

Supreme Court Eliminates Laches Defense for Many Patent Infringement Cases

March 23, 2017

On March 21, 2017, the Supreme Court issued its decision in *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, which addressed the viability of the equitable defense of laches under the patent laws.

Key takeaway

Laches is no longer available as a defense where the infringement occurred within the six-year time period prescribed by 35 USC § 286.

First Quality's laches defense is permitted by the Federal Circuit

In October 2003, SCA accused First Quality of patent infringement. The following year, SCA initiated a reexamination proceeding at the PTO to confirm the validity of its patent. The PTO issued a reexamination certificate in March 2007. In August 2010 – some seven years after SCA first notified First Quality of its patent infringement claim – SCA sued First Quality.

First Quality moved for summary judgment based on laches and equitable estoppel. The district court granted the motion on both grounds. SCA appealed but, before the Federal Circuit panel issued its decision, the Supreme Court issued its decision in a copyright case, *Petrella v. Metro-Goldwyn-Mayer, Inc.* (2014).

Petrella addressed a similar issue regarding laches under copyright law. There, the Court held that laches cannot preclude a claim for damages incurred within the Copyright Act's three-year limitation period.

Despite the Supreme Court's holding in *Petrella*, the Federal Circuit panel and, later, the Federal Circuit sitting *en banc* held that a finding of laches in patent cases defeats a claim for damages incurred even within the six-year period set out by the Patent Act.

Supreme Court rejects laches defense for acts within statute of limitations

The Supreme Court found no reason to depart from its reasoning in *Petrella*. In so doing, the Court observed that laches is a "gap-filling doctrine" and that where there is a statute of limitations, there is no gap to fill. The Supreme Court inferred that the time limitation on damages in 35 USC § 286 represented 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 rejected arguments that Section 286 did not represent a "true" statute of limitations, as well as arguments that Congress had implicitly codified a damages-limiting laches defense in a separate provision of the Patent Act, 35 USC § 282.

Practical takeaways

The Supreme Court's decision is obviously good for patent owners. Patent owners no longer need to be concerned that a successful laches defense will bar pre-suit damages.

Conversely, potential targets of infringement suits now face greater risk from older patents. Some patent owners, particularly non-practicing entities, may now strategically delay in bringing infringement claims, waiting for potential infringers to fully invest in and commercialize their products, in order to maximize damages.

While the Supreme Court recognized policy arguments for maintaining a laches defense, it elected to defer to Congress's judgment rather than interpose its own.

Because laches was rarely a successful defense, some commentators have argued that the impact of the Supreme Court's decision on patent litigation will be limited. Only time will tell whether SCA will encourage the enforcement of patents where an infringement claim was raised, or could have been raised, years ago.

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