No. 15-927

In The Supreme Court of the United States

SCA HYGIENE PRODUCTS AKTIEBOLAG AND
SCA PERSONAL CARE, INC.,
Petitioners,

v.

FIRST QUALITY BABY PRODUCTS, LLC, FIRST QUALITY
HYGIENIC, INC., FIRST QUALITY PRODUCTS, INC., AND
FIRST QUALITY RETAIL SERVICES, LLC
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF *AMICUS CURIAE* LAW PROFESSORS IN SUPPORT OF PETITIONERS

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INTEREST OF THE *AMICUS CURIAE*[1]

Amici are professors of law who teach and write about subjects that include the law of remedies and patent law. They have expertise that bears directly on the question before this Court: Should laches be available to bar claims for legal damages from patent infringement that are brought within the six-year limitations period codified at 35 U.S.C. § 286?

Amici are:

Samuel L. Bray, Professor of Law at the UCLA School of Law.[2] Professor Bray's research explores the law of remedies and, in particular, questions related to the functions, timing, and institutional demands of different remedies. His latest work in this area explains the continuing relevance of and justifications for the traditional distinction between legal and equitable remedies.

John F. Duffy, Samuel H. McCoy II Professor of Law at the University of Virginia School of Law. Professor Duffy has written extensively in the area of patent law and policy. His works include law review articles on patent law and a casebook, co-authored with Robert Merges, on *Patent Law and Policy*. He

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[1] All parties have consented to the filing of this brief. No counsel for a party has written this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person or entity, other than the *amicus curiae* or its counsel, has made a monetary contribution to this brief's preparation or submission.

[2] Institutional affiliations are provided for identification purposes only.

also writes on other areas of the law, and his article *Administrative Common Law in Judicial Review*, 77 Tex. L. Rev. 113 (1998), examined the relationship between statutory law and judge-made law, including judge-made law in equity decisions.

SUMMARY OF ARGUMENT

The traditional rule in American law is that laches is an equitable defense that does not apply to claims for damages brought within an applicable statutory limitations period. This longstanding rule was recently reaffirmed by this Court in *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014).

Patent law is not special in this regard. There was no common-law exception to the traditional rule in patent cases prior to the enactment of the Patent Act in 1952, and Congress did not codify such an exception in that act. The Federal Circuit's conclusion to the contrary, which is based on a smattering of inconclusive lower-court decisions and fails to account for contrary Supreme Court precedent, is mistaken.

The traditional rule reflects both good policy and the superior lawmaking authority of the legislature. The laches defense responds to certain dangers inherent in the award of equitable relief, which include the risk of abusive behavior by litigants and costly judicial supervision. These dangers simply are not present to anything like the same degree when a plaintiff seeks only legal remedies that are already subject to a statute of limitations. Moreover, consistent with general separation-of-powers principles, judge-made limitations on the timing of remedies should yield where Congress has considered

and addressed the issue. All of these points are no less true in the patent context than in any other. Accordingly, the holding of the Federal Circuit should be reversed.

ARGUMENT

I. LACHES IS AN EQUITABLE DEFENSE THAT DOES NOT BAR CLAIMS FOR LEGAL DAMAGES

A. The Traditional Rule In American Law Is That Laches Does Not Bar Claims For Legal Damages

The traditional rule in American law is that laches is an equitable defense that does not bar claims for legal damages brought within an applicable statutory limitations period. See, *e.g.*, *Cnty. of Oneida* v. *Oneida Indian Nation of N.Y.*, 470 U.S. 226, 244 n.16 (1985) ("[A]pplication of the equitable defense of laches in an action at law would be novel indeed."); *Restatement (Third) of Restitution and Unjust Enrichment* § 70 (2011) (explaining that any "action for restitution may be barred by [a] lapse of time under an applicable statute of limitations" but expressly restricting the defense of laches to "an action for restitution [that] asserts a claim or seeks a remedy originating in equity"); 1 Dan B. Dobbs, *Law of Remedies* 104, 105-106 (2d ed. 1993) ("When laches does not amount to estoppel or waiver, it does not ordinarily bar legal claims, only equitable remedies . . . . Courts have routinely referred to laches as an equitable defense, that is, a defense to equitable remedies but not a defense available to bar a claim of legal relief."); Samuel L. Bray, *A Little Bit*

of Laches Goes a Long Way: Notes on Petrella v. Metro-Goldwyn-Mayer Inc., 67 Vand. L. Rev. En Banc 1, 2-4 (2014).

This rule has a long pedigree, see, *e.g.*, *United States* v. *Mack*, 295 U.S. 480, 489 (1935) ("Laches within the term of the statute of limitations is no defense at law."), and continues to govern in the vast majority of state and federal courts, see *Naccache* v. *Taylor*, 72 A.3d 149, 154 & n.9 (D.C. 2013) (collecting cases). While a few courts do apply laches to all claims, legal and equitable, these scattered exceptions only demonstrate the widespread resilience of the traditional rule. See, *e.g.*, *Smith* v. *Gehring*, 496 A.2d 317, 323-25 (Md. Ct. Spec. App. 1985) (noting several outliers to the traditional rule, including a pair of patent cases, and rejecting them as unreasoned outliers); Bray, *A Little Bit of Laches*, 67 Vand. L. Rev. En Banc at 3 (same).

B. *Petrella* Reaffirmed The Traditional Rule

The continuing vitality of the traditional rule barring laches as a defense to claims for legal damages was recently reaffirmed in *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014). The Court held that laches is not a defense to copyright infringement claims seeking damages that are brought within the Copyright Act's three-year limitations period.

As this Court reasoned, "laches is a defense developed by courts of equity; its principle application was, and remains, to claims of an equitable cast for which the Legislature has provided no fixed time limitation." *Petrella*, 134 S. Ct. at 1973. "Both before and after the merger of law and equity in 1938, this

Court has cautioned against invoking laches to bar legal relief." *Ibid.* (citing *Holmberg* v. *Armbrecht*, 327 U.S. 392, 395 (1946); *Merck & Co.* v. *Reynolds*, 559 U.S. 633, 652 (2010); *Mack*, 295 U.S. at 489; *Cnty. of Oneida*, 470 U.S. at 244 n.16).

This traditional rule, the Court emphasized, works in tandem with separation-of-powers principles to preclude application of laches to claims for legal damages brought within a statutory limitations period. "[T]he equitable defense of laches" is meant to address "unreasonable, prejudicial delay in commencing suit." *Petrella*, 134 S. Ct. at 1967. But a congressionally enacted statute of limitations "itself takes account of delay" in the bringing of claims and thus obviates any need for a laches defense as to claims with the domain of the statute. *Id.* at 1973. The "legislation-overriding" that occurs when individual judges "set a time limit other than the one Congress prescribed . . . tug[s] against the uniformity Congress s[eeks] to achieve when it enact[s]" a limitations period, and upsets the proper division of labor between courts and Congress. *Id.* at 1974-75; cf. *Lyons P'ship, L.P.* v. *Morris Costumes, Inc.*, 243 F.3d 789, 798 (4th Cir. 2001) ("Separation of powers principles . . . preclude us from applying the judicially created doctrine of laches to bar a federal [copyright] claim that has been timely filed under an express statute of limitations.").

Although *Petrella* addressed the availability of laches to claims for legal damages brought within the Copyright Act's limitations period, its holding was based on principles that apply more generally. The conclusion that "laches is a defense developed by courts of equity" and is therefore inapplicable to

claims for legal remedies, 134 S. Ct. at 1973, is not unique to copyright, but rather derives from generally applicable common-law principles developed in cases decided before and after the merger of law and equity, and in a variety of legal contexts. See *id.* at 1973-74. Similarly, the command that when Congress speaks, the courts must follow, see *id.* at 1973-74, is hardly limited to copyright, or even to statutes of limitations. See, *e.g.*, *Miles* v. *Apex Marine Corp.*, 498 U.S. 19, 27, 31 (1990) (in admiralty context, holding that where "Congress has spoken directly" to remedial questions, courts must not "supplement" Congress' answer by prescribing "a different measure of damages," "a different statute of limitations," or "a different class of beneficiaries"). In sum, nothing in *Petrella* suggests that its reasoning or conclusion is limited to the copyright context.

II. THE PATENT ACT ADHERES TO THE TRADITIONAL RULE

The decision below departs from the traditional rule. According to the Federal Circuit, such departure is the will of Congress—which, that court held, "codified a laches defense in [35 U.S.C. § 282(b)(1)]." Pet. App. 36a. But Congress did no such thing. Properly construed, section 282(b)(1) provides no reason to think that Congress intended for laches to apply to claims for legal damages in the patent context.

The Federal Circuit's construction of section 282(b)(1) rests on two assertions, neither of which is sound. The first is that the purportedly "inclusive language" of section 282(b)(1), in combination with its legislative history and certain

post-enactment statements by one of its principal draftsmen, evidences Congress's deliberate intent to make laches applicable to all kinds of patent claims, legal and equitable. The second is that Congress's intent in this regard merely "codified [the] laches defense" as it existed in case law at the time of section 282(b)(1)'s enactment, and that laches "barred recovery of legal remedies" under such case law. Pet. App. 18a–34a

But nothing in the text or legislative history of section 282(b)(1) suggests that Congress intended to expand the availability of the laches defense beyond its traditional domain—and neither does the case law in existence at the time the provision was enacted. Indeed, even when taken together, the factors relied upon by the Federal Circuit fall far short of the "clear[] express[ion]" of legislative intent that is required to justify a departure from the traditional rules governing remedies. See, *e.g.*, *Nken* v. *Holder*, 556 U.S. 418, 433 (2009) (refusing to imply a departure from traditional equitable principles where Congress had not "clearly express[ed] such a purpose"). And in the absence of such a clear expression, section 282(b)(1) should be construed to invoke, rather than alter, the traditional rule that laches does not bar claims for legal relief brought within an applicable limitations period.

A. Congress Did Not Change The Traditional Rule When It Enacted Section 282(b)

This Court has recently and repeatedly said that congressional departures from traditional principles of equitable remedies are not to be implied lightly. See, *e.g.*, *Nken*, 556 U.S. at 433; *eBay Inc.* v.

MercExchange, L.L.C., 547 U.S. 388, 391 (2006); see also *Weinberger* v. *Romero-Barcelo*, 456 U.S. 305, 313, 320 (1982). That is not to say that Congress cannot make changes to the law of remedies when it wishes. See *Jesinoski* v. *Countrywide Home Loans, Inc.*, 135 S. Ct. 790, 793 (2015). But such a purpose must be "clearly express[ed]." *Nken*, 556 U.S. at 433. Absent such a clear expression, courts are to read federal statutes in a manner that is consistent with, rather than one that alters, the common law of equitable remedies. *Romero-Barcelo*, 456 U.S. at 320; see also Bray, *A Little Bit of Laches*, 67 Vand. L. Rev. En Banc at 15-17 (giving rationales).

No clear statement expressing an intent to depart from the traditional rules governing laches appears anywhere in section 282(b)(1). The section provides that:

> The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:
>
> > (1) Noninfringement, absence of liability for infringement or unenforceability.

35 U.S.C. § 282(b)(1). As is evident from its text, the statute does not even *mention* laches. Though it may be true, as the Federal Circuit held, that the text of section 282(b)(1) is sufficiently "broad" and "inclusive" as to encompass a defense of laches generally, Pet. App. 19a, 22a, it cannot be said that the text is so clear and specific as to evidence a congressional intent to deviate from the traditional rule confining laches to claims for equitable relief.

Cf. *Nken*, 556 U.S. at 428-433 (finding that statutory provision limiting courts' authority to "enjoin the removal of any alien," 8 U.S.C. § 1252(f)(2), did not evidence a congressional intent to deviate from traditional principles regarding stays, despite "functional overlap" between a stay pending appeal and a preliminary injunction). On this point—the only one that matters here—the statute is altogether silent.

Nor can any such clear expression of purpose be found in the legislative history of the statute. As the Federal Circuit acknowledges, the relevant House and Senate Reports each contain just one sentence addressing section 282(b). Pet. App. 19a. Neither addresses either the availability or the scope of a laches defense. *Ibid.* Likewise, the drafter's commentary on which the Federal Circuit relies states only that the term "unenforceability" in section 282(b)(1) was meant to "include . . . equitable defenses such as laches." *Id.* at 20a (quoting P.J. Federico, *Commentary on the New Patent Act*, 35 U.S.C.A. 1, 55 (West 1954)). Putting aside whether this post-enactment statement by a Patent Office official should be accorded any authoritative weight at all,[3] it provides no evidence of any intent to apply the equitable defense of laches *to claims for legal damages*. Because neither the text of section 282(b)(1) nor its legislative history suggest

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[3] Cf. *Consumer Prod. Safety Comm'n* v. *GTE Sylvania, Inc.*, 447 U.S. 102, 117-18, 120 (1980) (repeating "the oft-repeated warning that" a "*post hoc* statement" of a single legislator "is far from authoritative as an expression of congressional will").

that Congress intended to depart from familiar equitable principles, the statute should be construed to adhere to those principles and provide for laches as a defense only to equitable claims. Cf. *eBay*, 547 U.S. at 391-92 (holding that the "familiar principles" governing permanent injunctive relief "apply with equal force to disputes arising under the Patent Act" in the absence of any indication that Congress intended otherwise).

Indeed, the conclusion that Congress intended to leave the traditional scope of the laches defense undisturbed is bolstered when the words of section 282 are properly construed "in their context and with a view to their place in the overall statutory scheme." *Utility Air Regulatory Grp.* v. *Environmental Protection Agency*, 134 S. Ct. 2427, 2441 (2014). The six-year statutory limitations period set out in section 286 expresses Congress' judgment as to the timeliness of a damages claim, lending further support to the conclusion that whatever laches defense may be contemplated by section 282 adheres to traditional equitable principles and does not apply to claims for legal relief brought within the limitations period. See *Petrella*, 134 S. Ct. at 1967 (noting that because "courts are not at liberty to jettison Congress' judgment on the timeliness of suit," laches "cannot be invoked to preclude adjudication of a claim for damages brought within the three-year" statutory limitations period).

B. There Was No Common-Law Exception To The Traditional Rule In Patent Cases Prior To The Enactment Of The Patent Act Of 1952

The Federal Circuit's holding is not saved by the majority's analysis of the common law at the time that section 282 was enacted in 1952. While it is true that a statute that "covers an issue previously governed by the common law" is presumed to "retain the substance of the common law," Pet. App. 24a (quoting *Kirtsaeng* v. *John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1363 (2013)), that presumption applies only to principles that are "well established." *Astoria Fed. Sav. & Loan Ass'n* v. *Solimino*, 501 U.S. 104, 108 (1991). In 1952, there was no such well-established principle permitting laches as a defense to claims for legal relief brought within a limitations period.

On the contrary, this Court had several times stated the opposite: "Though a good defense in equity, laches is no defense at law. If the plaintiff at law has brought his action within the period fixed by the statute of limitations, no court can deprive him of his right to proceed." *Wehrman* v. *Conklin*, 155 U.S. 314, 326 (1894); see also *Holmberg*, 327 U.S. at 395; *Mack*, 295 U.S. at 489; *Cross* v. *Allen*, 141 U.S. 528, 537 (1891). Nor was there any uniform practice among lower federal courts permitting laches as a defense to claims for legal relief. See, *e.g.*, *Roller* v. *Clark*, 38 App. D.C. 260, 266 (D.C. Cir. 1912) ("Laches, though a good defense in equity, is no defense at law."). Nor, for that matter, should any change in the scope of laches be expected to follow from the procedural merger effected by the Federal Rules of Civil Procedure. See, *e.g.*, *Grupo Mexicano*

de Desarrollo, S.A. v. *All. Bond Fund, Inc.*, 527 U.S. 308, 322-23 (1999). The established rule was (and is) that laches applies only against equitable claims. See, *e.g.*, *Petrella*, 134 S. Ct. at 1973-74; see also McClintock on Equity (2d ed. 1948) ("The majority of the courts which have considered the question have refused to enjoin an action at law on the ground of the laches of the plaintiff at law.").[4]

In light of these repeated statements by the Supreme Court, it is impossible to conclude that there was any "well-established" common-law principle permitting the application of laches to legal claims, let alone that Congress silently endorsed that principle when it enacted section 282. Cf. Antonin Scalia & Bryan A. Garner, *Reading Law* 322 (2012) (Congress is presumed to be aware of administrative or judicial interpretation of statutory language only when it is "by the highest court in a jurisdiction" or "a uniform interpretation" by lower courts).

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[4] The Federal Circuit suggests that *Lane & Bodley Co.* v. *Locke*, 150 U.S. 193 (1893), is to the contrary. See Pet. App. 32a–33a. This view is mistaken. *Lane & Bodley* was a suit in equity seeking equitable relief, not legal damages. *Locke* v. *Lane & Bodley Co.*, 35 F. 289, 290 (C.C.S.D. Ohio 1888), *rev'd*, 150 U.S. 193. Moreover, *Lane & Bodley* was decided at a time when there was no general statute of limitations for patent law. See *Campbell* v. *City of Haverhill*, 155 U.S. 610, 614 (1895) ("[T]he [1870 Act's] federal statute of limitation has no application to any infringement committed since June 22, 1874."); see also Act of Mar. 3, 1897, ch. 391, § 6, 29 Stat. 692, 694 (predecessor to § 286). The Court was thus free to apply laches or borrow an analogous state statute of limitations without "jettison[ing] Congress' judgment on the timeliness of suit." *Petrella*, 134 S. Ct. at 1967.

The Federal Circuit elides these cases by speaking exclusively about so-called "laches patent common law" (Pet. App. 26a)—a phrase never before appearing in *any* reported judicial decision or secondary commentary. But laches is not a creature of patent law; it is a general equitable defense. See, *e.g.*, *Petrella*, 134 S. Ct. at 1973-74 (looking to cases arising under the Federal Farm Loan Act, the Securities Exchange Act, the National Prohibition Act, and federal common law of Indian land rights for guidance regarding the scope of laches in a copyright action). And as previously discussed, nothing in the Patent Act suggests that Congress intended to create a patent-specific form of laches (or that it had any intention with respect to laches at all). In the absence of any such clear indication that patent is special when it comes to laches, generally applicable equitable principles must be applied. Cf. *eBay*, 547 U.S. at 393 (rejecting the Federal Circuit's "'general rule,' unique to patent disputes," and applying instead generally applicable equitable principles).

In any event, no well-established principle permitting the application of laches to claims for damages within the limitations period can be conjured up out of the so-called "laches patent common law" as it existed in 1952. See Pet. App. 55a–64a (Hughes, J., concurring in part and dissenting in part) (finding that, "contrary to the majority's narrow analysis of regional-circuit cases, the pre-1952 case law did not clearly establish that a plaintiff's laches may preclude recovery of legal damages"). In fact, many of the cases that applied laches to bar claims for patent damages did so without so much as mentioning the statutory limitations provision that became section 286. See,

e.g., *Universal Coin Lock Co.* v. *Am. Sanitary Lock Co.*, 104 F.2d 781, 781 (7th Cir. 1939); *George J. Meyer Mfg. Co.* v. *Miller Mfg. Co.*, 24 F.2d 505, 507-08 (7th Cir. 1928). In these cases, the question of whether laches can be applied to bar claims for legal damages brought within a limitations period merely "lurk[s] in the record, neither brought to the attention of the court nor ruled upon," and they cannot "be considered as having been so decided as to constitute precedents." *Cooper Indus., Inc.* v. *Aviall Servs., Inc.*, 543 U.S. 157, 170 (2004).

Other cases decided in the lower courts before 1952 suggested some openness to applying laches to claims for legal damages, but they did not actually do so. *E.g.*, *France Mfg. Co.* v. *Jefferson Elec. Co.*, 106 F.2d 605, 609 (6th Cir. 1939); *Hartford-Empire Co.* v. *Swindell Bros., Inc.*, 96 F.2d 227, 232-33 (4th Cir. 1938), *modified in part on other grounds*, 99 F.2d 61 (4th Cir. 1938). Even assuming that these opinions could be read to endorse the availability of laches for damages claims—and that is far from clear—any such endorsements are dicta. As such, they "do not lend any additional weight to the argument that Congress ratified a settled judicial construction. Dictum settles nothing, even in the court that utters it." *Jama* v. *Immigration & Customs Enforcement*, 543 U.S. 335, 351 n.12 (2005).

And in *Middleton* v. *Wiley*, which was decided the same year that the provisions in question were enacted (1952), the Eighth Circuit *reversed* the trial court's application of laches on the basis of, among other things, the Patent Act's statute of limitations:

> It is clear that, under the statute, recovery of compensatory damages for

> infringement of a patent is not a matter of judicial grace but of legal right, and that the damages awarded may not be less than a reasonable royalty.
>
> The defendant Wiley asserts, in effect, that the plaintiff lost his right to damages because he waited too long to bring his action. But persistence in the unauthorized use of a patented invention is a continuing trespass, and mere delay in seeking redress cannot destroy the right of the patentee to compensatory damages.

195 F.2d 844, 847 (8th Cir. 1952).[5] As *Middleton* demonstrates, there simply was no consensus that laches could be applied to bar patent-infringement claims for legal damages brought within the limitations period.

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[5] The Federal Circuit majority attempts to circumvent *Middleton*'s clear statement against the applicability of an equitable defense to a claim for damages brought within the limitations period by focusing on subsequent language in that case finding "no basis . . . for applying the doctrine of laches," *Middleton*, 195 F.2d at 846. According to the Federal Circuit, this subsequent language means that *Middleton* "assumes laches to preclude legal relief." Pet. App. 32a & n.9. Not so. But even assuming *arguendo* that this subsequent language in *Middleton* demonstrated a certain openness to applying laches, the ambiguity of the court's position regarding the propriety of laches for a claim for legal relief brought within the limitations period defeats the conclusion that there was any *well-established* rule expanding the availability of laches under the "laches patent common law."

III. THERE ARE GOOD REASONS FOR THE TRADITIONAL RULE

The traditional rule that laches does not apply to a claim for a legal remedy is not merely a historical artifact. It reflects characteristic differences between legal and equitable relief that remain relevant today—including in the patent context. The Federal Circuit's attempt to defend its "'general rule,' unique to patent disputes," *eBay*, 547 U.S. at 393, should, even as a matter of policy, give way to general equitable principles.

A. Laches Responds To The Dangers Inherent In Awarding Equitable Rather Than Legal Relief

Consider, for example, why laches even exists as a defense. One answer is that there are familiar problems from long-delayed suits—memories fade, stories change, documents are lost, and so on. That answer is good as far as it goes, but it is also the reason for a statute of limitations. By itself, that is not a reason for a more flexible time limit, like the one embodied in the laches defense. And it is certainly not a reason to set aside a statute of limitations—Congress's bright-line answer to these general timeliness concerns. It is Congress's prerogative to choose between a bright-line rule and a flexible standard, and its choice of the former should be respected. The equitable defense of laches must have other purposes.

"[E]quitable remedies have certain characteristic costs," which generally are not present with claims for legal relief. Samuel L. Bray, *The System of Equitable Remedies*, 63 UCLA L. Rev. 530, 577

(2016). Laches responds to these dangers inherent in the award of equitable relief. One danger is that equitable remedies will be abused by litigants because they have asymmetric effects on the parties. See generally *id.* at 577-78. In real property, the classic example is the landowner who knowingly allows an encroaching neighbor to build an expensive structure on his land because, once the structure is built, an injunction to tear it down will give the landowner powerful leverage to exact concessions. The leverage comes from the asymmetric effect of the injunction: tearing down the neighbor's structure will help the landowner a little, but it will hurt the neighbor a lot. This asymmetric effect and the resulting hold-up danger is of course well-known for injunctions in intellectual property. But it is almost wholly absent for damages. An award of damages is money, and the amount of money paid by the defendant is the same as the amount of money received by the plaintiff. There is no pervasive asymmetry of effect.

Another danger is that litigants will abuse equitable remedies because of a temporal asymmetry. The benefit the plaintiff would derive from an injunction, accounting, constructive trust, or specific performance may fluctuate dramatically based on prices, variation in profits over time, or circumstances that lock the defendant in to a course of conduct. This danger, too, is acute for intellectual property. See, *e.g.*, Mark P. Gergen, John M. Golden & Henry E. Smith, *The Supreme Court's Accidental Revolution? The Test for Permanent Injunctions*, 112 Colum. L. Rev. 203, 243-44 (2012) (noting the concern that some entities will "sit back while others make costly investments based on an apparent absence of

relevant patent rights, not knowing that the [plaintiff] will assert a claim of infringement after designing around the [plaintiff's] patent rights becomes much more expensive"); *Haas* v. *Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916) (L. Hand, J.) (noting this risk as a reason to apply laches to an equitable remedy in copyright). But none of these reasons for temporal asymmetry is typically present with damages, which do not require the transfer of property and are thus relatively immune from subsequent market fluctuations.

A final danger is costly supervision of the parties. Equitable remedies are more likely to require continuing judicial oversight, whether because of the possibility of noncompliance or the possibility that they will need alteration as circumstances change. See, *e.g.*, *Original Great Am. Chocolate Chip Cookie Co.* v. *River Valley Cookies, Ltd.*, 970 F.2d 273, 281 (7th Cir. 1992) ("[E]quitable relief is costly to the judicial system, especially in a case such as this where the relief sought would cast the court in a continuing supervisory role."); 13A Charles Alan Wright et al., Federal Practice & Procedure § 3531.2 (3d ed. 2002) ("To award damages, it need only be determined that the specific activities involved with this case were unlawful. To award an injunction, much more precise determinations may become necessary."); Bray, *System of Equitable Remedies*, 63 UCLA L. Rev. at 572-76. Many of these costs are externalities to the parties and will not be fully incorporated into their decisionmaking. Again, these costs are not characteristic of damages.

B. These Characteristics Of Equitable And Legal Relief Are No Different In The Patent Context

In its effort to justify its departure from the traditional rule, the Federal Circuit relies on a so-called special body of "laches patent common law," Pet. App. 26a; emphasizes that pre-1952 patent damages actions were "unlike typical damages actions in that" damages could be recovered in actions at either law or equity, Pet. App. 34a-35a;[6] and points to the fact that "innocence is no defense to patent infringement," which it characterizes as a "major difference between copyright and patent law," Pet. App. 37a. At bottom, these various arguments can be boiled down to one central rationale: Patent law is special.

While that is no doubt true in some respects, patent law is utterly ordinary when it comes to the foundational remedial principles that underlie the traditional rule governing laches. See Pet. App. 45a (Hughes, J., concurring in part and dissenting in part) ("Patent law is governed by the same common-law principles, methods of statutory interpretation, and procedural rules as other areas of civil litigation."). As with other areas of law, the award of equitable relief in patent is sometimes susceptible to

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[6] This distinction is far less meaningful than the Federal Circuit suggests, in light of Supreme Court precedent holding that a court sitting in equity could not enjoin a court sitting in law from awarding legal damages on the basis of laches. See *Wehrman*, 155 U.S. at 326-27 ("Though a good defense in equity, laches is no defense at law.").

certain dangers, such as asymmetric costs to the parties, temporal asymmetry, and costly judicial supervision. See, *e.g.*, Fed. Trade Comm'n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* 215 (2011) (acknowledging that, in certain circumstances, an injunction has the "ability to generate [a] hold-up that can distort competition among technologies, raise prices and deter innovation"); *Foster* v. *Am. Mach. & Foundry Co.*, 492 F.2d 1317, 1324 (2d Cir. 1974) (acknowledging the concern that "[a]n injunction to protect a patent against infringement, like any other injunction, . . . [could be used] as a club to be wielded by a patentee to enhance his negotiating stance.").

And as with other areas of the law, these dangers typically are not present when the remedy in question is damages: the amount of money received by a successful patent-infringement plaintiff is the same as the amount of money paid by an unsuccessful patent-infringement defendant; the benefit a successful patent-infringement plaintiff derives from damages for a particular act of infringement is relatively invulnerable to *post hoc* market fluctuations;[7] and the costs of complying with

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[7] Of course, the value of each actionable *act* of infringement may vary, even if the value of damages associated with that act of infringement does not change over time. This feature of the patent law does not justify abandonment of the traditional rule regarding laches. As this Court reasoned with respect to an analogous feature of copyright law in *Petrella*, "[i]t is hardly incumbent on [patent] owners . . . to challenge each and every actionable infringement," and "there is nothing untoward" about

an order to pay damages are relatively low. To the extent that there is reason to fear delay by patent-infringement litigants, that concern has been addressed by Congress' provision of the limitations period set forth in section 286. See Pet. App. 51a (Hughes, J., concurring in part and dissenting in part) ("Congress' decision to create a fixed statutory limitations period in § 286 . . . strongly suggests that it did not intend to codify a defense of laches that further regulates the timeliness of damages claims."). Nothing about patent law justifies the Federal Circuit's departure from traditional equitable principles.

CONCLUSION

The judgment of the court of appeals should be reversed.

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waiting to see whether the harm posed by an act of infringement justifies the cost of litigation. 134 S. Ct. at 1976. To otherwise require patent holders to "sue soon, or forever hold [their] peace" would result in a profusion of litigation over potentially innocuous infringements. *Ibid.*

Respectfully submitted.

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