When is a Defense not a Defense?

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Now For a Riddle: When is a Defense not a Defense?… (Pause for effect)… Answer – When the Supreme Court says it's not.

Not so many years ago, patents were very powerful. A patent owner was entitled to a court order stopping infringement almost as a matter of course whenever the patent owner proved infringement. To counterbalance powerful patents, the courts applied a powerful 'laches' defense. The laches defense provided that an unreasonable delay in bringing an infringement action precluded any infringement relief at all, either in the form of money damages or a court order.

Then the Supreme Court stepped in. With one decision after another, the Supreme Court reduced the power of patents. The Supreme Court effectively eliminated entire technical disciplines from patent protection, including chunks of biotechnology and most software. Congress aided and abetted by creating new administrative procedures to strike down issued patents that the PTO determines should not have been issued. No longer are patent owners entitled to court orders stopping infringement as a matter of right.

As the power of patents declined, so did the reasons for providing the laches defense. Patent infringement law already includes a statute of limitations; namely, a patent owner can recover damages for infringement only for the period within six years prior to filing suit. So is there a laches defense in addition to the statute of limitations?

In 2015, the Federal Circuit determined that the laches defense was alive and well in SCA Hygiene Products v First Quality Baby Products. SCA Hygiene was a classic laches case – a patent owner learned of an infringer and sent the infringer a demand letter. The infringer responded that the patent was invalid and provided information to the patent owner to that effect. After that, silence from the patent owner. Years passed. The infringer believed the patent owner had abandoned its claim and the infringer spent substantial monies expanding its business based on that belief.

Bad mistake.

Almost seven years after the demand letter, the patent owner sued for infringement. Under these facts, the Federal Circuit decided that the laches defense conquered all – it would not be fair to allow the patent owner to enforce the patent due to the patent owner's unreasonable delay in bringing suit.

It should come as no surprise to you, dear reader, that the Supreme Court has now reversed the Federal Circuit. The Court determined that the six-year statute of limitations controls all claims for money damages. Courts can still consider unreasonable delay in determining whether to issue a court order to stop infringement. Court orders to stop infringement are exceedingly rare, if not extinct. In effect the laches defense is as dead as the dodo.

— Robert Yarbrough, Esq.

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