US

Court allows laches defence in cancellation case

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In the last few years, the US Supreme Court has held that laches is not an available defence to claims for copyright or patent infringement brought within the limited periods described under each of the Copyright and Patent Acts. In *Pinkette Clothing, Inc. v Cosmetic Warriors Limited*, the Ninth Circuit Court of Appeals affirmed a distinction between available defences to copyright and patent infringement claims, on the one hand, and trade mark infringement claims, on the other hand, holding that laches is an equitable defence to a trade mark cancellation action because the Lanham Act has no statute of limitations and expressly makes laches a defence to a cancellation action.

In 2014, Cosmetic Warriors (CWL), a company which sells cosmetics products under the LUSH mark, filed a trade mark application for the mark LUSH covering clothing. The application was refused by the PTO based on a trade mark registration for the identical mark owned by Pinkette that had issued in 2010. In June, 2015 – four years and eleven months after Pinkette's trade mark registration issued – CWL filed a petition to cancel such registration. In response, Pinkette filed an action in federal court, seeking a declaratory judgement that it did not infringe CWL's trade mark rights or, in the alternative, that CWL's claims were barred by laches. CWL, in turn, counterclaimed for trade mark infringement and cancellation of Pinkette's registration.

After a trial, the jury returned a verdict finding for CWL on its infringement and cancellation claims and the court rendered an oral decision holding that laches barred CWL's claims. When CWL moved for judgment in its favour, however, the court held that laches barred the infringement and cancellations claims and entered judgment for Pinkette. CWL then appealed.

Section 1064(a) of the Lanham Act allows a party to seek cancellation of a registered mark on certain grounds during the first five years following the issuance of the registration. On appeal, CWL did not contest that laches precludes its trade mark infringement claim but argued that, because it filed the cancellation action before Pinkette's registration had become incontestable, laches was not available as a defence to the cancellation claim. In effect, CWL's position was that even if prejudicial delay precluded it from enforcing its trade mark rights against a junior user of a mark, it still had the ability to have such junior user's trade mark registration cancelled.

The Ninth Circuit did not agree that this was the appropriate result. In reviewing whether laches was an available defence, the Court noted that Section 1064 of the Lanham Act "is not a statute of limitations in the usual sense of barring an action entirely once a defined period expires." Rather, "incontestability merely limits the grounds on which a party may seek cancellation of a registration."

Having found that laches was an available defence, the Ninth Circuit turned to whether the laches defence applied to the case at hand. Since the Lanham Act has no statute of limitations, the Court looked to whether the most analogous state statute of limitation had expired. Here, the most analogous state statute of limitations was California's four year statute of limitations for trade mark infringement which runs from the time the plaintiff knew or should have known about its potential cause of action. Since CWL had constructive notice of its claims when Pinkette's registration issued, laches was deemed to apply.

This decision is instructive because it indicates that, under certain circumstances, a cancellation action might not be available to a senior user of a mark even if the marks are found to be confusingly similar and the registered mark is not yet incontestable.