants may plead laches as to "hostile work environment claims that extend over long periods of time." 536 U.S. at 121. Thus, laches may limit the continuing violation doctrine's ability to rescue *untimely* claims that "extend over long periods of time" but cannot limit claims that accrued separately within the limitations period.

Respondents likewise err in citing *Ledbetter* v. *Goodyear*, 550 U.S. 618, 623 (2007). Br. 18. *Ledbetter*

recognized that "if an employer engages in a series of acts each of which is intentionally discriminatory, then a fresh violation takes place when each act is committed." *Id.* at 628. But the plaintiff in *Ledbetter* could not prove intentionally discriminatory acts within the statutory filing period. *Id.* Arguing that laches would suffice to protect employers, she sought an expansive interpretation of "discriminatory conduct" to prevent the limitations period from running, but "Congress took a diametrically different approach." *Id.* at 628, 632. *Ledbetter* concluded: "[S]trict adherence to the procedural requirements specified by the legislature is the best guarantee of evenhanded administration of the law." *Id.* at 632 (internal quotation marks omitted).

2a. *Laches, a Timeliness Doctrine, Substitutes for Statutes of Limitations Rather than Complementing Them.* Historically, statutes of limitations applied only at law. Equity developed "the doctrine of laches" as "its own rule of limitations" to compensate for "the absence of any statute of limitations." *Russell* v. *Todd*, 309 U.S. 280, 287 (1940). When federal courts sat in equity or adjudicated state-law claims, they borrowed state statutes of limitations but were not bound to apply them strictly or to the exclusion of laches. *See id.* at 287, 290, 293-94. Thus, laches developed not to supplement governing statutes of limitations, but to fill gaps left by their absence. "This traditional function suggests that laches should be limited to cases in which no statute of limitations applies." 1 DOBBS, LAW OF REMEDIES §2.4(4), at 104 (2d ed. 1993); *accord id.*

§2.6(1), at 152 ("When laches is invoked to bar a claim ... permitted under an appropriate statute of limitations, however, the defense has little place in a modern scheme of procedure and justice.").

Functionally, laches and limitations periods are alternative means to the same end: timeliness. *Order of R.R. Telegraphers* v. *Ry. Express*, 321 U.S. 342, 348-49 (1944). Statutes of limitations are clear rules, while laches is a three-factor standard. Statutes of limitations specify timeliness clearly, ex ante, instead of delegating the issue to judges ex post. Laches leaves it to courts to balance the length of, reasons for, and prejudice resulting from delay. Pet. App. 8a. Here, Congress determined that a three-year delay by definition *is* too long, *is* unreasonable, and *is* a rough-and-ready proxy for prejudice, while a shorter period is none of these things. Courts have no license to override Congress's decision to govern the timeliness of copyright claims through a statute of limitations, which reflects the Copyright Act's goals of clarity and predictability. Pet'r Br. 58-59. Applying laches would conflict with Congress's determination and forfeit the benefits of Congress's easily applied, bright-line rule.

Respondents assert that laches serves very different goals from those of statutes of limitations. Laches, they contend, is at root a case-specific weighing of the equities and not simply about delay. Resp'ts Br. 15-16. The "equities" that respondents invoke, however, are solely those of defendants. Nowhere do respondents or the Ninth Circuit suggest that the prejudice suffered by plaintiffs in losing the core

value of their copyrights plays any role in the analysis. *See infra* pp.16-18.

The Ninth Circuit not only failed to balance the equities, but based its decision on a presumption in favor of laches, triggered entirely by delay: "[I]f any part of the alleged wrongful conduct occurred outside of the limitations period, courts presume that the plaintiff's claims are barred by laches." Pet. App. 8a. As the government notes, that delay-based approach conflicts with the three-year period specified by Congress for each claim: "The practical effect of the court of appeals' approach is to treat that initial infringing act, rather than the acts of infringement for which the plaintiff seeks to recover, as the presumptive triggering event for the three-year period within which suit must be filed." U.S. Br. 16. It also reverses the burden of proof on an affirmative defense. U.S. Br. 15.

b. Respondents concede that the Copyright "Act includes no express 'wording inviting recourse to laches.'" Br. 24 (quoting Pet'r Br. 31). They nevertheless argue that courts may read laches into statutes of limitations just as they read equitable tolling and discovery rules into them. Br. 26. But "[w]hile tolling is an established background principle *for interpreting words of accrual and time periods in statutes of limitations*, laches is not." Pet'r Br. 15 (emphasis added). Respondents distort our reasoning by quoting this sentence shorn of the italicized phrase. Br. 26.

Unlike laches, one cannot have either tolling or discovery rules without time periods to interpret in the first place. Tolling (and discovery) rules are "interrelated with" statutes of limitations; they grew up alongside them as ways to interpret them. *Johnson* v. *Ry. Express*, 421 U.S. 454, 464 (1975). "[T]olling" interprets how to compute "the chronological length of the limitation period" specified in the statute of limitations. *Id.* Discovery rules interpret when a claim first "accrues" within the meaning of the statute of limitations. *But cf. TRW* v. *Andrews*, 534 U.S. 19, 38 (2001) (Scalia, J., concurring in judgment) (objecting to injury-discovery rules on separation-of-powers grounds). But as respondents concede, no words in the Copyright Act's statute of limitations even arguably invite laches. *See* Br. 24. Thus, all the tolling and discovery-rule cases cited by respondents are inapposite. Br. 24, 26-27 (citing *Brockamp*, *Holland*, *Young*, *Pace*, *Irwin*, *Bailey*, *Gabelli*, and *Lampf*).

Respondents likewise fail in analogizing laches to equitable estoppel. Br. 25. Laches is a timeliness doctrine, requiring that a delay be long, unreasonable, and prejudicial. Equitable estoppel, by contrast, requires no proof of delay at all. Instead, it focuses on wrongdoing, overt action, and detrimental reliance. The elements of equitable estoppel are far more demanding than those of laches. Pet'r Br. 60-63; Pet. App. 25a-27a. Laches evolved as a substitute for statutes of limitations; equitable estoppel did not. When Congress enacted the Copyright Act's statute of

limitations in 1957, estoppel had long applied at law, while laches had not. Pet'r Br. 60-61. All of these considerations that distinguish estoppel also distinguish the other non-timeliness equitable defenses cited by respondents. Br. 24. Thus, only laches conflicts with legislative time periods.

Finally, respondents claim that there is no authority for allowing other equitable doctrines, but not laches, to be "'read into every federal statute of limitation.'" Br. 25 (quoting *Holmberg*, 327 U.S. at 397). But there is ample authority: contrast the extensive history of tolling and discovery rules, which are *always* applied as glosses on the meaning of statutory time limits, with that of laches, which this Court has *never* applied to shorten a federal statutory time period. *Holmberg* itself made the point directly. The passage quoted above provided that *equitable tolling for fraudulent concealment* is a background rule for giving statutes of limitations a "mitigating construction." 327 U.S. at 397. But two pages earlier, *Holmberg* explained that "[t]he Congressional statute of limitations is definitive," and courts turn to laches only when "Congress is silent .... le[aving] the limitation of time ... to judicial implications." *Id.* at 395. The legislative history of the Copyright Act's statute of limitations cited and discussed *Holmberg*'s background rule of tolling, showing that Congress expected tolling but not laches to apply. Pet'r Br. 35-36 & n.8.

3. *Courts May Not Apply Laches to Constrict Limitations Periods Prescribed by Congress.* Under

this Court's decisions, laches cannot bar suits brought within an express statute of limitations. Pet'r Br. 28-29. While non-timeliness defenses may bar claims within the congressionally prescribed period, the timeliness defense of laches cannot. *Contra* Resp'ts Br. 21. Respondents' and the government's efforts to distinguish this Court's decisions are unavailing. Respt's Br. 19-20; U.S. Br. 22-23.

a. In *Holmberg*, this Court distinguished actions governed by federal statutes of limitations from those that are not. The former leave no room for laches; the latter do. "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." 327 U.S. at 395. "The rub comes when Congress is silent." *Id.* "Traditionally," legislatures did not enact limitations periods that "controll[ed] ... equitable relief." *Id.* at 396. Instead, congressional silence delegated timeliness rules to "judicial implication," letting courts "adopt the local law of limitation" for federal claims at law or apply laches to federal claims in equity. *Id.* at 395-96. The *Holmberg* Court remanded for a laches inquiry only *after* determining that no federal or state statute of limitations governed the action. *Id.* at 397-98.

b. *Russell* addressed whether to apply laches or a borrowed state statute of limitations to a federal suit in equity. 309 U.S. at 287. Laches, this Court noted, is a doctrine developed in equity to rectify "the absence of any statute of limitations made applicable

to equity suits." *Id.* If a state statute of limitations would apply to state equitable causes of action, federal courts may borrow it "as a substitute or supplement for the equitable doctrine of laches." *Id.* at 293; *accord id.* at 290. But that borrowing is flexible: "Federal courts of equity have not considered themselves obligated to apply local statutes of limitations when they conflict with equitable principles...." *Id.* at 288 n.1. Because federal courts "apply [local statutes only] by analogy.... [l]aches may bar equitable remed[ies] before the *local* statute has run." *Id.* (emphasis added). That approach, however, applies only "in the absence of a controlling act of Congress." *Id.* at 293. *Cf. Teamsters* v. *Gorman*, 283 F.3d 877, 880-81 (7th Cir. 2002) (Posner, J.) (citation omitted) ("When Congress fails to enact a statute of limitations, a court that borrows a state statute of limitations but permits it to be abridged by the doctrine of laches is not invading congressional prerogatives. It is merely filling a legislative hole.").

As *Russell* establishes, the old decisions of this Court cited by respondents are inapposite, because they involved local, not congressional, statutes of limitations applicable only by analogy. Resp'ts Br. 17-18, 22; *see* U.S. Br. 22. Such local statutes often did not even apply to the equitable claims at issue, and only one claim was held timely even under the analogous local statute. *See Patterson* v. *Hewitt*, 195 U.S. 309, 318-19 (1904) (barring equitable claim despite timeliness under New Mexico statute of limitations, but noting that "[i]n an action at law, courts are

bound by the literalism of the statute [and cannot consider] ... unreasonable delay within the statutory limitation"); *Alsop* v. *Riker*, 155 U.S. 448, 460-61 (1894) (noting that delay exceeded New York's six-year statute of limitations, but Court may have rested on laches instead because equitable claim was not governed by statute of limitations).[1]

As *Russell* later observed, *Patterson* and *Alsop* were about the non-binding analogy by which "federal courts of equity" borrow "the *local* statute" of limitations to supplement or supplant laches. 309 U.S. at 288 n.1, 290, 293 (emphasis added). That logic is inapplicable to congressional timeliness rules. The Court had no occasion in any of these borrowed-limitations cases to consider the separation-of-powers concerns that are controlling here and that preclude courts from applying laches to constrict a federal statutory limitations period.

c. Finally, *United States* v. *Mack* recognized that "[l]aches within the term of the statute of limitations

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[1] *See also O'Brien* v. *Wheelock*, 184 U.S. 450, 493 (1902) ("the cause of action ... would seem to have been barred by [the five-year local] statute" because of nine-year delay, so by analogy court in equity applied laches to equitable claim); *Whitney* v. *Fox*, 166 U.S. 637, 647-48 (1897) (not disturbing lower court's finding that equitable claims were also barred by Utah statute of limitations); *Godden* v. *Kimmell*, 99 U.S. 201, 201-02 (1879) (never mentioning a governing or even analogous statute of limitations for this equitable claim); *McKnight* v. *Taylor*, 42 U.S. 161, 168 (1843) (equitable action for "account[ing]" not governed by and thus "not barred by the act of limitations").

is no defense at law." 295 U.S. 480, 489 (1935). Respondents answer that *Mack* predated the merger of law and equity. Br. 40. But the merger did not "abridge, enlarge or modify any substantive right," including any defense. 28 U.S.C. §2072(b); *infra* pp.20-21.

Just four years ago, this Court quoted and followed *Mack*, holding that a party's negligent delay cannot be used to effectively shorten a congressional statute of limitations. *Merck* v. *Reynolds*, 559 U.S. 633, 652 (2010). In attempting to distinguish *Merck*, respondents propose the novel and illogical theory that laches may shorten statutes of limitations but not statutes of repose. Br. 27. But in any event, the provision at issue in *Merck* was *not* the five-year statute of repose in 28 U.S.C. §1658(b)(2), but the ordinary, two-year statute of limitations in §1658(b)(1). 559 U.S. at 652-53. Even as to that ordinary, two-year statute of limitations, this Court held that it "[could]not reconcile [laches principles] with the statute." *Id.*; Resp'ts Br. 28. *Merck*'s holding and reasoning compel reversal here.

The separation of powers leaves it to Congress to determine which claims are timely. Courts may make timeliness determinations only when Congress has failed to do so. Judges should resist altering statutory limitations periods, for "'otherwise the court would make the law instead of administering it.'" *TRW*, 534 U.S. at 38 (Scalia, J., concurring in judgment). As judge-made law, laches is displaced by statutory law.

4. The other decisions of this Court cited by respondents neither applied laches nor suggested that it could apply within congressional statutes of limitations. Resp'ts Br. 18, 33; *see supra* pp.3-4; *California* v. *Am. Stores*, 495 U.S. 271, 296 (1990) (emphasis added) (noting in passing, without mentioning statute of limitations, that while laches "*may* protect consummated transactions .... [s]uch questions, however, are not presented in this case"); *Occidental Life Ins.* v. *EEOC*, 432 U.S. 355, 372-73 (1977) (emphasis added) (suggesting remedial flexibility as appropriate remedy for "[t]he *absence* of inflexible time limitations" for EEOC resolution of Title VII complaints).

Bay Area Laundry v. *Ferbar*, 522 U.S. 192, 205 (1997), considered laches only to construe the governing statute, which required that the relevant parties act "as soon as practicable," 29 U.S.C. §1399(b)(1). The Copyright Act contains no comparable mandate.[2]

B. The Case for Precluding Laches Is Particularly Strong Under the Copyright Act

1. *The Copyright Act*. Respondents say surprisingly little about the Copyright Act itself. They cite Learned Hand, laches' supposed "'pedigree'" under

[2] Respondents' remaining cases neither mentioned the statute of limitations nor applied laches. *Abbott Labs.* v. *Gardner*, 387 U.S. 136, 155 (1967); *Nicholas* v. *United States*, 257 U.S. 71, 75, 77 (1921) (resting holding on petitioner's "abandonment of his title to the office"); *Norris* v. *United States*, 257 U.S. 77, 80-82 (1921) (relying on *Nicholas*).

pre-1957 copyright decisions, and decisions under other statutes without limitations periods. Br. 7, 12-14, 31-32; *see* U.S. Br. 23-24. But cases decided "at a time that the Copyright Act itself lacked an explicit statute of limitations" cannot resolve whether the 1957 statute of limitations displaced laches. 3-12 NIMMER ON COPYRIGHT §12.06[A] n.6 (2013). Respondents overlook copyright law's particular deference to Congress and its policies of clarity and predictability. Pet'r Br. 25-28, 58-59. They slight the Copyright Act's careful statutory safeguards against financial and evidentiary prejudice. Pet'r Br. 47-48, 54-56. And they largely ignore the former Register of Copyrights' amicus brief, which explains how laches undercuts the Copyright Act's registration system and undermines its solicitude for modest copyright holders. Oman Br.

2. *Trademark and Patent Law Are Different.* Copyright law differs significantly from patent and trademark law in ways that explain their divergent approaches to laches. Pet'r Br. 31; U.S. Br. 25 n.5; AIPLA Br. 16-23 & n.12.

Unlike the Copyright Act, the Lanham Act expressly authorizes laches and lacks a statute of limitations. Congress understood the tradeoff between the two timeliness doctrines, and it chose one for the Lanham Act and the other for the Copyright Act. Pet'r Br. 31; Resp'ts Br. 29. Congress's judgment should be respected.

In asking this Court to borrow laches from patent law, respondents slight the Patent Act's significantly different text and legislative history, which have been construed to show an intent to authorize laches. *Compare* Br. 28 *with* Pet'r Br. 31-32. Nothing in the Copyright Act evinces a comparable intent. Moreover, even when laches is applied to patent infringement, it does not bar prospective injunctive relief. *A.C. Aukerman* v. *R.L. Chaides*, 960 F.2d 1020, 1040-41 (Fed. Cir. 1992). Yet the decision below barred prospective as well as retrospective relief. Thus, even if the Patent Act preserved laches and applied here, it would compel reversal of the judgment below.

Patent law lacks many of copyright law's obstacles to proving infringement: in particular, it requires no proof of access or copying and does not exempt independent creation. *See* CSEL Br. 4-7; MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 416-17 (5th ed. 2010). Unlike an author, an inventor can be liable simply for "mak[ing], us[ing], offer[ing] to sell, or sell[ing] any patented invention" or even an equivalent, whether or not he has copied it. 35 U.S.C. §271(a). Thus, unlike an author, an inventor cannot know whether he will infringe another's invention without expending substantial search costs, making him vulnerable to surprise litigation by patent trolls and others. *Cf. Blanch* v. *Koons*, 485 F. Supp. 2d 516, 518 (S.D.N.Y. 2007) ("[Copyright] litigation is a risk [the artist who appropriates another's art] knowingly incurs when he copies the other's work."); JA 128 (confirming that respondents knew of

petitioner's potential claims by 1990). Congress may also have believed that the lower threshold for patent infringement and broader scope of patents warranted stricter limitations on the length of a patentee's monopoly. *Cf. Eldred* v. *Ashcroft*, 537 U.S. 186, 216-17 (2003). If anything, the contrast with trademark and patent law confirms that laches cannot apply to copyrights.

II. Laches Cannot Bar Either Injunctive or Monetary Relief for Copyright Infringement

A. Laches Is No Bar, Let Alone an Automatic Threshold Bar, to Injunctive Relief

1. A copyright is a property right, encompassing the right to exclude others from using the property. That property right, as well as the Copyright Act's registry and greater specificity, sets copyright apart from antitrust and employment-discrimination law. *See* Chamber of Commerce Br. 8-9; Oman Br. Thus, laches may not bar injunctive relief except in the "rare[ ]" cases where the "circumstances" rise to "the elements of an estoppel" and so "defeat the right itself." *Menendez* v. *Holt*, 128 U.S. 514, 523-24 (1888). An owner's mere "knowledge and silence" create at most a revocable license, not an estoppel that would defeat the right and bar prospective relief. *Id.* at 524; Pet'r Br. 38-39; *Saxlehner* v. *Eisner & Mendelson*, 179 U.S. 19, 39 (1900). The Ninth Circuit's presumption in favor of laches, its lax tests for prejudice, and its use of laches to bar all relief conflict with this demanding standard.

We do not, as respondents suggest, advocate automatic injunctive relief. Br. 44-45. Rather, we submit, courts may not adopt doctrines that effectively ban injunctive relief, for that would conflict with the traditional test affirmed in *eBay* v. *MercExchange*, 547 U.S. 388, 391-94 (2006). Pet'r Br. 39-42. To the extent that laches determines untimeliness, it conflicts with statutes of limitations; to the extent that it resolves issues of prejudice and equities, it conflicts with *eBay*. In weighing injunctive relief, courts may not apply laches, which is based on delay and considers only prejudice to the defendant. They must instead balance prejudice to defendants against prejudice to plaintiffs and the public interest. The Ninth Circuit's automatic foreclosure of all injunctive relief short-circuits that equitable balancing.

Likewise, courts may not adopt rules that foreclose injunctive relief and thereby amount to free compulsory licenses. That would conflict with the Copyright Act's careful limits on and compensation requirements for compulsory licenses. Pet'r Br. 43-44. Respondents all but ignore this point. There are of course other *statutory* defenses to injunctive relief. Resp'ts Br. 44-45. But banning injunctive relief effectively deprives petitioner of her copyright, which extends four decades past respondents' licensing agreements. That remedy would be disproportionate to any harm suffered, giving infringers windfalls such as the right to film a remake decades later or simply to keep exploiting petitioner's copyright decades after

they cease any new investment. The proper remedy is not to ban injunctive relief. If infringers prove sufficient prejudice, courts can instead consider tailoring injunctions' scope and duration to accommodate existing obligations. Pet'r Br. 42 n.10, 45-47.

2. Respondents concede that "it cannot be said that laches *always* bars an entire claim." Br. 37. That concession alone requires reversal of the judgment below, which treated laches as an automatic threshold bar to the entire suit. Nowhere did either court below consider the traditional test for injunctive relief. Nowhere did either court even consider whether a lesser remedy than outright dismissal could allay any prejudice. Instead, because "any part of the alleged wrongful conduct occurred outside of the limitations period, [the] court[ ] [of appeals] presume[d] that the plaintiff's claims *are barred* by laches." Pet. App. 8a (emphasis added); *accord id.* at 18a.

The United States' position is sounder. Br. 28-29. If laches is available at all, it should apply at most at the remedial stage, so the court may apply the traditional test for injunctive relief and make any adjustment to compensate for prejudice. *See id.* at 24 (noting that Judge Learned Hand did not bar suit entirely but disallowed particular remedies).

3. Respondents nevertheless contend that laches can bar suits entirely to prevent evidentiary prejudice. Br. 37-38. The Ninth Circuit's decision below expressly did "not consider evidentiary prejudice," so it is not at issue here. Pet. App. 12a. Moreover, by

protecting heirs' reversionary rights *after* authors' deaths, Congress deliberately chose to accept substantial delays and the deaths of likely key witnesses. Pet'r Br. 52-54. And the Copyright Act's burden of proof and document-based focus allay evidentiary prejudice. Pet'r Br. 54-56. Delay generally benefits defendants, so plaintiffs have every incentive not to delay. CSEL Br. 10-11. Respondents have not identified even a trickle of stale claims in the five circuits that disallow or restrict laches far more than the Ninth Circuit does. Finally, there are less drastic remedies than barring suits entirely. Pet'r Br. 56 n.16. In practice, evidentiary prejudice is not a significant problem. CSEL Br. 11-14.

Respondents' argument that this Court should affirm based on the *district court*'s evidentiary prejudice ruling cannot be taken seriously. Respondents now concede that they "do not seek to task petitioner with any delay before her father died in 1981 or she filed her renewal registration in 1991." Resp'ts Br. 32-33. Yet the district court relied in part precisely on the deaths of petitioner's father in 1981 and Joseph Carter in 1984. Pet. App. 46a; Pet'r Br. 53 & n.15. Respondents (like the district court) also disregard that it is evidentiary *prejudice* that is the subject of their inquiry. The district court (and respondents) relied on the death of Mr. LaMotta's ex-wife Vickie. Pet. App. 46a; Br. 52. But she had divorced him in 1957, years before any of the writings at issue. *See* JA 175-77, 187. Respondents offer no reason to believe that she would have had any probative evidence to

offer. The district court (and respondents) also relied on the death of petitioner's mother. Pet. App. 45a-46a; Br. 52. It is extraordinarily *un*likely that petitioner's mother (or father), had they lived to testify, would have offered evidence favorable to *respondents*. In any event, as will likely be true in most such cases, the documentary evidence is weighty and largely speaks for itself. Pet'r Br. 10-11, 54-55.

B. The Equitable Defense of Laches Cannot Bar Relief at Law

1. *The Merger Did Not Change Substantive Law or Defenses*. Respondents claim that this case "is not an action 'at law,' but a post-merger 'civil action' that is subject to equitable defenses." Br. 20. The "General Rules of Pleading" do mention laches amidst the laundry list of affirmative defenses that sometimes apply to some civil actions. FED. R. CIV. P. 8(c)(1). But Federal Rule of Civil Procedure 2 simply merged the rigid forms of action, eliminating *procedural* barriers to raising equitable defenses in suits at law. It did not expand equitable defenses to bar suits that they could not have barred before the merger. "The rules have not abrogated the distinction between equitable and legal remedies. Only the procedural distinctions have been abolished." 4 CHARLES ALAN WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE §1043 (3d ed. 2013); *accord Grupo Mexicano* v. *Alliance*, 527 U.S. 308, 322 (1999). The Rules Enabling Act explicitly limits the new rules to procedure, providing that they "shall not abridge, enlarge or modify any

substantive right." 28 U.S.C. §2072(b). This Court rejected a similar argument about the effect of merger on equity in *Grupo Mexicano*. Congress, rather than courts, should make changes to traditional equity practice where they are necessary. 527 U.S. at 322. Thus, just four years ago, this Court followed *Mack*'s pre-merger holding that laches cannot bar actions at law. *Merck*, 559 U.S. at 652.

2. *The Copyright Act's Monetary Remedies Are Legal*. Respondents mischaracterize this suit as seeking purely equitable relief. They construe the complaint as seeking not actual or statutory damages but only recovery of profits, and then argue that "an accounting for profits" is an equitable remedy. Br. 43-44. Their argument is deeply flawed.

First, the Copyright Act authorizes equitable remedies (injunctions) in one provision. 17 U.S.C. §502. It groups together legal remedies in a separate provision, authorizing recovery of either actual damages including profits or statutory damages. *Id.* §504. Petitioner sought legal remedies authorized by Section 504.

Second, petitioner's prayer for relief does not use the word "profits" and is not limited to profits. It seeks "Plaintiff's damages derived by Defendants from their copyright infringement" and leaves computation to later "proof." JA 34. The body of the complaint sought "the monetary damage [petitioner] has suffered" as well as "the profits" reaped from infringement. JA

30-31; *see* U.S. Br. 4 ("Petitioner's complaint sought damages and various forms of equitable relief."). She remains free to elect statutory damages "at any time before final judgment is rendered." 17 U.S.C. §504(c)(1).

Third, the remedy of recovery of profits was available both at law and in equity. Laycock Br. 19-20 (noting "a serious historical argument" that a plaintiff could "avoid the bar of laches by couching his claim for profits as legal, sounding in quasi-contract"). Recovery of profits "is recognized as well at law as one of the measures, though not the limit, for the recovery of damages." *Root* v. *Lake Shore & M.S. Ry.*, 105 U.S. 189, 215 (1881) (patents). The availability of profits in both fora avoided the need for parties seeking injunctions to file duplicative suits at law to recover. *Id.* at 207-08; *Swofford* v. *B & W*, 336 F.2d 406, 411 (5th Cir. 1964) (patents); *Sid & Marty Krofft* v. *McDonald's*, 562 F.2d 1157, 1175 (9th Cir. 1977) (copyrights). Here, the Copyright Act specifically includes profits as overlapping and in tandem with actual damages and does *not* use the phrase "accounting for profits" relied on by respondents' authorities. *Compare* Br. 43-44 *with* 17 U.S.C. §504(b).

Finally, causes of action seeking restitution for unjust enrichment were available both at law and in equity. RESTATEMENT (THIRD) OF RESTITUTION AND UNJUST ENRICHMENT §4(1) & cmt. a, at 27-28 (2011) (rejecting the "common misconception that liabilities or remedies described in terms of 'unjust enrichment' are necessarily equitable in origin"). The canonical

description of restitution came from Lord Mansfield sitting on the King's Bench, a court of law. *Moses* v. *Macferlan*, 97 Eng. Rep. 676, 678 (K.B. 1760). Courts of law ordered restitution through quasi-contract, in common-law actions for assumpsit. Courts of equity ordered restitution by impressing funds with constructive trusts or otherwise transferring title to specific property. 1 PALMER, THE LAW OF RESTITUTION §2.1 at 51, §2.2 at 59 (1978).

Thus, the distinction between law and equity depends on the procedural device used to recover. The remedies of constructive trusts and equitable liens, for identifiable, traceable money or property, are equitable. *Great-W. Life & Annuity Ins.* v. *Knudson*, 534 U.S. 204, 213-14 (2002). But the remedy of quasi-contract, imposing mere personal liability for a sum of money, is legal. *Id*. at 213. Here (as in *Merck*), petitioner seeks no identified pot of money traceable to infringements, but only the amounts of her damages, including net profits as their measure. Her prayer for monetary relief is legal and thus immune from the equitable defense of laches.

III. Even if Laches Applied, the Decisions Below Applied the Wrong Legal Standard, Failing to Require Proof of Material Net Prejudice

This Court granted certiorari to review the legal question presented by the court of appeals' ruling. As they did in opposing certiorari, respondents seek affirmance on the basis of the *district court*'s application

of flawed precedent. Br. 46-54; Opp. 11-15. But even if laches were available, it would require infringers to affirmatively prove material net prejudice resulting from any delay – an inquiry neither court below undertook. Thus, if laches were available, the proper course would be to remand for application of the correct legal standard. *Holland* v. *Florida*, 130 S. Ct. 2549, 2565 (2010). In any event, the district court's evidentiary prejudice rulings are mistaken. *Supra* pp.19-20. Its arguments about financial prejudice (which respondents call "expectations-based prejudice," Br. 48) are similarly defective. The courts below found financial prejudice simply because respondents invested money and entered into distribution agreements to promote *Raging Bull* after 1991. Pet. App. 12a-14a, 44a-45a. They rejected out of hand petitioner's arguments that respondents "earned a substantial profit" on those interim expenditures and "would not have done anything different, or been in any better position, had the suit been filed sooner." Pet. App. 14a-15a; *see id.* at 45a. They failed to consider the Copyright Act's provisions for computing profits "attributable to the infringement" and deducting respondents' promotion and marketing expenses, forgone investments, and the like. 17 U.S.C. §504(b).

Delay alone does not harm infringers. On the contrary, works are usually most profitable and generate the most revenue immediately after their release. *See* CSEL Br. 11. Delay of suit until later acts of infringement lets infringers keep early profits, which are likely larger early in a work's lifespan. *Id.*;

U.S. Br. 17-18. And investments often produce net profits, not prejudice. U.S. Br. 17-18. "Respondents' evidence therefore falls well short of establishing that they would have been better off if petitioner had filed her infringement suit at an earlier date." U.S. Br. 18-19. As the government rightly notes, the correct test is whether delay causes net prejudice – *i.e.*, makes an infringer worse off overall. *Id.* That will seldom hold true and may be addressed by the Copyright Act's flexible remedies. U.S. Br. 19-20.

Here, respondents' protestations of prejudice ring particularly hollow. They have known since 1990 of petitioner's potential claims yet kept infringing and investing, even after petitioner repeatedly asserted her rights. Pet'r Br. 62; JA 128. Having taken calculated risks in the face of petitioner's claims, they cannot now claim to have been inequitably harmed.

IV. The Issues Are Properly Preserved and Fairly Included Within the Question Presented

Petitioner never "conceded that 'the equitable defense of laches could apply to a copyright infringement claim,'" as respondents twice misstate. Br. 6, 22; *see id.* at 4. She merely noted circuit precedent: "*In that case* [*Danjaq*], *the Ninth Circuit held that* the equitable defense of laches could apply to a copyright infringement claim." Pet'r C.A. Br. 38 (emphasis added to words omitted by respondents). Nor has she failed to challenge the Ninth Circuit's presumption of

laches or the prejudice standards and findings below. Pet. 4, 23-24; Cert. Reply 1, 10 & n.3; Pet'r Br. 12, 46-49, 53-56 & n.15. Those issues, as well as the availability of legal and equitable relief, are fairly included within the question presented: whether "laches is available without restriction to bar all remedies." Pet. i; S. Ct. R. 14.1(a); Cert. Reply 10. *Cf. Yee* v. *Escondido*, 503 U.S. 519, 534 (1992) (allowing "any argument in support of th[e] claim" – here, laches in copyright).

CONCLUSION

The court of appeals' judgment should be reversed.

Respectfully submitted,

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