Client Alert

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Supreme Court Continues Focus on IP

By Seth Lloyd and Brian R. Matsui

Here we go again: The United States Supreme Court today decided to review two more intellectual property cases. That makes three IP cases so far for next Term (which begins this October), already equaling the number of IP cases heard this Term.

In *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, No. 15-927, the Supreme Court will decide whether the defense of laches may bar a patent infringement claim brought within the Patent Act's six-year statutory limitations periods. In the other case, *Star Athletica, L.L.C. v. Varsity Brands, Inc.*, No. 15-866, the Supreme Court will address when a feature of a useful article is protectable under § 101 of the Copyright Act.

SCA HYGIENE

In *SCA Hygiene,* the Supreme Court will take on a familiar issue: When can the judicially developed doctrine of laches override a congressionally prescribed limitations period? The defense of laches bars claims for equitable relief where a plaintiff acts unreasonably and prejudicially in delaying suit. Courts of equity developed this defense because equitable claims historically had no statute of limitations. Although courts of law and equity merged long ago, courts have continued to apply the doctrine of laches to certain claims.

Just two years ago, the Supreme Court in *Petrella v. Metro-Goldwyn Mayer* resolved whether laches could bar claims for copyright damages brought within the Copyright Act's three-year window.[1] The Supreme Court held that laches was not a defense to claims for *legal* remedies that are timely under the Copyright Act. The Court explained that laches is limited "to claims of an equitable cast for which the Legislature has provided no fixed time limitation." Thus, in the face of a congressionally prescribed statute of limitations, "laches cannot be invoked to bar legal relief."

Late last year, the en banc Federal Circuit addressed *Petrella*'s effect on patent cases.[2] Long-standing Federal Circuit precedent allowed a defense of laches to bar patent claims for legal remedies brought within the Patent Act's six-year limitations period. A divided Federal Circuit held that *Petrella* did not undermine that precedent. The majority held that laches remains available to bar claims for legal relief that are timely under the Patent Act, concluding that Congress itself had codified the laches defense in the 1952 Patent Act. Five judges dissented, criticizing the majority for again creating special rules for patent cases. The dissenting judges would have held that the Supreme Court's reasoning in *Petrella* applied equally to the Patent Act.

[1] 134 S. Ct. 1962.

[2] *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, 807 F.3d 1311 (2015).

When the Supreme Court takes up the issue next Term, it could do away with a popular defense in patent infringement cases. Under prevailing Federal Circuit precedent, a successful laches defense can bar all pre-suit damages. That makes laches a powerful shield against an infringement claim. If the Supreme Court holds that the rule from *Petrella* applies equally to the Patent Act, laches would likely be available to bar only claims for equitable relief, such as injunctions.

STAR ATHLETICA

Is the design of stripes on a cheerleading uniform protected by copyright? In answering that question, the Supreme Court's resolution of *Star Athletica* may reach far beyond cheerleading uniforms, affecting new technologies like 3D printing.

The Copyright Act does not protect the design of a "useful article," such as a chair. But features of a chair design may be protected if they "can be identified separately from, and are capable of existing independently of, the utilitarian aspects" of the design.[3] For years, courts have struggled to develop a practical test for determining when a feature of a useful article is sufficiently separable from the article to be protected. According to the petitioner in *Star Athletica*, that struggle has produced ten different tests from courts of appeals, the Copyright Office, and academics.

The Supreme Court will attempt to provide guidance on that issue in the context of a dispute over cheerleading uniforms. The Sixth Circuit held that uniform features such as stripes, chevrons, and color blocks were purely aesthetic and thus protectable.[4] Whether the Court agrees with that conclusion may have broad implications for the $330 billion apparel industry.

Depending on how the Supreme Court decides the issue, the effects of its decision may extend beyond apparel. Uncertainty regarding the scope of copyright protection may be inhibiting growth in developing technologies, such as 3D printing. 3D printing promises to do for the design of physical objects what digital distribution did for print media, movies, and music—make it easy to create and share new works. If the Supreme Court manages to articulate a clear, broadly applicable standard for distinguishing the protectable features of a useful article's design, its decision could remove a cloud of uncertainty and clear the way for new investments and development in 3D printing and similar areas.

The Supreme Court will hear argument next Term, with a decision likely late this year or early next year.

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[3] 17 U.S.C. § 101

[4] *Varsity Brands, Inc. v. Star Athletica*, 799 F.3d 468 (2015).

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