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U.S. Supreme Court Eliminates Defense of Laches In Patent Infringement Cases

On March 21, 2017, in *SCA Hygiene Products Aktiebolag Et al. v. First Quality Baby Products, LLC, Et al.* (Case No. 16-927), the U.S. Supreme Court eliminated laches — an equitable doctrine barring suits after unreasonable delays — as a defense in patent cases.

FACTUAL BACKGROUND

In 2003, Plaintiff SCA notified Defendant First Quality that their adult incontinence products infringed an SCA patent. First Quality responded that its own patent invalidated SCA's patent. In 2004, SCA sought reexamination of its patent in light of First Quality's patent, and in 2007, the Patent and Trademark Office confirmed the SCA patent's validity. SCA didn't sue First Quality for patent infringement until 2010.

First Quality won summary judgment of laches and equitable estoppel at the district court. The district court affirmed the laches decision and the Federal Circuit affirmed (and also affirmed again en banc). The Federal Circuit distinguished the Supreme Court holding that laches was eliminated as a defense in copyright law by an explicit statute of limitations applicable to copyright. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014). The Federal Circuit primarily relied on the distinction that laches was a defense in patent cases for over 100 years.

SUPREME COURT DECISION

The Supreme Court (with only Judge Breyer dissenting) held that *Petrella* compelled the elimination of laches in patent cases as well. This eliminates a common defense that has existed in patent cases for over a century.

The Court found that “[b]y the logic of *Petrella*, we infer that this provision represents a judgment by Congress that a patentee may recover damages for any infringement committed within six years of the filing of the claim.” The Court reasoned that a statute of limitations reflects a congressional decision that timeliness is better judged by a hard-and-fast rule instead of a case-specific judicial determination. The majority decision also noted that applying laches within a limitations period specified by Congress would give judges a “legislation-overriding” role that is not warranted. The Court also rejected distinctions that First Quality tried to draw between the patent limitation period (i.e., six years before suit) and the copyright statute, as well as statutory interpretation arguments that the common law defense of laches was preserved when the six-year past damage period was enacted.

Commentators have noted that the *SCA* decision is favorable to patent owners and may lead to larger damages in certain instances, while forcing companies who might be targeted with infringement claims to be more wary of older patents.

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EQUITABLE ESTOPPEL REMAINS A DEFENSE

The Court stressed that equitable estoppel still can remedy unfairness where a patentee intentionally made an accused infringer think it was safe from a patent: “We note, however, as we did in *Petrella*, that the doctrine of equitable estoppel provides protection against some of the problems that First Quality highlights, namely, unscrupulous patentees inducing potential targets of infringement suits to invest in the production of arguably

infringing products.” Indeed, the Federal Circuit held that there are genuine disputes of material fact as to whether equitable estoppel bars First Quality’s claims in this very case.”

However, equitable estoppel is a more difficult defense to prove, because it requires the infringer to have been aware of the patent and to have relied upon the actions by the patentee in concluding they were safe from suit. By contrast, laches was presumed by the mere passage of time.

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