

SCA HYGIENE PRODUCTS AKTIEBOLAG v. FIRST QUALITY BABY PRODUCTS, LLC,
Appeal No. 2013-1564 (Fed. Cir. September 18, 2015) (rehearing *en banc*, 6-5, Prost; dissent by
Hughes). Appealed from W.D. Ky. (Judge McKinley).

Background:

On October 31, 2003, SCA sent First Quality a letter alleging that certain First Quality products infringed SCA's patent (the '646 Patent). First Quality responded by asserting that the '646 Patent is invalid. In March 2007, the USPTO confirmed the patentability of the claims of the '646 Patent during an *ex parte* reexamination filed by SCA. During the pendency of the reexamination, First Quality spent more than \$10 million on expanding its product line. In 2010, SCA filed an infringement suit against First Quality, and First Quality counterclaimed and moved for summary judgment for laches and equitable estoppel. The district court granted First Quality's motion for summary judgment. SCA appealed, and on September 17, 2014, the Federal Circuit affirmed the district court's grant of the motion for summary judgment with respect to the defense of laches, and reversed the district court with respect to the defense of equitable estoppel.

Thereafter, the Supreme Court decided *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1662 (2014) ("Petrella"), holding that laches is not a defense to legal relief under copyright law. Subsequently, SCA filed a petition for rehearing *en banc* requesting that the Federal Circuit reconsider its prior decision.

Issues/Holdings:

In light of *Petrella*, is the defense of laches still applicable to bar a claim for damages in a patent infringement suit? - Yes, affirmed.

In light of *Petrella*, did the district court properly grant summary judgment for the defense of equitable estoppel? - No, reversed and remanded.

Discussion:

The Federal Circuit held that *Petrella* does not preclude the applicability of laches in a patent infringement suit, and thus the district court properly determined that the laches presumptions applied. *Petrella* states that a laches defense does not apply in a copyright suit filed within the statute of limitations because the Copyright Act provides for statutory limitations that take into account any delay in filing a copyright infringement suit, which precludes a court's power to decide if a suit is timely. The Federal Circuit distinguished *Petrella* by holding that unlike the Copyright Act, which does not explicitly provide a laches defense, 35 U.S.C. §282(b)(1) provides a laches defense in a patent infringement suit based on the broad language of §282, in light of the legislative history and reliable third-party commentary. The Federal Circuit also distinguished between copyright law and patent law because copyright law requires evidence of copying, i.e., an awareness of infringement, whereas innocence is not a defense under patent law.

In addition, the Federal Circuit held that *Petrella* overrules a portion of the Federal Circuit's holding in *A.C. Aukerman Co. v. R.L. Chaides Construction Co.*, 960 F.2d 1020 (Fed. Cir. 1992), which stated that laches could not bar prospective relief. The Federal Circuit held that laches "fits naturally" into the framework set forth in *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), which provides factors for awarding equitable relief. Thus, the Federal Circuit held that laches may be a factor, among all other material facts, that is taken into account.