THE PRINCIPLE OF LACHES AND ACQUIESCENCE; A DEFENCE IN INTELLECTUAL PROPERTY LAW

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INTRODUCTION

This research would be addressing the controversial issue surrounding the use of the equitable doctrine of Laches and Acquiescence as a defence to intellectual property infringement. To successfully reach a logical conclusion this research shall be conducted by laying sufficient emphasis on the international tribunal, the United States of America and Australia.

Equity is a system compiled of doctrines and principles that serve as a mitigation to the harshness imposed by common law, as it modifies and supplements it through fair and equal principles which originated from England, these principles are applicable in all common law jurisdiction.¹ These principles are utilized by paying close attention to facts and surrounding circumstances of different cases rather than the strict nature of common law in determining liability, they remain applicable at the judges’ discretion, except the doctrine of laches which I shall further be discussing in this article, laches is presently embedded as a part of the statutory provision in the United State of America.

This doctrine of laches and acquiescence originated from the Latin maxim “Vigilantibus non dormientibus uitas subvenit” meaning Equity aids the vigilant and not the indolent”. Laches, and Acquiescence have been used interchangeably as a defence which arises due to the conduct of the proprietary right owner either expressly or impliedly, depending on the circumstance surrounding the case. Laches is an estoppel which occurs when a party delays without a reasonable excuse in bringing an action against an infringer and the rights, position and situation of the infringer or an innocent third party would be prejudiced as a result, while acquiescence is an estoppel that arises where the proprietor by his conduct or express words impliedly consents to the actions of the infringer, both principles deal with the prejudice to be suffered by the alleged infringer or innocent third party. Note also that the former relates to procedural inadequacies and breach while the latter relates to substantial matters and imposes estoppel due to the conduct of the Claimant.

This principle has been given international recognition by international tribunals between member states, there are a plethora of cases where this doctrine vitiated the claims of petitioning states, although the doctrine of acquiescence tends to be more applicable and established than the

¹ Ludmilla Robinson, Equity (2011) 1 LexisNexis, Sydney.
doctrine of laches in the international sector. This doctrine of laches and acquiescence has been applied across most branches of law, as the legal system tends to swing from the common law and statutory provisions to the discretionary application and interpretation of judges.

Furthermore, the principles of laches and acquiescence has been likened to the common law principle of statutory limitation with regards to the period within which the plaintiff can commence an action, Parul Mahajan stated thus:

“The legislature in enacting a statute of limitation specifies the fixed period after which claims are barred: equity does not fix a specific limit, but considers the circumstance of each in determining whether there has been such delay as to amount to laches.”

LACHES AND ACQUIESCENCE AS A DEFENCE

The equitable defence of laches may be argued by an infringer who has being prejudiced by unreasonable delay caused by the owner of the proprietary right such that the court should exercise its discretion not to uphold the claim, while acquiescence as an equitable defence which may be argued where the owner of the invention by his conduct either expressly or impliedly by delaying or continuous abstinence from seeking a remedy, in full knowledge of the infringement, consents to the infringement by the infringer. Both equitable principle deals with the action and conduct of the Claimant.

Intellectual property law has been believed to give the proprietor an absolute right to institute an action against an infringer at anytime within the period of exclusivity and subsistence of his right taking into account the statute of the state that provides for the limitation. This position has been considered by various judicial members and scholars, acknowledging that this gives the proprietor the opportunity to exploit the strict system, to the detriment of innocent third parties and users, although protecting and promoting investment and creativity. In analyzing the

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3 Ibid.

4 Orr v. Ford 167 CLR 316.

application of this principle, in the case of Thomas Kenneth Abraham D/B/A Paddle Tramps Manufacturing Co v. Alphi Chi Omega,\(^6\) Susan Neuberger Weller stated:

“The basis of this legal principle lies in the fact that trademark law is rooted in consumer protection, and one of its main purposes is to ensure that consumers are not deceived as to the source or quality of any product or service marketed under a particular brand name... consumers are entitled to assume that products and services are properly and honestly branded. Thus, if a trademark owner does not ensure that its brand is properly used, it can lose all rights to the mismanaged brand.”\(^7\)

Although it is clearly welcomed in the common law jurisdictions, many legal practitioners are reluctant to use it as a defence and would rather utilize other readily available defences such as negligence and prior use. They would reserve this doctrine for other branches of law particularly trust related matters, which has resulted to the neglect of the doctrine in intellectual property related issues.

One jurisdiction of note is the United States, where the congress found it necessary for the sake of upholding the validity and dignity of the law, to codify the equitable remedy of laches\(^8\) as a viable defence even in patent related matters, this was further acknowledged by the Court of Appeal for the Federal Circuit in the United States.\(^9\)

There has been a common issue between laches and the limitation statutes, many scholars have tried to determine which of the defence is viable and better, but it is important to note that while the limitation of statute estops the proprietor from bringing the action after a definite period of time, as provided for in the relevant national statute, \(^{10}\) the former estops the proprietor from commencing an action against the infringer within the definite period regardless of the fact that they are still within the statute of limitation.

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\(^6\) 12-1341 (2013).
\(^8\) Patents Act 1952.
\(^10\) For Australia, see the Limitation Act 1985.
However, for the equitable remedy of laches and acquiescence to become applicable, the defendant has to prove to the court that there was an inordinate delay by the proprietor in instituting the action and the delay would or has prejudiced the defendant’s position or person.\(^\text{11}\)

Firstly, in proving that the Claimant delayed in instituting and commencing the action, it is important to note that the onus lies on the Defendant to show to the court that the proprietor maliciously or intentionally delayed in commencing an action to enforce his right, Judge Learned Hand in the case of *Haas v. Leo Feist, Inc.*\(^\text{12}\) explained that It must be obvious to everyone familiar with equitable principles that it is inequitable for the owner of a copyright, with full notice of an intended infringement, to stand inactive while the proposed infringer spends large sums of money in its exploitation, and to intervene only when his speculation has proved a success.

There is an onus on the party claiming laches as a defence to show to the court in clear terms that the proprietor had the knowledge of the infringement, such a knowledge need not be expressly spelt out by the proprietor, because constructive knowledge based on his conduct and by implication is sufficient.

Furthermore, the delay starts to count from the moment within which the infringing act is committed,\(^\text{13}\) and for the purpose of the equitable principle of laches such a delay becomes relevant the moment the proprietor gets wind of the said infringement and fails to commence an action. It is of great importance to note that the use and credibility of this defence differs from case to case as it is weighed due to the surrounding circumstances and facts.

This principle of undue delay and the importance of proving this requirement has been further given international recognition and enforced by the international tribunal, there has been several instances where undue delay in the presentation of an action before an international tribunal has vitiated the merits of the claim, laches, in its most basic application, addresses the right to adjudicate an action under international law regardless of the substantive merits at issue.\(^\text{14}\)

\(^{11}\) *Hourigan v. Trustees Executors and Agency Co. Ltd.* (1934) CLR 619.


Secondly, the alleged infringer must be able to show that the undue delay as discussed in the above paragraph has resulted in the prejudice to his position or that of an innocent third party. This onus is very important and one of the major reasons why most legal practitioners tend to abstain from utilizing this defence, because it is easier for the claimant to show that the infringer was and will not be prejudiced.

The major idea of laches as a defence is to limit the inadequacies of the common law rules with the deterrence of inequitable judgments in the courtroom, where the position of the defendant has been altered due to the delay of the claimant, enforcement of the said right would lead to an unfair and inequitable practice, thus, this principle is not merely based on undue delay and lapse but also the likely disadvantage that would be imposed on the defendant or a third party. Hence, if the defendant has not suffered some form of inequity due to the claimant's delay in bringing the suit, the doctrine of laches does not apply.\(^\text{15}\)

In discharging the onus of showing prejudice, there are two traditional points to take note of that have been acknowledged by several courts. The prejudice can be either evidential based or expectation based, the former requires the defendant showing the court that evidence has been lost, degraded, altered or obscured by the passage of time while the latter requires the defendant to show the court that expectation based prejudice arose as a result of the claimants undue delay. Both forms deal with the major factor that it would have been avoided if the Claimant had not delayed in bringing the action.\(^\text{16}\)

**THE LIMITATIONS OF LACHES AND ACQUIESCENCE IN INTELLECTUAL PROPERTY LAW**

As a general rule in litigation practice, every law, defence and strategy has a limitation to either its applicability or its effect, the principle of laches and acquiescence is not an exception to this rule. This sub heading explores some of this limitation in detail.

Firstly, like most defences with equitable value the defence of laches does not grant a total exclusion of liability or responsibility for the infringement, the doctrine can reduce or ultimately quash the claim of damages that would otherwise be granted due to the infringement, but the courts still grant a perpetual or permanent injunction, restraining the defendant from the

\(^{15}\text{Swartz, 6.}\)
\(^{16}\text{Ibid.}\)
continued infringement of the claimant's intellectual property right. A critical example of this limitation can be deduced from the decision of the court of the United State in the case of *Thomas Kenneth Abraham D/B/A Paddle Tramps Manufacturing Co v. Alphi Chi Omega*\(^{17}\) wherein the Greeks claimed damages as well as injunctive reliefs against the manufacturer of ceremonial paddle marketed to all fraternities and sororities across the United State, the injunction was to restrain him from using Greek organization trademarks in his advertisement. The petitioner commenced an action challenging the claims of damages an injunction, by relying on the doctrine of laches and acquiescence, to which the lower court decided that the Greek were late in commencing the action without a justifiable reason, and the continuous awareness of the alleged infringing act, although they also decided that the petitioner infringed on the right of the Greek. The judgment of the court was a landmark for both trademark suits and also the application of laches and acquiescence, the lower court on the basis of the defence raised by the petitioner dismissed the claim for damages and allowed a permanent injunction against the petitioner restraining him perpetually from using the trademark.

Secondly, the foundation of the equitable principle of laches and acquiescence is based on fairness amongst parties, thus the discretion of the court must be seen to preserve the foundation of justice. Most common law courts are reluctant to uphold the defence of laches and acquiescence in intellectual property related matters due to the doctrine of progressive encroachment. This has been acknowledged to be a defence to the claim of laches and acquiescence and a limitation to its applicability.\(^{18}\) This has been majorly acquainted to trademark cases, as the courts have come up with several ways wherein the doctrine of progressive encroachment would become accessible and applicable to the proprietor if he can wait until the infringers conduct has fully developed before pursuing his infringement claim, or particularly where there is a pro-active act by the infringer which would precipitate an infringement claim by the proprietor.\(^{19}\)

Thirdly, the doctrine is born of equity and remains uncodified with the exception of the United States, this makes its applicability and success based on the discretion of the judge. Although

\(^{17}\) 12-1341 (2013).
\(^{19}\) Ibid.
when applying this discretion the judge must ensure that same is done judicially and judiciously, this does not curb out the human factor of errors, mistakes, religion, political believe and personality influence. This short comings results in the uncertainty of success and becomes more of a gamble than a plan to most legal practitioners in the field.

**IMPORTANCE OF LACHES AND ACQUIESCENCE TO INTELLECTUAL PROPERTY LAW**

We analyzed the limitations of the equitable doctrine of laches and acquiescence, now I would be expatiating on the importance and value of this doctrine as a defence with regards to the purpose of intellectual property law.

The main purport of intellectual property law is to protect and promote creativity and economical investment in all spheres of life with constant regards to the general public, but the exclusive right given for a period of time allows the proprietor the right to institute an action at any time, regardless of the intent and motive behind same, although in a practical sense, common law has tried to limit and reduce these rights by providing for the limitation of time within which the proprietor can commence an action against the infringer, but this does not affect the motive behind most tactical delays when enforcing the right of exclusivity. This doctrine of laches and acquiescence prevents the proprietor from taking undue advantage of the law by delaying the institution of a suit until there is more damage to be acquired most likely from the exploitation of the right.

Furthermore, the doctrine of laches and acquiescence also helps safeguard an innocent third party and prevent continuous suffering due to the plan and strategy of the proprietor to make more profit from the alleged infringer. This importance is very useful in trademark and patent related cases, where the court in most cases have to consider the impact of its decision on the final consumers and the public in general. In the case of *Snack Foods v. Premier 1st*, the Federal High Court in refusing the application for an interlocutory injunction, considered the harm to the plaintiff, if the reliefs were refused, compared with the harm to the defendant, to third parties and to the public, if reliefs were granted. The Court in its findings also expressed criticism towards snack foods’ 7-week delay in initiating proceedings while it debated the matter with Premier through legal correspondence, neglecting the impact of their decision on the final consumers.

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This case boldly shows the disdain of the Court towards undue delay and the constant battle to protect the general public.

**CONCLUSION**

In conclusion, the importance of the doctrine of laches and acquiescence in curbing the excesses provided to a proprietor by the intellectual property laws of various nations cannot be undermined, although I would state that the codification of this doctrine as a limitation to the misuse of the right of exclusion and enforcement against infringers would prove abortive and negative. The rationale behind my opposition towards its codification is to preserve the sanctity of the doctrine as an equitable maxim, based on the discretion of the judge taking into cognizance the constant change in the society.

Finally as Lord Denning once explained that if we do not do anything which has not been done before, we shall never get anywhere. The law will stand still while the rest of the world goes on, and that will be bad for both. It is my recommendation that present legal practitioners in common law jurisdiction including Australia should consider the use of the doctrine of laches and acquiescence when advising and arguing their client’s case in court, and the judges should consider the doctrine as a valid defence when applicable. This doctrine is an open change to the liability of infringers and the attitude of proprietors in intellectual property law.