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Sohm Starz Will Never Align: How The Split Between The 2nd And 9th Circuits Will Impact Damages In Copyright Cases

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SOHM STARZ WILL NEVER ALIGN: HOW THE SPLIT BETWEEN THE 2ND AND 9TH CIRCUITS WILL IMPACT DAMAGES IN COPYRIGHT CASES

*Candace Sundine**

The Second Circuit and the Ninth Circuit are currently divided on the issue of how far back a copyright owning plaintiff in a copyright infringement can collect in damages against a continuing infringer. The Second Circuit states that the Copyright Act's three-year statute of limitations and the discovery rule only permit plaintiffs to collect damages three years back from the date they bring their infringement action. However, the Ninth Circuit states that the three-year statute of limitations is only concerned with the timing in which a plaintiff brings her infringement action, and that she can recover all of the damages from the defendant's infringement with no time limit. This circuit split will not only encourage forum shopping in the Ninth Circuit, but it will incentivize infringement in the Second Circuit. Further, the entertainment industry will capitalize on this split until it is resolved.

This Note is about the circuit split between the Ninth and Second Circuits as a result of the diametrically opposed rulings in *Sohm v. Scholastic* and *Starz v. MGM* respectively, and the effects of these opposing decisions. First, this Note discusses the background of copyright infringement. Venue in federal cases and the concept of forum shopping is also discussed. Next, this Note discusses the Second Circuit's decision in *Sohm v. Scholastic* and the Ninth Circuit's decision in *Starz v. MGM*, and this Note contends that the Ninth Circuit's viewpoint is correct. Next, this Note predicts that the opposing rulings will encourage forum shopping, incentivize copyright infringement in the second circuit, and that the entertainment industry will capitalize on these opposing rulings until the split is resolved. Finally, this Note suggests that the only realistic solutions to resolving this split are that either the Supreme Court will have to directly rule on the issue of the length of time

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in that a plaintiff can recover damages for a defendant's continuing copyright infringement, or Congress will need to amend the Copyright Act to confirm the amount of damages plaintiffs can recover in continuing infringement actions.

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I. INTRODUCTION

Copyright infringement suits and the entertainment industry go together like milk and cookies.¹ Whether the dispute is over an allegedly stolen riff in a song² or over artwork depicting an alien planet³, copyright disputes garner public attention and tremendous damages. Thus, it should come as no surprise that litigants are filing more copyright actions than ever before.⁴ However, the timing for bringing a copyright claim and the damages amounts that plaintiffs stand to collect from these suits is subject to varying judge-made doctrines that have a long and circuitous history.⁵

Courts have encountered a type of copyright infringement called “continuous infringement.” Continuous infringement occurs when the prospective defendant is engaging in infringing activity over an extended period of time.⁶ While copyright infringement has a three-year statute of limitations

1. See generally Rudie Obias, *8 Movies and the Lawsuits That Plagued Them*, MENTAL FLOSS (Nov. 21, 2013), <https://www.mentalfloss.com/article/53331/8-famous-movies-and-lawsuits-plagued-them> [<https://perma.cc/QVF7-RVQP>].

2. See generally *Skidmore v. Zeppelin*, 952 F.3d 1051, 1057-58 (9th Cir. 2020) (Skidmore sued Led Zeppelin alleging that the first few notes in the famous Zeppelin song “Stairway to Heaven” were stolen from Randy Wolfe’s instrumental song entitled “Taurus” when Randy Wolfe and Zeppelin toured together. After a lengthy legal battle, the Ninth Circuit held that the two songs were not substantially similar and ruled in favor of Zeppelin.).

3. *Dean v. Cameron*, 53 F. Supp. 3d 641, 644-45 (S.D.N.Y. 2014) (Album cover artist William Roger Dean filed a lawsuit against James Cameron and Twentieth Century Fox. Dean alleges that the alien planet design in the blockbuster film *Avatar* infringe on his copyright in his artwork on the books *Magnetic Storm*, *Views*, and *Dragon’s Dream* and that the film’s depiction was substantially similar to his artwork. The Court held that pursuant to copyright doctrine, the two disputed works were not substantially similar.).

4. *Just the Facts: Intellectual Property—Cases Patent, Copyright, and Trademark*, U.S. CTS (Feb. 13, 2020), <https://www.uscourts.gov/news/2020/02/13/just-facts-intellectual-property-cases-patent-copyright-and-trademark> [<https://perma.cc/9CKT-FVKC>].

5. See *infra* II(b); *Auscape Int’l v. Nat’l Geographic Soc’y*, 409 F. Supp. 2d 235, 246 (S.D.N.Y. 2004); *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 669 (2014).

6. *Derek Andrew, Inc. v. Poof Apparel Corp.*, 528 F.3d 696, 701 (9th Cir. 2008).

in which plaintiffs can bring their claims,⁷ the extent of damages available to these plaintiffs where the defendants are held liable is less uniform.⁸

Federal courts have attempted to create a uniform administration of federal statutes,⁹ but circuit splits inevitably occurred. However, the stark split between the Second and the Ninth Circuits has created damages models that are diametrically opposed. The Second Circuit's decision in *Sohm v. Scholastic Inc.*¹⁰ stated that plaintiffs bringing a continuing copyright infringement action can only recover damages three years back from the date they file their complaint. Conversely, the Ninth Circuit's 2022 decision in *Starz Entertainment, LLC v. MGM Domestic Television Distribution* flatly disagreed with the Second Circuit and allows plaintiffs to collect damages for the entire period of the defendant's infringement.¹¹

This Note explores the current circuit split between the Second and the Ninth Circuits in the *Sohm* and *Starz* cases, respectively, and the potential consequences of such disparate rulings. Part II provides an overview of copyright law and its various statutes of limitations tolling periods and damages structures.¹² Part III describes the structure of venue selection in federal litigation and why courts are averse to the concept of "forum shopping."¹³ Next, Part IV discusses the holdings in *Sohm* and *Starz*¹⁴ and how each court rationalized its holding.¹⁵ Part V predicts the consequences of this large rift

7. 17 U.S.C. § 507.

8. See generally 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 12.05 (Mathew Bender, Rev. Ed.).

9. Ruth Bader Ginsburg & Peter W. Huber, *The Intercircuit Committee*, 100 HARV. L. REV. 1417, 1424-25 (1987) ("Uniformity promotes the twin goals of equity and judicial integrity—similar treatment of similar litigants secures equity, while it also inspires confidence in the legal system, a confidence crucial to the effective exercise of judicial power.").

10. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 51 (2d Cir. 2020).

11. *Starz Ent., LLC v. MGM Domestic Television Distrib., LLC*, 39 F.4th 1236, 1244 (9th Cir. 2022).

12. See *infra* Part II.

13. See *infra* Part III.

14. *Sohm v. Scholastic Inc.*, 959 F.3d 39 (2d Cir. 2020); *Starz Ent., LLC v. MGM Domestic Television Distrib., LLC*, 39 F.4th 1236 (9th Cir. 2022).

15. See *infra* Part IV.

between the courts.¹⁶ Finally, Part VI discusses the path forward and potential avenues in which the legislature or the Supreme Court can resolve this rift.¹⁷

II. COPYRIGHT, INFRINGEMENT, AND ACCRUAL OF STATUTES OF LIMITATIONS

One must understand the legal concepts of copyright infringement, accrual of an infringement claim, and statutes of limitations periods to understand the impact of the disparate *Sohm*¹⁸ and *Starz*¹⁹ holdings. While the Copyright Act has been an integral part of our Constitution since 1790,²⁰ it has turned into a labyrinth of judge-made doctrine and differing interpretations of the mechanics of enforcement. The sections below will examine the historical development of this constitutional right and how federal and state courts have adopted and interpreted it in the subsequent years

A. What Is Copyright and What Is Infringement?

Copyright is a form of intellectual property²¹ that protects original works of authorship, fixed in a tangible medium of expression.²² Copyright protection exists for a vast array of original works such as literary, musical, and phonographic works, and it even protects pantomimes and choreography.²³ Copyright owners have the exclusive right to do and to authorize

16. *See* infra Part V.

17. *See* infra Part VI.

18. *Sohm*, 959 F.3d at 53.

19. *Starz Ent., LLC*, 39 F.4th at 1247.

20. *A Brief History of Copyright in the United States*, U.S. COPYRIGHT OFFICE, <https://www.copyright.gov/timeline/> [https://perma.cc/Z2KB-6X8Q].

21. *What is Copyright?*, U.S. COPYRIGHT OFFICE, <https://www.copyright.gov/what-is-copyright/> [https://perma.cc/YF4H-B5RD].

22. 17 U.S.C. § 102.

23. *Id.*

“1) to reproduce the copyrighted work in copies or phonorecords, 2) to prepare derivative works based upon the copyrighted work, 3) to distribute copies or phonorecords of the copyrighted work to the public [...], 4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly, 5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and, 6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.”²⁴”

Copyright infringement occurs when “someone other than the copyright owner exercises the exclusive right of the copyright owner unlawfully.”²⁵ To establish copyright infringement, a plaintiff²⁶ must prove, a) that the defendant copied from plaintiff’s copyrighted work and b) that the copying went too far as to constitute improper appropriation.²⁷

B. The Genesis of the Discovery Rule

Congress first incorporated a statute of limitations into the Copyright Act in 1957.²⁸ Prior to this incorporation, courts would look at analogous state statutes of limitations to determine the timeliness of copyright infringement suits. However, Congress sought to create a uniform statute of limita-

24. 17 U.S.C. § 106.

25. 11 Melville Nimmer & David Nimmer, *Nimmer on Copyright Scope* (Mathew Bender, rev. ed., 2022).

26. A plaintiff bringing a copyright action must have adequate standing to sue. For the purposes of this Note, we are going to assume that plaintiffs that are affected by the Sohm and Starz circuit split have adequate standing to sue for copyright infringement.; *See generally*, 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 12.05 (Mathew Bender, rev. ed., 2022).

27. *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946).

28. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 670 (2014).

tions to resolve the uncertainty regarding timeliness that “plagued the copyright bar”²⁹ and to prevent “the forum shopping invited by disparate state limitations periods.”³⁰

From 1957 to the current Copyright Act, the applicable statute of limitations in a civil copyright infringement³¹ suit is three years.³² Although this requirement sounds simple on its face, the accrual of the statute of limitations is a divisive issue amongst Federal Circuits. The two primary theories of accrual of a copyright infringement claim are the discovery rule and the injury rule.

The discovery rule dictates that an infringement claim accrues when the plaintiff “knows or has reason to know” of the injury upon which her claim is based.³³ The discovery rule is a two-fold process.³⁴ The first step is to establish when the infringement occurred.³⁵ The second step is to determine whether the copyright owner could immediately discover the infringement, or “whether the accrual date will be postponed until it is reasonable to expect the plaintiff to discover the injury”.³⁶ The discovery rule originated from the two Second Circuit cases of *Merchant v. Levy*³⁷ and *Stone v. Williams*.³⁸ Until 2004, the majority of courts followed the discovery rule. Then in 2004, Judge Kaplan applied the injury rule in *Auscape International v. National Geographic Society*.³⁹

29. *Auscape Int'l v. Nat'l Geographic Soc'y*, 409 F. Supp. 2d 235, 245 (S.D.N.Y. 2004).

30. *Petrella*, 572 U.S. at 670.

31. *Mention v. Gessell*, 714 F.2d 87, 89 (9th Cir. 1983) (Treatise cited).

32. 17 U.S.C. § 507 (“No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.”).

33. *Auscape Int'l*, 409 F. Supp. 2d at 242.

34. *William A. Graham Co. v. Haughey*, 568 F.3d 425, 438 (3d Cir. 2009).

35. *Id.*

36. *Id.*, (citing *Disabled in Action of Pa. v. Se. Pa. Transp. Auth.*, 539 F.3d 199, 209 (3d Cir. 2007)).

37. *Merchant v. Levy*, 92 F.3d 51(2d Cir. 1996).

38. *Stone v. Williams*, 970 F.2d 1043 (2d Cir. 1992); *Auscape Int'l*, 409 F. Supp. 2d at 243.

39. *Auscape Int'l*, 409 F. Supp. 2d at 247.

The injury rule dictates that an infringement claim accrues “at the time of the infringement.” Judge Kaplan noted that the Supreme Court in *TRW v. Andrews*⁴⁰, “rejected the previously dominant view that federal courts should apply an injury rule only when Congress explicitly has adopted that rule, requiring instead that federal courts look beyond the specific language of a statute to its text and structure in determining what rule should apply when the statute is silent.” Therefore, Kaplan derived his conclusion from analyzing the legislative history of the Copyright Act and by evaluating statutes of limitations in analogous situations.⁴¹ After Kaplan’s decision in *Auscape*, the federal circuit courts adopted their own interpretations of the two copyright infringement statute of limitations theories. Ultimately however, to date, all Courts of Appeal have adopted the discovery rule.⁴²

C. What About Continuing Infringement?

Continuing infringement further complicates the issue of the tolling of the statute of limitations period and the total amount of damages a plaintiff can collect. Continuing infringement is infringing activity that goes on for an extended period of time.⁴³ It can be difficult to apply the statute of limitations to continuous infringement, because if an infringing book is in publication for over a decade,⁴⁴ when does a plaintiff have to bring its case, and what damages can they collect? Again, courts applied two theories to this issue. These two theories are the “continuing wrong” theory and the “rolling” approach.

The “continuing wrong” theory states that “so long as the wrong continues into the three-year period, the defendant is liable for the entire duration of the infringement, reaching back to include those damages incurred before the three-year window.”⁴⁵ In other words, “if a series of infringing acts constitutes a ‘continuing wrong,’ then only the last such act needs to occur

40. *Id.* at 244 (citing *TRW v. Andrews*, 534 U.S. 19 (2001)).

41. *Id.* at 244–47.

42. *Nimmer & Nimmer*, *supra* note 8, at 6.

43. *Starz Ent. LLC v. MGM Domestic Tv Distrib., LLC*, 510 F.Supp.3d 878, 883 (C.D. Cal. 2021).

44. *Id.* at 883.

45. *Id.* at 883 (citing *Taylor v. Meirick*, 712 F.2d 1112, 1118 (7th Cir. 1983)).

within the three-year statutory period in order for liability to attach to them all.”⁴⁶ So, if a prospective defendant first publishes an allegedly infringing book in 2010, and the book is in continuous publication from 2010 onward, a plaintiff can bring an action in 2022 and still be within the three-year statute of limitations and recover damages going back to the initial infringing publication.⁴⁷

The rolling approach is the prevailing view,⁴⁸ and it states that the statute of limitation bars recovery on any damage claim that accrued over three years prior to filing suit.⁴⁹ The Supreme Court effectively adopted this stance in *Petrella v. MGM*.⁵⁰ Accordingly, “If infringement occurred within three years prior to filing, the action will not be barred even if prior infringements by the same party as to the same work are barred because they occurred more than three years previously.”⁵¹ To illustrate from the prior example, if the prospective defendant publishes its allegedly infringing book in 2010, and the plaintiff brings action in 2022, they are not barred from bringing the action.⁵² Here, even though the infringements have occurred over the last twelve years by the same party, the plaintiff can still recover damages, but only going back to 2019.⁵³ The defendant is entitled to keep profits from 2010 – 2019.⁵⁴

46. Nimmer & Nimmer, *supra*, note 8, at 2.

47. *Starz Ent. LLC*, 510 F.Supp.3d at 883

48. Nimmer & Nimmer, *supra* note 8, at 1-2

49. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 671 (2014)

50. *Id.* at 667-68

51. Nimmer & Nimmer, *supra* note 8, at 3; *Petrella*, 572 U.S. at 670

52. Nimmer & Nimmer, *supra* note 8, at 2-3; *Petrella*, 572 U.S. at 670

53. Nimmer & Nimmer, *supra* note 8, at 2; *Petrella*, 572 U.S. at 670

54. *Starz Ent., LLC v. MGM Domestic Television Distrib., LLC*, 39 F.4th 1236, 1241 (9th Cir. 2022).

D. The Current State of Affairs: the Ninth Circuit, the Discovery Rule, and the “Rolling” Approach to Continuing Infringement

Some litigants argued that the Supreme Court’s decision in *Petrella* barred any recovery for infringement occurring prior to three years before the filing date — effectively overruling the discovery rule.⁵⁵ However, the Ninth Circuit rejected this theory⁵⁶ because the issue at the heart of *Petrella* was whether the equitable defense of laches⁵⁷ may bar relief on a copyright infringement claim within the three year window.⁵⁸ *Petrella* expressly declined to pass on the question of the discovery rule,⁵⁹ meaning that any statement regarding the availability of damages outside the window did not affect the discovery rule.

The Ninth Circuit’s approach followed the *Polar Bear Prods. v. Timex Corp.*, 384 F.3d 700 (2004) decision. Under *Polar Bear*, so long as a plaintiff files their copyright infringement suit within three years of knowing or having reason to know about the infringement,⁶⁰ they can recover damages

55. *Starz Ent. LLC*, 39 F.4th at 1242.

56. *Petrella*, 572 U.S. at 675.

57. *Starz Ent., LLC*, 39 F.4th at 1242 (Laches is a doctrine that addresses “concerns about delay when plaintiffs know of their [claims] but [sleep] on their legal rights.”).

58. *Starz Ent. LLC v. MGM Domestic Tv Distrib., LLC*, 510 F. Supp. 3d 878, 878 (C.D. Cal. 2021).

59. *Petrella*, 572 U.S. at 670 n.4. “Although we have not passed on the question, nine Courts of Appeals have adopted, as an alternative to the incident of injury rule, a ‘discovery rule,’ which starts the limitations period when ‘the plaintiff discovers, or with due diligence should have discovered, the injury that forms the basis for the claim.’ *William A. Graham Co. v. Haughey*, 568 F.3d 425, 433 (3d Cir. 2009) (internal quotation marks omitted). See also 6 W. Patry, Copyright § 20:19, p. 20-28 (2013) (‘The overwhelming majority of courts use discovery accrual in copyright cases.’).”

60. *Auscape Int’l v. Nat’l Geographic Soc’y*, 409 F. Supp. 2d 235, 242 (S.D.N.Y. 2004).

even for activities prior to said discovery.⁶¹ Finally, due to the *Petrella* decision, the Ninth Circuit also follows the “rolling” approach to continuing infringement.⁶²

III. VENUE IN FEDERAL CASES AND FORUM SHOPPING

Simply put, in a lawsuit, venue refers to the court in which the plaintiff brings the action.⁶³ While jurisdiction refers to whether a court has power over individual litigants, venue is simply the location in which judges can exercise that power.⁶⁴ There are many statutory factors that influence where venue is proper in a federal case,⁶⁵ and at times venue can be a very powerful asset or a damaging factor in a case.⁶⁶

A. Venue Considerations

Generally, a plaintiff can bring a civil action in three locations: “1) a judicial district in which any defendant resides, if all defendants are residents of the State in which the district is located, 2) a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated; or, 3) if there is no district in which an action may otherwise be brought as provided in this section, any judicial district in which any defendant is subject to the court’s personal jurisdiction with respect to such action.”⁶⁷ While

61. “We conclude that § 507(b) permits damages occurring outside of the three-year window, so long as the copyright owner did not discover—and reasonably could not have discovered—the infringement before the commencement of the three-year limitation period.” *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 706 (9th Cir. 2004).

62. *See generally* Nimmer & Nimmer, *supra* note 8.

63. U.S. CONST. art I, § 8, cl. 8. Because Copyright law is a federal question exclusively, venue for the purposes of this note will be strictly discussed through a federal lens and not a California state law lens.

64. *Still v. Rossville Crushed Stone Co.*, 370 F.2d 324, 325 (6th Cir. 1966).

65. *See Atl. Marine Constr. Co. v. U.S. Dist. Ct.*, 571 U.S. 568, 577-81 (2013).

66. *See Gasperini v. Ctr. for Humanities, Inc.*, 518 U.S. 415, 429-31 (1996) (Where the Supreme Court noted that a federal law and a New York state law led to a much larger potential recovery for litigants in federal court than in state court).

67. 28 U.S.C. § 1391(b) (1)-(3).

a plaintiff is not obligated to bring its case in the most convenient venue for all litigants, it must bring the action in a proper venue.⁶⁸

While courts are deferent towards a plaintiff's initial venue selection, a defendant can challenge a plaintiff's venue selection.⁶⁹ A defendant must make a strong showing of inconvenience to warrant a venue other than plaintiff's initial choice of forum, and factors such as convenience, and justice must strongly suggest an alternative forum.⁷⁰ There are two methods by which a defendant can move to change venue in federal court.⁷¹ The first method is via a motion pursuant to 28 U.S.C. § 1406(a) which is a transfer from an "improper" venue to a "proper" venue. The second, and the motion most pertinent to the circuit split discussed in this note, is via a motion pursuant to 28 U.S.C. §1404(a). Under §1404(a), a defendant moves to transfer the venue from a "proper" venue to a more convenient venue in the interest of justice.

B. What Is Forum Shopping?

Courts consider plaintiffs to be "forum shopping" when they choose a forum to gain a tactical advantage.⁷² This tactical advantage can come from "local laws that favor the plaintiff's case, the habitual generosity of juries in the . . . forum district, the plaintiff's popularity or the defendant's unpopularity in the region, or the inconvenience and expense to the defendant resulting from litigation in that forum."⁷³ The Supreme Court condemned the

68. *See Newton v. Thomason*, 22 F.3d 1455, 1463-64 (9th Cir. 1994).

69. *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 255 (1981).

70. *Amini Innovation Corp. v. JS Imps., Inc.*, 497 F. Supp. 2d 1093, 1110 (C.D. Cal. 2007) (citing *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834 (9th Cir. 1986) and *Florens Container v. Cho Yang Shipping*, 245 F. Supp. 2d 1086 (N.D. Cal. 2002)).

71. 28 U.S.C. § 1406(a); 28 U.S.C. § 1404(a); *Wagstaffe Prac. Guide: Fed. Civ. Proc. Before Trial* § 12-V (2022).

72. *Vivendi SA v. T-Mobile USA Inc.*, 586 F.3d 689, 695 (9th Cir. 2009).

73. *Id.*

practice of forum shopping⁷⁴ even before it adopted the term.⁷⁵ Ultimately, the Supreme Court turned to Erie and Hanna as the rationale for discouraging forum shopping.⁷⁶

Copyright law is strictly subject to federal jurisdiction. Unlike state law which limits the venue in which a party can bring its lawsuit, federal law offers a wide variety of “proper” venues in which litigants can bring suit. While a plaintiff may bring a suit in a venue that is more advantageous to it, that does not necessarily mean that venue on its face is improper. Because courts are deferent to a plaintiff’s initial choice of forum, and because venue in copyright law can be proper in multiple districts, defendants in copyright disputes have a particularly high burden of proof to show that the plaintiff’s original proper venue is a product of forum shopping.

C. Circuit Splits Can Beget Venue Disputes Which Increases Cost of Litigation

While federal courts aim for uniformity in their decisions, there are times when federal courts do not agree with one another. When appellate courts in different districts decide differently on the same question of law, this creates a “circuit split.” Copyright law is no stranger to federal circuit splits due to its complex nature.⁷⁷ However, when federal circuits have different interpretations of federal law, it can make one particular circuit more advantageous for a prospective plaintiff.

74. The Court referred to this as “injustice and confusion” in *Erie R.R. Co. v. Tompkins*, 304 U.S. 64, 76-78 (1938).

75. The Supreme Court first described this practice as “forum shopping” in *Hanna v. Plumer*, 380 U.S. 460, 467 (1965).

76. “The twin aims of the Erie rule: discouragement of forum-shopping and avoidance of inequitable administration of the laws” *Gasperini v. Ctr. for Humanities, Inc.*, 518 U.S. 415, 428 (1996) (quoting *Hanna v. Plumer*, 380 U.S. 460, 468 (1965)).

77. See Jordan Zollicoffer, *A Royal Circuit Split: Supreme Court Will Decide on “Prince Series” Copyright Controversy*, JD SUPRA, (June 28, 2022), <https://www.jdsupra.com/legalnews/a-royal-circuit-split-supreme-court-1961723/> [<https://perma.cc/L4BM-76DX>]; See generally John Cotter et. al., *U.S. Supreme Court Decides Two Copyright Cases and Impacts Registration Strategy for Copyright Owners*, K&L GATES, (Mar. 6, 2019), <https://www.klgates.com/US-Supreme-Court-Decides-Two-Copyright-Cases-and-Impacts-Registration-Strategy-for-Copyright-Owners-03-06-2019> [<https://perma.cc/AB7M-AFX6>].

It is important to note that much of the disputes regarding venue selection occur during the pre-trial motion stage.⁷⁸ In other words, the parties litigate these procedural matters prior to a judge and jury hearing the lawsuit and deciding the case on the merits. Lawyers often charge an hourly rate, which varies based on factors such as that lawyer's experience and their litigation track record. Motions take time to write, and as lawyers battle through filing and answering pre-trial motions such as venue motions, their client's legal fees keep increasing.

Because circuit splits make some venues more advantageous to plaintiffs, defendants facing a suit in a circuit that is less advantageous to them will likely file venue change motions and allege that the plaintiff is forum shopping. Once the defendant files a §1404(a) or §1406(a) motion to challenge the plaintiff's original choice of venue, or alternatively ask the court to employ the doctrine of forum non conveniens,⁷⁹ the plaintiff has to file an opposition to the defendant's motion. Furthermore, the judge then has to decide whether to grant or deny the defendant's motion. These pre-trial motions are both time consuming for the parties and expensive for the clients.

IV. THE SOHM AND STARZ CIRCUIT SPLIT

As discussed above, the issue regarding tolling the statute of limitations for copyright infringement cases and collecting damages on said infringement is a convoluted and divisive issue amongst the federal circuit courts.⁸⁰ While the Supreme Court's decision in *Petrella* established that all courts would use the discovery rule,⁸¹ the Second Circuit's decision in *Sohm v. Scholastic* and the Ninth Circuit's decision in *Starz v. MGM* stated otherwise.

78. *Lexecon Inc. v. Milberg*, 102 F.3d 1524, 1543 (9th Cir. 1996) stating "a venue transfer motion is, to be sure, a pretrial motion"); *Wagstaffe*, *supra*, note 71.

79. Courts can use the common law doctrine of forum non conveniens to decline the exercise of jurisdiction if it believes that the exercise of jurisdiction may be filed in a more convenient forum. A party that desires a forum non conveniens dismissal must meet a heavy burden of persuasion to overcome the aforementioned deference to a plaintiff's original choice of forum. *See* Ides et al., *Civil Procedure Cases and Problems* 450-51 (5th ed. 2016); *Id.* (stating "also, this is the same burden that defendant must carry in a §1404(a) motion to transfer venue [...] to meet this burden, the moving party must usually show 1) that there is an available alternate forum; and 2) that the balance of private and public concerns implicated by the choice of forum weighs heavily in favor of the dismissal").

80. *See infra* Part II(b).

81. *Petrella*, 572 U.S. at 667-668.

A. Sohm v. Scholastic

Sohm, a professional photographer and author of 89 photographs at issue in this case, sued Scholastic, a publisher and distributor of children's books, for copyright infringement.⁸² In 2004, Sohm entered into an agreement with different agencies to issue limited licenses to third parties to use his photographs.⁸³ Sohm alleged that Scholastic infringed his copyrights by using his photos in various publications in numbers exceeding the limited licenses that Sohm gave to Scholastic.⁸⁴ Notably, at the District Court level, Scholastic argued that the Court should limit Sohm's damages to three years before Sohm commenced the action.⁸⁵ The District Court relied on established Second Circuit precedent⁸⁶ and ultimately rejected Scholastic's argument that damages should be limited to three years before the filing of this case.⁸⁷ Accordingly, the District Court permitted Sohm to collect damages from infringement by Scholastic (assuming Sohm established such continuing infringement) beyond the three year statute of limitations.

On appeal, the Second Circuit disregarded the established precedent and severely limited damages available in copyright infringement actions. The Court noted that *Petrella* stated “[u]nder the Act’s three-year provision, an infringement is actionable within three years, and only three years, of its occurrence” and that “the infringer is insulated from liability for earlier infringements of the same work.”⁸⁸ The Court further cited *Petrella*'s language that “§ 507(b)'s limitations period . . . allows plaintiffs . . . to gain retrospective relief running only three years back from the date the complaint

82. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 42 (2d Cir. 2020).

83. *Id.*

84. *Id.* (specifically, Sohm alleged 117 infringing uses of 89 photographs).

85. *Sohm v. Scholastic Inc.*, No. 16-CV-7098, 2018 U.S. Dist. LEXIS 53490, at *28 (S.D.N.Y. Mar. 28, 2018).

86. *Psihoyos v. John Wiley & Sons, Inc.*, 748 F.3d 120, 124 (2d Cir. 2014); *Energy Intel. Grp., Inc. v. Scotia Cap. (USA) Inc.*, 2017 U.S. Dist. LEXIS 13102, at *4-5 (S.D.N.Y. Jan. 30, 2017).

87. *Sohm*, 2018 U.S. Dist. LEXIS 53490, at *29 (concluding that *Petrella* did not overrule *Psihoyos* and therefore rejecting Scholastic's argument that damages should be limited to three years before the filing of this case).

88. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 52 (2d Cir. 2020) (quoting *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014)).

was filed.⁸⁹ It also explicitly asserted that “a successful plaintiff can gain retrospective relief only three years back from the time of suit” and that “[n]o recovery may be had for infringement in earlier years.”⁹⁰ Thus, the Second Circuit held it “must apply the discover[y] rule to determine when a copyright infringement claim accrues, but a three-year lookback period from the time a suit is filed to determine the extent of the relief available.”⁹¹

B. Starz v. MGM

Starz is a subscription video provider,⁹² and MGM Television is an American television production and distribution studio which is a subsidiary of the major media company Metro-Goldwyn-Mayer.⁹³ In 2013, Starz and MGM entered into an exclusive license deal under which Starz would be the only streaming platform permitted to exhibit specific content owned by MGM on its platform.⁹⁴ In August 2019, an employee at Starz noticed that the film *Bill and Ted’s Excellent Adventure* was streaming on Amazon Prime Video.⁹⁵ However, at the time, the film was in an exclusive license with Starz.⁹⁶ Upon further investigation, Starz noted that twenty-two other films that were supposedly exclusive to Starz were also available on Amazon Prime Video.⁹⁷ MGM eventually admitted that it had improperly licensed over 200 titles to third parties during Starz’s exclusive license periods. Starz then conducted its own investigation, and discovered MGM breached the

89. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 52 (2d Cir. 2020).

90. *Id.*

91. *Id.*

92. *Starz Ent., LLC v. MGM Domestic TV Distrib., LLC*, 510 F.Supp.3d 878, 881 (C.D. Cal. 2021).

93. *See generally* MGM, <https://mgm.com> [<https://perma.cc/8VA6-4CEQ>].

94. *Starz Ent., LLC*, 510 F.Supp.3d at 881.

95. *Id.*

96. *Id.*

97. *Id.*

exclusivity agreement since at least 2015 with nearly 100 additional violations beyond what MGM admitted.⁹⁸ In 2020, Starz sued MGM for copyright infringement.⁹⁹ In response, MGM asserted that many of Starz's copyright infringement claims are barred by the Supreme Court's decision in *Petrella*, which MGM asserts "imposes a strict bar to collecting any damages for copyright infringements that occur more than three years prior to the filing of the complaint."¹⁰⁰

The District Court, in accordance with established Ninth Circuit precedent, rejected MGM's contention.¹⁰¹ First, the court stated the Ninth Circuit adopted the "rolling approach" to continuing copyright infringement matters.¹⁰² Thus, MGM's continuous successive violations essentially "reset" the statute of limitations tolling date, making Starz's suit timely.¹⁰³ However, more importantly, the District Court noted that the decisions in *Polar Bear* established that "the discovery rule operates as an exception to the 'general rule' barring recovery for infringements prior to the three-year window."¹⁰⁴ The District Court further noted that the Supreme Court in *Petrella* did not change any law in the Ninth Circuit pertaining to the discovery rule.¹⁰⁵ Rather, *Petrella* merely reaffirmed the rolling approach's "general"

98. *Id.*

99. *Id.* at 880.

100. *Id.* at 882.

101. *Id.* at 886.

102. *Id.*

103. *Id.* at 886 (citing 2017 U.S. Dist. LEXIS 164217, 2017 WL 4339662, at *4); *see also Petrella*, 572 U.S. at 671 ("It is widely recognized that the separate-accrual rule attends the copyright statute of limitations. Under that rule when a defendant commits successive violations, the statute of limitations runs separately from each violation. Each time an infringing work is reproduced or distributed, the infringer commits a new wrong. Each wrong gives rise to a discrete 'claim' that 'accrue[s]' at the time the wrong occurs. In short, each infringing act starts a new limitations period.").

104. *Starz Ent., LLC*, 510 F. Supp. 3d at 886-88 (quoting *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700 (9th Cir, 2004)).

105. *Id.* at 886.

bar to recovery for infringements outside the three year period, while keeping intact the Ninth Circuit’s exception for the discovery rule.¹⁰⁶ Ultimately, the District Court held that not only was Starz’s action not time barred, but it also could recover damages for all of MGM’s continuing infringement.¹⁰⁷ MGM appealed the decision.¹⁰⁸

On July 20, 2022, the Ninth Circuit directly addressed the Second Circuit’s ruling in *Sohm* and flatly rejected its reasoning.¹⁰⁹ The Ninth Circuit stated its decisions in *Polar Bear* and *Roley* did not create a bar against recovery for infringing acts that occurred outside of the three-year window.¹¹⁰ The court further indicated that the Supreme Court’s holding in *Petrella* was specifically concerned with the equitable defense of laches. Furthermore, the Supreme Court expressly noted that it did not pass on the discovery rule nor has it decided on the issue of recovery outside of the three-year window.¹¹¹

The Ninth Circuit also rejected the Second Circuit’s holding regarding its perceived damages bar in *Petrella*.¹¹² Both *Scholastic* and *MGM* argued that “even if the discovery rule means the pre-three-year window claims timely accrued, *Petrella* created a separate damages bar that limits damages

106. *Id.* at 886-87.

107. *Id.* at 891.

108. *Starz Ent., LLC v. MGM Domestic TV Distrib., LLC*, 39 F.4th 1236, 1239 (9th Cir. 2022).

109. *Id.* at 1243-45.

110. *Id.* at 1240 (“Therefore, under *Roley*, § 507(b) does not prohibit the recovery of damages for infringing acts that occurred outside the three-year window so long as “the copyright plaintiff was unaware of the infringement, and that lack of knowledge was reasonable under the circumstances.” We reasoned: Without the benefit of tolling in this situation, a copyright plaintiff who, through no fault of its own, discovers an act of infringement more than three years after the infringement occurred would be out of luck. Such a harsh rule would distort the tenor of the statute. Section 507(b), like all statutes of limitations, is primarily intended to promote the timely prosecution of grievances and discourage needless delay. It makes little sense, then, to bar damages recovery by copyright holders who have no knowledge of the infringement.”).

111. *Id.* at 1242 (citing *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 962, 197 L. Ed. 2d 292 (2017) (admitting that the Court has not decided “whether the Copyright Act’s statute of limitations is governed by [a discovery] rule.”).

112. *Id.* at 1245-47.

to only those arising from acts of infringement within the three-year window.”¹¹³ However, the Ninth Circuit remained unconvinced.¹¹⁴ It stated that this line of thinking would “eviscerate the discovery rule” and that there would be “no reason for a discovery rule if damages for infringing acts of which the copyright owner reasonably becomes aware years later are unavailable.”¹¹⁵ The court continued by limiting the language to which *MGM* cites in *Petrella* as relevant only to “incident of injury rule cases, not to cases where we apply the discovery rule.”¹¹⁶ With this decision, the Ninth Circuit reaffirmed its stance that, 1) it relies on the discovery rule for the statute of limitations tolling period for continuing infringement cases and 2) that there is no language in the Copyright Act or in *Petrella* that indicates that there is a damages bar.¹¹⁷ Consequently, if a plaintiff brings a case for ongoing infringement, and the defendant is held liable, the plaintiff can recover damages for the entire period of said infringement.¹¹⁸

V. THE NINTH CIRCUIT (AND ALL CIRCUITS BUT THE SECOND) GOT IT RIGHT

The Ninth Circuit adhered to the correct holding in *Starz*. The entire purpose of the discovery rule is to ensure that plaintiffs can bring infringement actions if it discovers such ongoing infringement at a later time. In *Roley*, the Ninth Circuit reasoned that “[w]ithout the benefit of tolling in this situation, a copyright plaintiff who, through no fault of its own, discovers an act of infringement more than three years after the infringement occurred would be out of luck. Such a harsh rule would distort the tenor of the statute. Section 507(b), like all statutes of limitations, is primarily intended to promote the timely prosecution of grievances and discourage needless delay. It

113. *Id.* at 1243.

114. *Id.* at 1244-45.

115. *Id.* at 1244.

116. *Id.* at 1245.

117. *Id.* at 1246-47.

118. *Id.* at 1247.

makes little sense, then, to bar damages recovery by copyright holders who have no knowledge of the infringement.”¹¹⁹

The Second Circuit’s decision also contradicts the case law it purports to uphold. The Second Circuit held that “we must apply the discovery rule to determine when a copyright infringement claim accrues, but a three-year lookback period from the time a suit is filed to determine the extent of the relief available.”¹²⁰ However, if a plaintiff sues for infringement within three years of said infringement, she can recover damages without having to use the discovery rule due to the Act’s three-year statute of limitations period. In practice, the discovery rule is really only useful to recover damages for infringements that occurred more than three years before filing, such as in cases where infringement occurs over an extended period of time. The Second Circuit is effectively adopting the injury rule by limiting damages to three years from the date the suit was filed, while purporting to uphold the discovery rule that exists within the Circuit.¹²¹ As aforementioned,¹²² no circuit applies the injury rule in copyright infringement cases.

Furthermore, the Second Circuit’s limitation of a plaintiff’s collection of damages to the three-year window based on *Petrella* is incongruous with the line of reasoning set forth in *Petrella*.¹²³ The issue at *Petrella* was very specific, and was concerned with whether or not “the doctrine of laches could bar claims of infringement that accrued within the three-year window of § 507(b).”¹²⁴ However, the Second Circuit is attempting to create a universal rule out of a limited holding. The issue in *Petrella* was limited to laches only.¹²⁵ Therefore, the Court could not have decided about a universal damages bar in copyright infringement cases with delayed discovery because the

119. *Id.* at 1240 (citing *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 706 (9th Cir. 2004)).

120. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 52 (2d Cir. 2020).

121. *Id.* at 50.

122. *Nimmer & Nimmer*, *supra* note 8; *see supra* note 42.

123. *See generally* *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014).

124. *Starz Ent., LLC v. MGM Domestic TV Distrib., LLC*, 39 F.4th 1236, 1241 (9th Cir. 2022).

125. *Id.*

facts of *Petrella* did not beget such a decision.¹²⁶ Additionally, the Supreme Court explicitly noted that it has not passed on the issue of a damages bar pertaining to discovery rule.¹²⁷ Accordingly, the Second Circuit’s supposed reliance on the “plain language” of *Petrella* is in actuality a misreading of the Supreme Court’s dicta.¹²⁸

In attempting to adhere to the text of the Copyright Act,¹²⁹ the Second Circuit’s holding potentially permitted infringers to avoid paying damages in continuing infringement cases with delayed discovery. Referring back to the book example, let’s assume that if a prospective defendant first publishes an allegedly infringing book in 2010, and the book is in continuous publication from 2010 to 2020. However, let’s assume the plaintiff (and owner of a valid copyright in the book) does not discover the infringement until 2025. Under the *Sohm* line of reasoning,¹³⁰ the plaintiff would have until 2028 to file the complaint, but if the plaintiff filed the complaint the day of discovery in 2025, she could not recover any damages for this ongoing infringement because *Petrella* and the Copyright Act would time bar her damages. The purpose of a copyright owner having a specific set of statutory rights to her work is to give her control over her work.¹³¹ However, if a judge-made doctrine were to ensure that long-time infringers get away with violating said rights, these supposed exclusive rights lose their luster.

While there are times in which it is beneficial to go against the crowd, the Second Circuit’s departure from established case law is not an example

126. Eric Goldman, *The Ninth Circuit Reaffirms the Discovery Rule for the Copyright Act’s Statute of Limitations - Starz v. MGM*, TECHNOLOGY & MARKETING LAW BLOG (July 25, 2022), <http://blog.ericgoldman.org/archives/2022/07/the-ninth-circuit-reaffirms-the-discovery-rule-for-the-copyright-acts-statute-of-limitations-starz-v-mgm-guest-blog-post.htm> [https://perma.cc/RJ6B-NHNW].

127. *Petrella*, 572 U.S. at 670 n.4.

128. Goldman, *supra* note 126.

129. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 51-52 (2d Cir. 2020).

130. *Id.*

131. 17 U.S.C. §§ 106–122; U.S. CONST. art I, § 8, cl. 8. (“to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”); “[C]opyright law ultimately serves the purpose of enriching the general public through access to creative works.” [internal citation omitted] The statute achieves that end by striking a balance between two subsidiary aims: encouraging and rewarding authors’ creations while also enabling others to build on that work.” *Kirtsaeng v. John Wiley & Sons, Inc.*, 579 U.S. 197, 204 (2016) (citing *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 526-27 (1994)).

of that. The Second Circuit's well intended attempt to stay true to the language in *Petrella* and the legislative history of the Copyright Act,¹³² it is highly likely that its decision sparked many unintended consequences.

VI. PREDICTIONS RESULTING FROM THE STARZ DECISION

The decisions in *Sohm*¹³³ and *Starz*¹³⁴ created a stark divide between the Second and the Ninth Circuit. Not only is such clear division between federal circuits problematic,¹³⁵ but also this split is likely to have many unintended consequences. These consequences include rampant venue shopping, incentivizing continuous infringement, and furthering the practice in the music business of pursuing copyright infringement lawsuits in the hope of receiving a payout.

A. *The Starz Decision Encourages Forum Shopping*

When the Ninth Circuit released its decision in *Starz*, all copyright law practitioners should have heard a cash register chiming in the distance. Because the Ninth Circuit allows damages for the entire period of continuing infringement and the Second Circuit does not, it is difficult to overstate how much more attractive the *Starz* decision made copyright infringement actions in the Ninth Circuit than the Second Circuit.

It is commonly understood that lawyers in California have a duty to zealously advocate for their clients.¹³⁶ In doing so, it only makes sense for a lawyer to want to bring a case in front of a tribunal in which her client will have the best chance at a higher recovery. While courts certainly frown upon

132. *Starz Ent., LLC v. MGM Domestic Television Distrib., LLC*, 39 F.4th 1236, 1245-7 (9th Cir. 2022).

133. *See Sohm*, 959 F.3d at 51-53.

134. *See Starz Ent., LLC*, 39 F.4th at 1245-7.

135. Jonathan M. Cohen & Daniel S. Cohen, *Iron-ing out Circuit Splits: A Proposal for the Use of the Irons Procedure to Prevent and Resolve Circuit Splits Among United States Courts of Appeals*, 108 CALIF. L. REV. 989, 996 (June 2020).

136. Scott B. Garner, *Attorney Civility, When Zealous Advocacy Crosses the Line*, CAL. BAR J. (May 2016), https://apps.calbar.ca.gov/mcleselfstudy/mcle_home.aspx?testID=109 [<https://perma.cc/84F3-HTK5>].

forum shopping,¹³⁷ the Second and the Ninth circuits have made it less of an endeavor. Any savvy shopper would rather get the most bang for their buck, and here, the money quite literally speaks for itself in terms of a more favorable venue.

The Second and the Ninth Circuit also happen to be the jurisdictions with the most copyright lawsuits.¹³⁸ California, which is in the Ninth Circuit, has the most copyright filings of any state.¹³⁹ Second to California is New York.¹⁴⁰ Given that a majority of the domestic entertainment industry resides in these two states,¹⁴¹ these numbers make sense. However, many global entertainment companies have offices in both California and New York,¹⁴²

137. See *Gasperini v. Ctr. for Humanities, Inc.*, 518 U.S. 415, 428 (1996) (citing *Hanna v. Plumer*, 380 U.S. 460, 468 (1965)).

138. *Just the Facts: Intellectual Property Cases—Patent, Copy, and Trademark*, *supra* note 4.

139. *Id.*

140. *Id.*

141. See generally *The Best Cities for Entertainment, Media and P.R. Jobs*, FORBES (Mar. 21, 2017 5:14 PM), <https://www.forbes.com/pictures/58d197afa7ea431f321b8844/1-los-angeles-long-beach-/?sh=12cf135e6b4d> [<https://perma.cc/G977-F578>]; *4 of the Best Cities for Film and TV Production Crews*, CASTING AGENCIES DIRECTORY, <https://www.castingagenciesdirectory.com/blog/4-of-the-best-cities-for-film-and-tv-production-crews> [<https://perma.cc/953Y-TFZD>]; Leonard M. Pitt, *Los Angeles - The entertainment industry*, BRITANNICA, <https://www.britannica.com/place/Los-Angeles-California/The-entertainment-industry> [<https://perma.cc/5Q64-C9S4>].

142. *Universal Studios Lot*, <https://www.universalstudioslot.com/> [<https://perma.cc/QB24-HTWY>]; Nikki Finke, *New Details on Upgrading Universal City*, DEADLINE (Oct. 1, 2009, 2:22 PM) <https://deadline.com/2009/10/new-details-on-upgrading-universal-city-16749/> [<https://perma.cc/6HUX-FQH2>]; *Current Job Locations*, NBCUNIVERSAL CAREERS, <https://www.nbcunicareers.com/all-locations> [<https://perma.cc/U8UT-89L9>]; *Disney Studios, Burbank, CA*, THESTUDIOTOUR, <http://www.thestudiotour.com/wp/studios/disney-studios-burbank-california> [<https://perma.cc/4547-8WJE>]; DISNEYLAND OFF. SITE, <https://disneyland.disney.go.com> [<https://perma.cc/YZ5N-R7EB>]; *The Walt Disney Company Headquarters*, HEADQUARTERS OFF., <https://headquartersoffice.com/the-walt-disney-company> [<https://perma.cc/55VP-4L9H>]; Becky Burkett, *Disney's New Headquarters Building in New York Hits A Major Milestone, Celebrates With Topping-Out Ceremony*, DISNEY DINING (Apr. 19, 2022), <https://www.disneydining.com/disneys-new-headquarters-building-in-new-york-hits-a-major-milestone-celebrates-with-topping-out-ceremony-bb1/#:~:text=Located%20at%20137%20Varick%20Street,Vandam%20Street%20to%20the%20north> [<https://perma.cc/CA8D-T73V>]; SONY PICTURES STUDIO OPERATIONS, <https://www.sonypicturesstudios.com/locations.php> [<https://perma.cc/U8D8-BKUW>]; *Company Description of Sony Corporate America, Inc.*, BUILT IN LA, <https://www.builtinla.com/company/sony-corporate-america-inc> [<https://archive.ph/UBPHT>]; *An Update*, SONY, <https://www.sony.com/square-nyc.html> [<https://perma.cc/7VQG-BZBM>].

and can likely establish statutory venue requirements¹⁴³ to bring copyright infringement suits in the Ninth Circuit as opposed to the Second Circuit.

While courts can easily ascertain forum shopping in cases such as *Piper Aircraft v. Reyno*,¹⁴⁴ the forum shopping in these cases is less obvious because of the prevalence of California offices for the most likely prospective litigants in continuing infringement cases. If a plaintiff is a corporation involved in the entertainment industry, with offices in California and New York, brings an action against a defendant in the Ninth Circuit, the defendant has two options. The first option is to file a motion to transfer venue on the basis that the plaintiff is forum shopping. As mentioned above, there is a strong preference toward the plaintiff's choice of forum, and with the plaintiff having offices in California it is going to be difficult to argue that the plaintiff chose the Ninth Circuit simply for forum concerns. The defendant that pursues this avenue is likely going to rack up a hefty bill in motion practice before her case is tried on the merits. The second option is to simply resign to the jurisdiction that may result in a higher damages amount should the plaintiff be held liable for infringement and hope for the best.

Circuit splits are problematic because they threaten consistency of federal law across circuits.¹⁴⁵ The current split between the Second and the Ninth Circuits is emblematic of this threat. Until this split is resolved, there is likely going to be many accusations of forum shopping as well as many more motions to transfer venue on the basis of plaintiff's forum shopping in cases involving ongoing copyright infringement.

B. The Sohm Decision Could Incentivize Infringement in the 2nd Circuit

The *Sohm*¹⁴⁶ decision essentially signals that if an infringer can infringe without being discovered by the copyright holder, then there are potentially no consequences to their actions. To illustrate with the book example, let's

143. 28 U.S.C. § 1391.

144. See *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 238 (1981) (holding that a Scottish plaintiff's choice of forum in the United States for an accident that occurred in Scottish airspace was a clear attempt to achieve a more favorable outcome).

145. Jonathan M. Cohen & Daniel S. Cohen, *Iron-ing Out Circuit Splits: A Proposal for the Use of the Irons Procedure to Prevent and Resolve Circuit Splits Among United States Courts of Appeals*, 108 CALIF. L. REV. 989, 996 (2020).

146. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 51 (2d Cir. 2020).

again assume that if a prospective defendant first publishes an allegedly infringing book in 2010, and the book is in continuous publication from 2010 to 2020. Assuming the plaintiff (and owner of a valid copyright in the book) does not discover the infringement until 2025, if the plaintiff brings this case in the second circuit and the court finds for the plaintiff, the defendant will only have to pay the plaintiff damages for infringements occurring from 2023-2025. Thus, the infringer is profiting off of this for twelve years.

The holding in *Sohm*¹⁴⁷ unintentionally incentivizes infringement. If infringers engage in this prohibited activity and are lucky enough to remain undiscovered by the copyright owner, they could theoretically make a lot of money. Plus, depending on the magnitude of the infringement and the length of time in which the infringer engages in this type of activity, the damages it eventually pays for the last three years of infringement under *Sohm*¹⁴⁸ may be a drop in the bucket compared to what they have already pocketed. Further, if the infringement ceases and the plaintiff does not discover the infringement for three years, the infringer will have completely profited from its infringement leaving the plaintiff with no recourse. Conversely, the holding in *Starz*¹⁴⁹ disincentivizes infringement by ensuring that defendants who are held liable for continuing infringement will have to pay full damages for their infringing conduct. Accordingly, the Second Circuit's holding, in all of its best intentions, likely incentivized the exact activity it sought to exorcise.

C. The Entertainment Industry Will Capitalize on This Split Until it Is Resolved

Acquiring a copyright license is an incredibly costly endeavor. For example, in 2015, Netflix paid \$100 million to acquire the right to stream *Friends* on its platform.¹⁵⁰ Once Netflix's right to stream *Friends* expired in

147. *Id.*

148. *Id.*

149. See generally *Starz Ent., LLC v. MGM Domestic Television Distrib., LLC*, 39 F.4th 1236, 1245-7 (9th Cir. 2022).

150. Lisette Voytko, *Friends Leaves Netflix at Midnight, Returns in May on HBO*, FORBES (Dec. 31, 2019, 1:29 PM), <https://12ft.io/proxy?q=https%3A%2F%2Fwww.forbes.com%2Fsites%2Flisettevoytko%2F2020%2F12%2F31%2Ffriends-leaves-netflix-at-midnight-returns-in-may-on-hbo%2F%3Fsh%3D5ee583613514> [https://perma.cc/L79W-D9X9].

2019, HBO Max outbid Netflix for these rights in a \$500 million deal.¹⁵¹ In a similar deal, NBC Universal paid \$500 million to pull the hit television series *The Office* from Netflix and stream the show exclusively on its own platform, Peacock.¹⁵² These beloved shows are valuable to streaming services particularly due to how many more users flock to a certain service once their favorite show is available on a specific platform.

The costly acquisition of copyrights is not only prevalent in licenses for film and television streaming rights, but it is also a big aspect of licensing music for use in film and television. The practice by which a production plays a pre-existing, and often famous, song is known as a needle drop.¹⁵³ Needle drops are an elegant and effective way for filmmakers to invoke strong emotions in their viewers. The film “Say Anything” would likely be far less memorable without the iconic scene in which John Cusac’s character plays “In Your Eyes” by Peter Gabriel on the boombox outside of his girlfriend’s bedroom window.¹⁵⁴ In that same vein, *Top Gun* would not be the same without its use of “Danger Zone” by Kenny Loggins.¹⁵⁵

While needle drops are some of the most impactful moments in film and television, they are also some of the most expensive. For example, the most expensive part of producing the film *Bring it On* was the licensing of the song “Cherry Pie” by Warrant¹⁵⁶ for the hefty price tag of \$40,000.¹⁵⁷ The film *Almost Famous*, which centers around music culture in the 1970’s and features numerous iconic songs such as *Tiny Dancer* by Elton John and “Simple Man” by Lynyrd Skynyrd, paid about \$66,000 in licensing fees per song for a total of \$3.5 million in music licensing alone.¹⁵⁸ And finally, one of the most expensive songs to license was “Thunderstruck” by AC/DC

151. *Id.*

152. *Id.*

153. See generally BJ Colangelo, *Movies that Paid Big Bucks for Needle Drops*, FILM (Apr. 14, 2022 11:00 AM), <https://www.slashfilm.com/831524/movies-that-paid-big-bucks-for-needle-drops> [<https://perma.cc/AD4A-GWQW>].

154. *SAY ANYTHING* (20th Century Fox 1989).

155. *TOP GUN* (Paramount Pictures 1986).

156. *WARRANT*, *Cherry Pie* (Columbia Records 1990).

157. Colangelo, *supra* note 153.

158. *Id.*

which costs a whopping \$500,000.¹⁵⁹ All of the aforementioned examples are just concerned with the music licensing fee, but there are various other fees that are involved in incorporating songs into film and television such as synchronization licenses, and sliding scale fees for whether the song will be used in opening or closing credits versus trailers and advertisements.¹⁶⁰

While the costs of licenses in the entertainment industry is almost common knowledge, it is no secret that the cost of infringing upon someone's copyright is potentially even more expensive than the cost of rightfully acquiring copyright licenses. One particularly contentious example of an infringement suit involves the Verve and the Rolling Stones.¹⁶¹ The Verve is an alternative rock band that became an international sensation with its iconic 1997 hit entitled "Bitter Sweet Symphony."¹⁶² However, this quick success was short-lived as the Rolling Stones sued The Verve for alleged copyright infringement and plagiarism.¹⁶³ The Verve got permission from the Stones' label to use "a few notes of the string melody" from the song "The Last Time" on the Stones' orchestral album.¹⁶⁴ However, the lawsuit alleged that the band had used more of the melody than the parties agreed.¹⁶⁵ The parties settled out of court, with The Verve agreeing to give publishing royalties to the Stones' label and writing credit to Mick Jagger and Keith Richards.¹⁶⁶ To add insult to injury, Andrew Oldham also sued for \$1.7 million in royalties from "Bitter Sweet Symphony" based on his ownership of the original instrumental album.¹⁶⁷ This suit is just one of many cautionary

159. *Id.*

160. Jeff Brabec & Todd Brabec, *Music, Money, Success & the Movies: Part One*, ASCAP (2007), <https://www.ascap.com/help/music-business-101/music-money-success-movies> [https://perma.cc/K2GE-TNEJ].

161. Anastasia Tsioulcas, *Not Bitter, Just Sweet: The Rolling Stones Give Royalties to the Verve*, NPR (May 23, 2019 4:26 PM), <https://www.npr.org/2019/05/23/726227555/not-bitter-just-sweet-the-rolling-stones-give-royalties-to-the-verve> [https://perma.cc/48LM-G75N].

162. *Id.*

163. *Id.*

164. *Id.*

165. *Id.* at 4.

166. *Id.*

167. *Id.*

tales regarding how devastatingly expensive infringement suits can cost if defendants are held liable.¹⁶⁸

Musicians are particularly aware of the dangers of copyright lawsuits because practice as the music industry is constantly embroiled in practices such as sampling that muddy the waters of who exactly created what song. Ed Sheeran, a famous UK singer who is known for songs such as “A Team” and “Bad Habits” recently won a copyright lawsuit regarding his song “Shape of You”¹⁶⁹ which is the single most streamed song on Spotify.¹⁷⁰ Artist Sami Switch accused Sheeran of copying his work when he wrote “Shape of You.”¹⁷¹ The court ultimately decided in Sheeran’s favor.¹⁷² In an interview, Sheeran said “while we’re obviously happy with the result, I feel like claims like this are way too common now, and have become a culture where a claim is made where the idea is settlement will be cheaper than taking it to

168. Other cautionary tales include the dispute between David Bowie and Vanilla Ice regarding the melody in the songs “Under Pressure” and “Ice Ice Baby” that settled out of court and the lawsuit involving tattoo artist S. Victor Whitmill suing Warner Bros for the use of his design that was made for Mike Tyson on Ed Helms’ face in the film “The Hangover Part II” See *The Most Famous Copyright Infringement Cases*, DONOTPAY (Sept. 1, 2022, 8:49 AM), <https://donotpay.com/learn/copyright-infringement-cases/> [<https://perma.cc/WLJ9-97HC>]; Matthew Belloni, *Warner Bros. Settles ‘Hangover II’ Tattoo Lawsuit’ (Exclusive)*, THE HOLLYWOOD REPORTER (June 20, 2011 1:39 PM), <https://www.hollywoodreporter.com/business/business-news/warner-bros-settles-hangover-ii-203377/> [<https://perma.cc/BH7W-XLFX>].

169. Joey Nolfi, *Ed Sheeran Slams ‘Damaging’ Uptick of Songwriting Lawsuits After Winning ‘Shape of You’ Copyright Case*, ENTERTAINMENT WEEKLY (April 6, 2022 10:01 AM), <https://ew.com/music/ed-sheeran-wins-shape-of-you-lawsuit/#:~:text=You%27%20copyright%20case-.Ed%20Sheeran%20slams%20%27damaging%27%20uptick%20of%20songwriting%20lawsuits%20after%20winning,human%20being%2C%22%20he%20responded> [<https://perma.cc/4QR8-YBNK>]; Marissa Dellatto, *Ed Sheeran’s ‘Shape of You’ the Most Streamed Song in Spotify History*, FORBES (Dec. 22, 2021 3:28 PM), <https://12ft.io/proxy?q=https%3A%2F%2Fwww.forbes.com%2Fsites%2Fmarisadellatto%2F2021%2F12%2F22%2Fed-sheerans-shape-of-you-the-most-streamed-song-in-spotify-history%2F%3Fsh%3D4bc57e4e75e6> [<https://perma.cc/2MDS-B2FN>].

170. Dellatto, *supra* note 169.

171. Nolfi, *supra* note 169.

172. Caroline Frost, *Ed Sheeran Reveals Creative Cost of ‘Shape of You’ Plagiarism Lawsuit: “Now I Just Film Everything”*, DEADLINE (Apr. 9, 2022 3:19 AM), <https://deadline.com/2022/04/ed-sheeran-creative-cost-shape-of-you-plagiarism-lawsuit-films-songwriting-sessions-1234997792/> [<https://perma.cc/X86F-H7NH>] (In light of his win, Sheeran said that he has started filming all of these songwriting sessions so he can prove that he is not infringing on anyone else’s work. This is a rather creative form of deterring these types of suits, but this should not be the norm.).

court — even if there’s no base for the claim.”¹⁷³ He further noted that this practice is damaging to songwriters, and that “there’s only so many notes and very few chords used in pop music. Coincidence is bound to happen if 60,000 songs are being released every day on Spotify. That’s 22 million songs a year, and there are only 12 notes that are available.”¹⁷⁴

Because copyright infringement lawsuits carry the potential for lucrative damages, the disparate effect that the decisions in *Sohm*¹⁷⁵ and *Starz*¹⁷⁶ may continue the trend of plaintiffs weaponizing lawsuits for a potential settlement. Practitioners in the copyright sphere are already calling upon the Supreme Court to rectify the split,¹⁷⁷ but until the Supreme Court or Congress makes a strong clarification of these issues, plaintiffs are going to continue filing lawsuits hoping to make a windfall.

Unfortunately, the reality of the legal system is that litigation simply takes time. While there are avenues in which Congress or the Supreme Court can resolve the split between the Second and the Ninth Circuits, there is ample time for litigants to weaponize copyright lawsuits. With the threat of potentially having to pay for damages for the entire time of infringement, prospective defendants are going to be more likely to settle out of fear of costly litigation and a potentially financially oppressive damages model to pay the plaintiff at the end of the case. Until this is resolved, it is highly likely that these lawsuits are going to become even more common than they already are.

173. Nolfi, *supra* note 169.

174. Stuart Dredge, *Ed Sheeran won his plagiarism case... so what happens now?*, *MUSICALLY* (Apr. 7, 2022), <https://musically.com/2022/04/07/ed-sheeran-won-his-plagiarism-case/> [<https://perma.cc/48ZY-6NEP>].

175. *See generally* *Sohm v. Scholastic Inc.*, 959 F.3d 39 (2d Cir. 2020).

176. *See generally* *Starz Ent., LLC v. MGM Domestic TV Distrib., LLC*, 39 F.4th 1236, 1242-3 (9th Cir. 2022).

177. *See generally* Benjamin E. Marks & Camilla Brandfield-Harvey, *Creating a split with the Second Circuit, the Ninth Circuit holds that the “Discovery Rule” allows plaintiffs to recover damages for copyright infringements that occurred more than three years prior to filing of complaint*, *LEXOLOGY* (2022), <https://www.lexology.com/library/detail.aspx?g=b7c90b3b-a708-400a-8da7-72dbf1ae395a> [<https://perma.cc/MSM5-YSHL>].

VII. THE SUPREME COURT OR CONGRESS WILL ULTIMATELY NEED TO RESOLVE THE SPLIT

Ultimately, there are two ways in which this circuit split will be resolved. Either Congress will pass legislation clarifying the issue of continuing infringement statutes of limitations tolling and whether there is a damages bar, or the Supreme Court will clarify the issues that litigants in both *Sohm*¹⁷⁸ and *Starz*¹⁷⁹ raised. While the former option is certainly plausible, the last major overhaul of the Copyright Act was in 1976.¹⁸⁰ As discussed above, the issues of the statute of limitations tolling periods for continuing infringement and the damages bar is largely a judge-created doctrine,¹⁸¹ and given that the circuit split happened this year it is likely not on Congress' short list of amendments that it needs to make to the Act.¹⁸²

This issue is most likely going to be resolved by the Supreme Court either granting certiorari to the *Starz* case, or the Court granting certiorari to a case asking for clarification on the same issue. MGM cited both *Petrella* and *Sohm* in its briefs, and the Ninth Circuit flatly rejected both arguments. Now that *MGM* has lost in the federal appellate level, it can petition the Supreme Court for certiorari.¹⁸³ *MGM* is likely to petition for certiorari because at this point there is a stark split between federal circuits that is compromising the uniformity of decisions in copyright infringement cases. However, because the Supreme Court chooses which cases it wants to hear, there is no

178. See *Sohm*, 959 F.3d.

179. See *Starz* 39 F.4th.

180. *Highlight: Congress Passes the Current Copyright Act*, U.S. COPYRIGHT OFFICE (2022), https://www.copyright.gov/timeline/timeline_1950-1997.html [<https://perma.cc/RV7E-LUHG>].

181. See *supra* Part II (b-c).

182. *Legislative Developments Legislative Developments*, U.S. COPYRIGHT OFFICE (2022), <https://www.copyright.gov/legislation/> [<https://perma.cc/TS8R-JJNB>]. (There is currently no proposed legislation to address either the issue of the statute of limitations tolling period nor whether there is a damages bar.)

183. U.S. Courts, *Supreme Court Procedures*, U.S. COURTS (2022), <https://www.uscourts.gov/about-federal-courts/educational-resources/about-educational-outreach/activity-resources/supreme-1#:~:text=Parties%20who%20are%20not%20satisfied,grant%20a%20writ%20of%20certiorari> [<https://perma.cc/3VYW-7N6Y>].

guarantee that it will grant certiorari to *MGM*.¹⁸⁴ Ultimately, the Supreme Court granting certiorari to *MGM* is more probable than plausible because the Court tends to accept cases that have national significance and to resolve splits like the current rift between the Second and the Ninth Circuit.¹⁸⁵

If, for some reason, *MGM* does not appeal the decision in *Starz*, then the Supreme Court would need to grant certiorari to a case with a similar fact pattern that is asking the same legal questions as *Starz*. As seen in *Petrella*, the Court can decline to pass on certain questions if it does not deem such doctrines relevant to the discussion in the dispute at bar. While litigating an entirely different case is not an ideal way to resolve the circuit split, it is certainly a viable avenue. Ultimately, until either Congress or the Supreme Court decisively settle the rift between the Second and the Ninth Circuits, there will be forum shopping, incentivized infringers, and strategic litigation to ensure that litigants benefit from whichever side of the split they deem to be most beneficial to their positions.

VIII. CONCLUSION

In a media landscape that continually creates new platforms by which the general public can consume original works of authorship,¹⁸⁶ copyright infringement is almost inevitable. While the Copyright Act's three-year statute of limitations period likely intended to prophylactically implement an elegant solution to statute of limitations periods, it created more questions than answers. With the development of the discovery rule and the varying theories regarding plaintiffs' recovery in continuous infringement cases, the waters became even muddier.

184. *Id.*

185. *Id.*

186. See generally Sam Cook, *The Complete List of Streaming Services in 2022 – 200+ Services*, FLIXED (Jan. 27, 2022), <https://flixed.io/complete-list-streaming-services/> [<https://perma.cc/F2JH-462P>]. (As of 2022, there are over 200 known streaming services available to consumers to stream film, television, and sports. This is also excluding the various different avenues in which the public can view visual art displays such as virtual art galleries and the Metaverse).

The Second Circuit's ruling in *Sohm*¹⁸⁷ followed by the Ninth Circuit's contrary ruling in *Starz*¹⁸⁸ essentially gave a green light to opportunistic litigants to take advantage of the split while it remains unresolved. Ultimately, the Supreme Court or Congress should adopt the rule that the Ninth Circuit and every other circuit follow and discard the Second Circuit's deviation from decades of established precedent. The uniform standard the Supreme Court or Congress should adopt is that the discovery rule is the proper doctrine to use to toll the statute of limitations period in continuing copyright infringement cases, and that there is no case law to substantiate a damages bar beyond the three-year period.

To allow such a wide loophole in these cases is essentially the same as setting a large pile of money on a mousetrap that opportunistic individuals can easily evade. While the proverbial trap may snap shut and leave an infringer injured from said wrongdoing, there are still going to be plenty of others that manage to capitalize on the opportunity while it is available to them. Ultimately, infringers should be held liable for their actions, and one of the best deterrents is the possibility of having to pay a large sum of money for all of their wrongdoing. These prospective infringers should not be absolved on a technicality.

187. *Sohm v. Scholastic Inc.*, 959 F.3d 39, 51 (2d Cir. 2020).

188. *Starz Ent., LLC v. MGM Domestic Television Distrib., LLC*, 39 F.4th 1236, 1256 (9th Cir. 2022).