



Fourth Circuit Overturns Laches Defense Victory for Clear Channel

March 27, 2012

by [Phillip Barengolts](#), [Trademark Attorney](#)

Trademark owners have a duty to police their rights or risk erosion or even loss of those rights. This duty does not extend to every known infringement, but alleged infringers often assert unaddressed third-party use of other infringing marks as a means of defeating a trademark infringement claim against them. Thus, a trademark owner should engage in a consistent level of policing to protect its investment in its brand.

As with most types of tort claims, waiting to file suit against a particular infringer carries the risk that the equitable doctrine of laches will bar the suit. In most jurisdictions laches, may bar monetary relief for trademark infringement, but rarely precludes injunctive relief. The Fourth Circuit's recent decision in *Ray Commn's, Inc. v. Clear Channel Commn's, Inc.*, No. 11-1050 (4th Cir. Mar. 8, 2012),¹ highlights the difficulty of prevailing on a laches defense and provides guidance for plaintiffs overcoming a laches problem in a suit.

The dispute concerned the trademark AGRINET, used for competing agricultural news radio programs. Both parties used the mark for many years, but it was undisputed that Ray Communications ("RCI") was the prior user in all geographic areas. The relevant issue for laches was whether RCI delayed so long as to bar its trademark infringement claim as a matter of law. The district court said yes, granting Clear Channel summary judgment on RCI's trademark infringement claim. The Fourth Circuit reversed, finding the district court abused its discretion.

The main points raised by the Fourth Circuit in vacating the district court's decision were:

1. Although RCI knew of Clear Channel's uses of AGRINET in certain regions of the country for over 25 years, because it did not use the AGRINET mark in those regions, its trademark infringement claim had not yet accrued;

¹ Available at http://scholar.google.com/scholar_case?case=2523871072385608201.



PATTISHALL
McAULIFFE
NEWBURY
HILLIARD &

GERALDSON LLP • 311 South Wacker Drive, Suite 5000 • Chicago IL 60606 • T (312) 554-8000 • F (312) 554-8015 • www.pattishall.com

These materials have been prepared by Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP for general informational purposes only. They are not legal advice. They are not intended to create, and their receipt by you does not create, an attorney-client relationship.

2. There was a genuine dispute as to RCI's grant of licenses to some of Clear Channel's predecessors-in-interest (even though RCI had trouble producing those licenses in discovery); and
3. Evidence that Clear Channel had stopped using AGRINET in some jurisdictions to facilitate settlement suggested that Clear Channel would not suffer any economic injury from changing its mark.

The key teachings of this decision are that laches does not start to run until the trademark owner is aware of the *infringement*, as distinct from mere knowledge of the use. Keeping a record of all trademark licenses, and other grants of permission, helps protect trademark owners in future suits. Finally, at least in the Fourth Circuit, to bar injunctive relief, a defendant must meet a higher standard than the traditional factors of 1) knowledge, 2) unreasonable delay, and 3) undue prejudice to the defendant.

* * *

Phillip Barengolts is a partner with [Pattishall, McAuliffe, Newbury, Hilliard & Geraldson LLP](#), a [leading intellectual property law firm](#) based in Chicago, Illinois. Pattishall McAuliffe represents both plaintiffs and defendants in [trademark](#), [copyright](#), and [unfair competition trials and appeals](#), and advises its clients on a broad range of domestic and international intellectual property matters, including [brand protection](#), [Internet](#), and [e-commerce](#) issues. Mr. Barengolts' practice focuses on litigation, transactions, and counseling in domestic and international [trademark](#), [trade dress](#), [Internet](#), and [copyright law](#). He teaches trademark and copyright litigation at John Marshall Law School, and co-authored [Trademark and Copyright Litigation](#), published by Oxford University Press.