SMU | DEDMAN SCHOOL OF LAW

SMU Law Review

Volume 66 | Issue 2 Article 8

2013

Copyright Law - A Challenge to the Ninth Circuit's Fight Applying Laches in Raging Bull Suit

Jacqui Bogucki
Southern Methodist University

COPYRIGHT LAW—A CHALLENGE TO THE NINTH CIRCUIT'S FIGHT APPLYING LACHES IN *RAGING BULL* SUIT

*Jacqui Bogucki**

THE old adage that "equity aids the vigilant" is often used as justification for allowing the equitable defense of laches to apply in copyright infringement cases where the copyright holder unreasonably delays in filing suit and that delay causes prejudice to the alleged infringers.[1] But should that protection exist, and if so, how far should it go? A recent decision reinforces the Ninth Circuit's position that the laches defense should be allowed in copyright actions to bar all equitable and statutory relief—even if the action is still within the statute of limitations.[2] Although the circuits are split as to the exact extent laches should be allowed in copyright infringement suits,[3] this Note argues that the reinforcement of the Ninth Circuit's expansive view on the scope of laches to bar copyright owners' relief in *Petrella v. Metro-Goldwyn-Mayer, Inc.* is unduly inequitable and hostile to innocent copyright holders.

Following boxer Jake LaMotta's retirement, he and friend Frank Peter Petrella ("F. Petrella") produced a screenplay in 1963, a book in 1970, and another screenplay in 1973 about LaMotta's life, all of which would become the basis for the 1980 movie *Raging Bull*.[4] All three works were registered with the United States Copyright Office in the year they were produced, with F. Petrella listed as the sole claimant and author for both the 1963 and 1973 screenplays; LaMotta listed as a coauthor for the 1963 screenplay; and LaMotta, Joseph Carter, and F. Petrella, under his pseudonym "Peter Savage," listed as coauthors of the 1970 book.[5] On November 19, 1976, F. Petrella and LaMotta assigned their copyright rights in

* J.D. Candidate, SMU Dedman School of Law, 2014; B.S. in Finance and Accountancy, *summa cum laude*, Arizona State University, 2010. The author would like to thank her family and friends for their endless love and support.

1. Danjaq LLC v. Sony Corp., 263 F.3d 942, 947 (9th Cir. 2001).

2. Petrella v. Metro-Goldwyn-Mayer, Inc., 695 F.3d 946, 957, 959 (9th Cir. 2012); *see also Danjaq*, 263 F.3d at 954, 959–60.

3. *Petrella*, 695 F.3d at 958 (Fletcher, J., concurring) (noting the circuit split and the Ninth Circuit's hostility toward copyright owners).

4. *Id.* at 949.

5. *Id.*

the two screenplays and the book, "exclusively and forever, including all—periods of copyright and renewals and extensions thereof,"[6] by written agreement to Chartoff Winkler Productions,[7] reserving for themselves "certain rights to the authors of the book."[8] In September 1978, Chartoff Winkler assigned the motion picture rights for *Raging Bull* to United Artists Corporation, a wholly owned subsidiary of Metro-Goldwyn-Mayer Studios ("MGM"), which subsequently registered a copyright in the film version of *Raging Bull* in September 1980.[9]

In 1981, F. Petrella died and his reserved renewal rights in the three works passed on to his heir and daughter Paula Petrella ("Petrella").[10] After learning about the Supreme Court's 1990 decision in *Stewart v. Abend*,[11] which held that when an author dies before renewing his rights in a work, his statutory successors are entitled to renew to those renewal rights, even if the author had previously assigned those rights to a third party,[12] Petrella hired an attorney to assist her in renewing her rights in the works in 1991.[13] Petrella and her attorney first contacted the defendants in 1998, "asserting that Petrella had obtained the rights to the 1963 screenplay and that the exploitation of any derivative work, including *Raging Bull*, was an infringement of [those] exclusive rights."[14] For the next two years, Petrella and the defendants sent a series of letters back and forth, with Petrella asserting that the defendants were infringing her rights and threatening to take legal action, and the defendants countering those assertions.[15] Both during and after the exchange, the defendants conducted transactions as though they were the rightful owners of *Raging Bull* by, for example, licensing the film to various television networks through 2015; spending $3 million in 2004 and 2005 to create, promote, and distribute a special edition of the film; and spending more than $100,000 to convert the film to Blu-Ray in 2008 and 2009.[16]

In 2009, Petrella brought suit against MGM and its subsidiaries, United Artists, and 20th Century Fox Home Entertainment for copyright infringement, unjust enrichment, and an accounting for violating her rights in F. Petrella's three works that formed the basis for the *Raging Bull* film.[17] The defendants filed for summary judgment, which the federal district court granted, finding that the equitable defense of laches barred Petrella's claims against the defendants.[18] Petrella appealed the decision

6. *Id.*
7. *Id.*
8. *Id.* at 950.
9. *Id.*
10. *Id.*
11. 495 U.S. 207 (1990).
12. *See id.* at 219–20.
13. *Petrella*, 695 F.3d at 950.
14. *Id.*
15. *Id.*
16. *Id.* at 954.
17. *Id.* at 949.
18. *Id.*

to the Ninth Circuit.[19]

Relying heavily on its 2001 decision in *Danjaq v. Sony Corp.*,[20] the Ninth Circuit affirmed summary judgment for the defendants, without ever reaching the merits of Petrella's claims.[21] Notwithstanding the fact that copyright infringement actions have a three-year statute of limitations that accrues[22] from the date of the last alleged infringement,[23] the Ninth Circuit held that laches barred Petrella's claims, finding that she unreasonably delayed filing suit for eighteen years, causing the defendants undue prejudice.[24] Thus, the court concluded that the defendants were entitled to summary judgment because there was "no genuine issue of material fact" that they had proved their laches defense.[25] Having found the equitable laches defense successful, the court further ruled that Petrella's unjust enrichment and accounting claims were barred because both were equitable remedies.[26]

According to the majority, laches barred Petrella's claims because she unreasonably delayed filing suit that resulted in prejudice to the defendants, even though her 2009 action was within the three-year statute of limitations for claims under the Copyright Act.[27] In the Ninth Circuit, a defendant who asserts a laches defense has the relatively easy burden of showing that "(1) the plaintiff delayed in initiating the lawsuit; (2) the delay was unreasonable; and (3) the delay resulted in prejudice" to the defendant.[28] First, the court looked to see if Petrella delayed in filing suit by looking at the time from which she knew or should have known about the defendant's alleged copyright infringement to the date she filed the lawsuit.[29] The majority found that since Petrella knew she had potential infringement claims against the defendants as early as 1991, but did not file suit until 2009, she had delayed in initiating the suit for a period of eighteen years.[30] Next, the court looked to the underlying cause of Petrella's delay in filing suit to determine if her delay was reasonable or unreasonable.[31] Petrella asserted that she delayed in filing suit against the defendants for eighteen years because (1) "the film was deeply in debt and . . . would probably never recoup"; (2) she "did not know there was a time limit to making such claims"; and (3) family and financial issues sidetracked her.[32] The majority found that Petrella's delay was unreasonable

19. *See id.* at 951.
20. 263 F.3d 942 (2001).
21. *Petrella*, 695 F.3d at 956.
22. 17 U.S.C. § 507(b) (2006).
23. See Urbant v. Sony Music Entm't, 863 F. Supp. 2d 279, 281, 286 (S.D.N.Y. 2012) (describing the "injury rule" for accrual).
24. *Petrella*, 695 F.3d at 955–56.
25. *Id.* at 952, 957.
26. *Id.* at 956.
27. *See id.* at 957.
28. *Id.* at 951–52.
29. *Id.* at 952.
30. *Id.*
31. *See id.*
32. *Id.*

because "its purpose [was] to capitalize on the value of the alleged infringer's labor, by determining whether the infringing conduct [was] profitable."[33] Lastly, the court found that Petrella's unreasonable delay caused prejudice to the defendants because "during the delay, [the defendants] invested money to expand [their] business [and] entered into business transactions based on [their] presumed rights"[34] when they entered into licensing agreements with television networks and spent millions creating, promoting, and distributing enhanced versions of the *Raging Bull* film.[35] Finding the defendants' laches defense successful, the court used it to bar the equitable relief sought by Petrella in her claims of unjust enrichment and accounting.[36]

In his concurring opinion, Judge Fletcher agreed that Petrella's claims should be barred by laches "only because [the court is] compelled to follow [its] opinion in *Danjaq*,"[37] but expressed strong concerns over whether the Ninth Circuit "provide[s] appropriate protection to innocent copyright owners who have brought infringement suits within the statute of limitations."[38] In particular, Fletcher noted that "[t]here is nothing in the copyright statute or its history to indicate that laches is a proper defense to a suit brought under the Act."[39] Specifically, he referred to the fact that when Congress first amended the Copyright Act in 1957 to include a three-year statute of limitations,[40] the "accompanying Senate Report noted that the adoption of a federal limitations period would extinguish equitable defenses such as laches."[41] Thus, he concluded, using the judicially created laches defense in infringement suits directly contravenes Congress's intent of not having equitable defenses apply in copyright cases.[42]

Fletcher also identified a "severe circuit split" on the use of laches in copyright infringement cases,[43] and strongly admonished the Ninth Circuit for being "the most hostile to copyright owners of all the circuits."[44] Fletcher noted, for example, that the Fourth Circuit in *Lyons Partnership v. Morris Costumes* disallowed laches in copyright actions if the action was properly brought within the limitations period.[45] Furthermore, he noted that circuits allowing laches in copyright cases brought within the statute of limitations limit it to cases with unusual circumstances and per-

33. *Id.*
34. *Id.* at 953.
35. *See id.* at 953–54.
36. *Id.* at 956.
37. *Id.* at 958 (Fletcher, J., concurring).
38. *Id.* at 959.
39. *Id.* at 958.
40. *Id.*
41. *Id.*
42. *See id.*
43. *Id.*
44. *Id.*
45. *Id.* (citing Lyons P'ship v. Morris Costumes, Inc., 243 F.3d 789, 798 (4th Cir. 2001)).

mit limited kinds of relief.[46] For example, the Eleventh Circuit held that laches may be allowed "[o]nly in the most extraordinary circumstances,"[47] and even then only bars recovery for retrospective damages.[48] In light of these circuit court positions, Fletcher averred that the Ninth Circuit "[had] taken a wrong turn in its formulation and application of laches in copyright cases."[49]

The Ninth Circuit's holding in *Petrella*, affirming its broad application of laches in copyright infringement actions, is another disappointing result stemming from its flawed precedent. Although the Ninth Circuit correctly applied the laches defense as laid out in *Danjaq*, it arrived at an inequitable result. Even in 2009, the defendants conducted transactions relating to the *Raging Bull* rights.[50] Because a claim accrues from the date of the infringement under the Copyright Act,[51] when Petrella brought her copyright infringement claims against defendants in 2009, they were properly brought within the Act's three-year statute of limitations.[52] Thus, Petrella's claim should not have been barred by laches. In the alternative, even if laches did apply, barring all forms of relief—statutory and equitable, retrospective and prospective—was unjust. Why should Petrella not be able to recover for the defendants' copyright infringement when that infringement was occurring at the time she filed suit? This also begs another question: Why is the Ninth Circuit so willing to protect an infringer's rights by the relatively easy application of the laches defense, but so reluctant to give copyright owners the protection owed to them for taking the time to actually register their works? For example, to successfully assert a laches defense in the Ninth Circuit, a defendant does not even have to prove that the plaintiff had actual knowledge of the defendant's infringement: the standard is simply "should have known."[53] Moreover, it is baffling that a court would impose the judicially-created doctrine of laches to bar a plaintiff from asserting a meritorious copyright claim within the statute of limitations, overriding Congress's express intent. The court must be wary of overstepping its bounds and violating separation of powers principles when it imposes its thoughts on whether an action is equitable or not, thus validating a laches defense, over the express will of Congress in creating a specified statute of limitations period.

---

46. *See id.*, *see also* Chirco v. Crosswinds Cmtys., Inc., 474 F.3d 227, 233 (6th Cir. 2007) (holding that laches may be used in copyright infringement cases only in "the most compelling of cases"); New Era Publ'g Int'l v. Henry Holt & Co., 873 F.2d 576, 585 (2d Cir. 1989) (allowing laches to bar injunctive relief, but not monetary damages).

47. Peter Letterese v. World Inst. of Scientology Enters., Int'l, 533 F.3d 1287, 1320 (11th Cir. 2008).

48. *Id.* at 1321.

49. *Petrella*, 695 F.3d at 959.

50. *See id.* at 954.

51. *See* Urbant v. Sony Music Entm't, 863 F. Supp. 279, 281, 286 (S.D.N.Y. 2012).

52. *See* 17 U.S.C. § 507(b) (2006).

53. *Petrella*, 695 F.3d at 959 (Fletcher, J., concurring).

Further, and contrary to the position taken by the Ninth Circuit in *Petrella*, most circuits severely limit the effect of laches in copyright infringement claims.[54] For example, the Fourth Circuit in *Lyons* expressly disallowed the use of laches in copyright cases.[55] The Fourth Circuit concluded that using laches in copyright cases could not be allowed because (1) laches only applies to actions at equity, not actions at law;[56] (2) separation of powers principles dictate that the judicially created doctrine of laches cannot trump Congress's express will to allow a cause of action;[57] and (3) the Supreme Court itself has recognized in several cases that laches does not have a place in legal actions properly brought within a statute of limitations.[58] Similarly, the Eleventh Circuit allows laches in copyright actions "[o]nly in the most extraordinary circumstances."[59] Although the Eleventh Circuit does not completely disallow laches in copyright actions,[60] it still maintains "a strong presumption that a plaintiff's suit is timely if it is filed before the statute of limitations has run,"[61] and even if laches is applied, its effect is limited as a "bar only to the recovery of retrospective damages, not to prospective relief."[62]

If Petrella had brought her copyright infringement claims against the defendants in any other circuit but the Ninth, a very different and much more equitable result would have occurred. In the Fourth Circuit, for example, she would have had the opportunity to prove her claim because a laches defense is not allowed for copyright claims brought within the statute of limitations.[63] Further, in the Eleventh Circuit, there is a fair chance that laches would not have applied, and even if it did, she would still have been able to receive prospective relief from the defendants' infringement of her rights in *Raging Bull*.[64] Both of these results would be infinitely fairer than the Ninth Circuit's complete bar to all relief, even though she brought her copyright claims within the prescribed statute of limitations.

As the Ninth Circuit likely sees more copyright cases than any other circuit, it must give serious consideration to the unjust effects that its application of laches has in the copyright context. Perhaps Judge Fletcher's admonition that the Ninth Circuit "has taken a wrong turn in its formulation and application of laches in copyright cases"[65] will encourage the court to revisit its prior decisions and reverse its current wayward direction. Perhaps the Ninth Circuit will revisit this very issue involving the very same film again in the near future with LaMotta wanting to make a

54. *See, e.g.*, *Peter Letterese*, 533 F.3d at 1321; *Lyons*, 243 F.3d at 797–98.
55. *Lyons*, 243 F.3d at 798.
56. *Id.* at 797.
57. *Id.*
58. *Id.* at 797–98.
59. *Peter Letterese*, 533 F.3d at 1320.
60. *See id.*
61. *Id.*
62. *Id.* at 1320–21.
63. *See Lyons*, 243 F.3d at 798.
64. *See Peter Letterese*, 533 F.3d at 1321.
65. Petrella v. Metro–Goldwyn–Mayer, Inc., 695 F.3d 946, 959 (9th Cir. 2012) (Fletcher, J., concurring).

Raging Bull sequel, and MGM claiming that LaMotta does not have the rights to make a movie based on his own life.[66] Or perhaps the Supreme Court will step in to resolve this circuit split, and decide whether a judicially-created notion like laches can overrule Congress's express intent and bar a copyright infringement action brought within the specified statute of limitations.

Whatever future actions may be taken by the circuit courts of appeal and the Supreme Court to resolve this split, litigants can be sure of one thing in copyright actions filed in the Ninth Circuit: even a brief delay in filing suit may result in a meritorious claim being barred by laches even if filed within the Copyright Act's statutory allowance. The Ninth Circuit, with its low standard for successfully asserting a laches defense, is too willing to save copyright infringers from the mere hint of prejudice, while ignoring the inequitable result to innocent copyright owners. Accordingly, the Ninth Circuit needs to reevaluate its use of laches in copyright actions and develop an application that is equitable to all parties, supportive of Congress's express will, and in line with its sister circuits.

66. *LaMotta's Got Punch*, N.Y. POST (July 5, 2012, 11:26 PM), http://www.nypost.com/p/pagesix/lamotta_got_punch_o8Izs22oZyPZJO7mNqyJNN.

Comments


SOUTHERN METHODIST UNIVERSITY
DALLAS, TEXAS