No. 21-55379

IN THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

STARZ ENTERTAINMENT, LLC,

Plaintiff-Appellee,

v.

MGM DOMESTIC TELEVISION DISTRIBUTION LLC,

Defendant-Appellant.

On Appeal from the United States District Court
for the Central District of California, Western Division
The Honorable Dolly M. Gee | Case No. 2:20-cv-04085

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rule of Appellate Procedure 26.1, MGM Domestic Television Distribution LLC is a wholly owned indirect subsidiary of MGM Holdings Inc. and no publicly held corporation owns 10% or more of its stock.

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INTRODUCTION

In *Petrella v. Metro-Goldwyn-Mayer, Inc*., 572 U.S. 663 (2014), the Supreme Court held that "a successful plaintiff can gain retrospective relief *only three years back from the time of suit*." *Id.* at 677 (emphasis added). *Petrella* overturned decades of this Court's precedent allowing laches as a defense to copyright infringement because this feature of "the copyright statute of limitations, [17 U.S.C.] § 507(b), itself takes account of delay." *Id.* The strict three-year limit on retrospective relief was central to the Supreme Court's decision in *Petrella* and it is binding on all lower courts. In this case, however, the district court declined to apply the three-year "damages bar" required by *Petrella* and on that basis denied MGM's motion to dismiss. That ruling was error and requires reversal.

This case stems from two agreements under which MGM licensed Starz the right to exhibit for a limited time period hundreds of motion pictures and television episodes (referred to as "titles") owned or distributed by MGM. Starz alleges that since 2015 or earlier, MGM infringed Starz's alleged copyrights by permitting other content service providers to exhibit 340 of the titles licensed to Starz during Starz's exclusive license periods. Starz claims to have discovered these alleged infringements in 2019 and commenced suit in 2020, asserting claims for direct, vicarious, and contributory copyright infringement for each title that MGM allegedly licensed to other parties during Starz's windows.

MGM moved to dismiss 378 of Starz's 1,020 copyright infringement claims. There is no dispute that Starz's licenses for 126 titles associated with these 378 claims expired more than three years before Starz filed this lawsuit. Because retrospective relief is precluded by *Petrella*'s bar on recovery outside the three-year look-back period, and because prospective relief is foreclosed by the undisputed fact that Starz has no current or future rights of any kind in these 126 titles, there is no relief that the district court could grant even if Starz were to prevail on liability with respect to these titles. Accordingly, the 378 claims predicated on these 126 titles fail as a matter of law.

The district court nonetheless denied MGM's motion to dismiss on the theory that the "discovery rule" (which governs when a claim accrues) could operate as an exception to the Copyright Act's three-year limit on retrospective relief. The district court reasoned that *Polar Bear Productions, Inc. v. Timex Corp.*, 384 F.3d 700 (9th Cir. 2004)—decided a decade before *Petrella*—permitted copyright plaintiffs to recover damages without any limit so long as their claims accrued within three years of suit with the application of the discovery rule.

This Court granted MGM's petition for interlocutory review, and should now reverse the order under review. The district court's reliance on *Polar Bear* cannot be reconciled with the Supreme Court's unequivocal pronouncement in *Petrella* that the Copyright Act bars recovery of any damages outside of the three-year window

preceding the filing of suit. Even if the accrual of a claim is extended by the discovery rule, *Petrella* does not permit a similar expansion of the available retrospective damages. And because the three-year look-back period was essential to the holding in *Petrella*, it supplants *Polar Bear* and any other circuit-level precedent. *Langere v. Verizon Wireless Servs., LLC*, 983 F.3d 1115, 1122 (9th Cir. 2020).

The Second Circuit squarely rejected the theory adopted by the district court here, holding that the discovery rule does not expand the Copyright Act's limit on retrospective relief as expressed in *Petrella*. *Sohm v. Scholastic Inc*., 959 F.3d 39, 52 (2d Cir. 2020). *Sohm* explained that the discovery rule continues to apply to determine when a claim accrues, which MGM does not challenge. But on the separate question of available relief, *Sohm* recognized that *Petrella* construed the Copyright Act to limit retrospective relief to three years preceding the commencement of suit—a construction that was necessary to the Supreme Court's holding in *Petrella*, as the *Sohm* court recognized. Accordingly, the Second Circuit held that "we must apply the discover[y] rule to determine when a copyright infringement claim accrues, but a three-year look-back period from the time a suit is filed to determine the extent of the relief available." *Id.* Applying the same approach here requires reversal.

Section 507(b) of the Copyright Act was designed to serve two purposes: "(1)

to render uniform and certain the time within which copyright claims could be pursued; and (2) to prevent the forum shopping invited by disparate state limitations periods[.]" *Petrella*, 572 U.S. at 670. The district court's ruling undermines both purposes. Under the district court's interpretation of Section 507(b), a defendant could be sued today for infringement that began in 1991 but was not discovered until 2018, and could be subject to damages incurred during that entire thirty-year period. In doing away with laches, *Petrella* emphasized the statutory limit on retrospective relief that is designed to prevent this very type of open-ended uncertainty and prejudice to defendants. Moreover, if the order under review were affirmed, copyright plaintiffs would unquestionably engage in forum-shopping, since the extent of relief available for copyright infringement would turn on the circuit in which the lawsuit is filed. The 378 claims at issue here could not proceed in the Second Circuit. They should not be allowed to proceed here either.

This Court must apply the Copyright Act as it was construed by the Supreme Court in *Petrella*; doing so requires reversal of the district court's order.

JURISDICTIONAL STATEMENT

The district court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1338(a) and 1367(a). The district court entered an order denying MGM's motion to dismiss on January 6, 2021 (1-ER-2), and certified that order for interlocutory appeal pursuant to 28 U.S.C. § 1292(b) on February 22, 2021 (2-ER-

21). MGM timely petitioned this Court for review on March 4, 2021. No. 21-80013, Dkt. 1. This Court granted MGM's petition on April 19, 2021 (Dkt. 1), and MGM perfected the appeal on April 26, 2021 (Dkt. 5). *See* Fed. R. App. P. 5(d). This Court has jurisdiction pursuant to 28 U.S.C. § 1292(b).

STATEMENT OF THE ISSUE

Whether the district court erred in denying MGM's motion to dismiss given that Section 507(b) of the Copyright Act, as construed by *Petrella v. Metro-Goldwyn-Mayer, Inc*., 572 U.S. 663 (2014), limits retrospective relief for copyright infringement to three years prior to the commencement of an action.

RELEVANT STATUTORY PROVISION

Pursuant to Ninth Circuit Rule 28-2.7, the statutory provision pertinent to this appeal, 17 U.S.C. § 507(b), provides as follows:

(b) Civil Actions.

No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

STATEMENT OF THE CASE

I. The Parties' License Agreements

MGM is a leading entertainment company that controls the rights to distribute thousands of critically acclaimed feature films and television episodes, including the *James Bond*, *Rocky/Creed*, *Robocop*, *Stargate*, *Legally Blonde* and *The Pink Panther* franchises (among many other widely popular titles). 3-ER-115–128; 3-ER-191–

208. These titles are distributed internationally and domestically through all means of distribution, including theatrical, home video, electronic sell-through, free television, basic television, pay television, transactional video-on-demand and subscription video-on-demand ("SVOD"). 3-ER-95–96. MGM licenses the titles in its content library to third parties for a specified period of time under specified terms and conditions. 3-ER-92–112; 3-ER-168–88.

Starz operates a suite of cable television channels—including 17 STARZ, STARZEncore and MoviePlex channels—and a corresponding SVOD service. 2-ER-27. Starz exhibits original television programming and content licensed from other entities, like MGM, through its cable television and SVOD offerings. 2-ER-27–28.

In 2013 and 2015, MGM and Starz entered into two library agreements under which MGM agreed to grant Starz limited licenses to exhibit hundreds of titles in MGM's content library in certain defined territories, languages, and time periods. 2-ER-29; 3-ER-92–112; 2-ER-31; 3-ER-168–88. The library agreements permitted Starz to exhibit the licensed titles only by means of pay television and SVOD services in the English and Spanish languages for a defined license period in the United States and certain ancillary territories. 3-ER-92–93; 3-ER-168–69. Starz additionally secured a contractual covenant that MGM would refrain from exhibiting, or authorizing any other party to exhibit, the licensed titles in the licensed

territories in the licensed languages by means of the licensed media (pay television and SVOD), as well as free and basic television, during the license period applicable to each title. 3-ER-95–96; 3-ER-171–72.

Other than the limited licenses and contractual rights granted to Starz, MGM retained all other rights in the titles covered by the library agreements. 3-ER-95–96; 3-ER-171–72. Among other things, MGM retained the right to concurrently exploit the titles in any other reserved media, territories, or languages during Starz's license periods. *Id.* MGM also retained the right to exploit the titles without restriction outside of Starz's license periods applicable to each title. *Id.*

MGM licensed over 960 titles to Starz under the two library agreements. 1-ER-3. Although the general terms of the library agreements applied to all of the licensed titles, the parties separately negotiated the license periods (or "windows") and license fees for each title, and those windows and fees varied from title to title. 1-ER-3; 3-ER-115–28; 3-ER-156–57; 3-ER-160–65; 3-ER-191–208; 3-ER-216–24.

The license periods ranged from less than a month to a few years; the start and end dates also differ for each title, with some windows entirely expiring as early as 2013 and others expiring in 2023. 1-ER-3. Some titles were licensed for multiple license periods, with each window set to run at different times, while others were licensed for only a single window. 3-ER-115–28; 3-ER-156–57; 3-ER-160–65; 3-ER-191–208; 3-ER-216–24.

For example, the title *Tales of Terror* was licensed for a single window lasting fifteen months from August 1, 2013 to October 31, 2014. 3-ER-122. *Blue Steel* was licensed for a single window lasting twelve months from February 1, 2014 to January 18, 2015. 3-ER-116. *Ronin* was licensed for three separate license periods: the first window running from October 1, 2014 to July 31, 2015; the second window running from September 1, 2015 to January 31, 2016; and the third window running from February 1, 2021 to August 31, 2021. 3-ER-121; 3-ER-205.

The license periods for numerous titles expired many years ago. 3-ER-115–28; 3-ER-156–57; 3-ER-160–65; 3-ER-191–208; 3-ER-216–24. Starz has no rights of any kind in such titles.

II. Starz Sues for Copyright Infringement

In May 2020, Starz sued MGM alleging that by at least 2015 (and potentially earlier), MGM permitted other competing content service providers to exhibit the titles licensed to Starz during Starz's license periods. 2-ER-25. The parties refer to these overlapping license periods as "collisions," and Starz alleges that collisions occurred for 340 titles licensed under the library agreements. 2-ER-48–70.

Starz claims to have first discovered one such collision in August 2019. 2-ER-25–26. According to Starz, one of its employees noticed that *Bill & Ted's Excellent Adventure* was available for streaming on Amazon Prime Video services during a portion of Starz's license period for that title. *Id*. Starz alleges that through

subsequent discussions with MGM and its own internal investigation, it discovered hundreds of additional titles with similar collisions. *Id*.

Starz asserts 1,020 causes of action for direct, vicarious, and contributory copyright infringement based on the alleged collisions for 340 titles, as well as claims for breach of contract and breach of the covenant of good faith and fair dealing. 2-ER-39–43. Starz alleges that it held the copyrights in the titles during their license periods as an "exclusive" licensee of the works, and asserts that MGM directly and indirectly infringed its alleged copyrights by allowing third parties to exhibit these titles during Starz's "exclusive" license periods. 2-ER-39–41. Starz further alleges that these collisions constitute a breach of the library agreements and the covenant of good faith and fair dealing. 2-ER-42–43.

III. The District Court Denies MGM's Motion to Dismiss

MGM moved to dismiss 378 of Starz's copyright infringement causes of action because the license periods for the 126 titles underlying those claims expired more than three years before the commencement of this action.[1] 1-ER-4–5; D.Ct. ECF-24 at 20–30; D.Ct. ECF-36 at 8–21; 3-ER-84–90 (highlighted titles subject to MGM's motion to dismiss). MGM argued that *retrospective* relief for claims based on these titles is barred by the Supreme Court's decision in *Petrella v. Metro-*

[1] MGM also moved to dismiss Starz's breach-of-contract claims for certain titles, but this appeal concerns only Starz's copyright infringement claims.

Goldwyn-Mayer, Inc., 572 U.S. 663 (2014), which recognized that "a successful plaintiff can gain retrospective relief only three years back from the time of suit. No recovery may be had for infringement in earlier years." *Petrella*, 572 U.S. at 677. And because Starz no longer holds any rights in the titles underlying these claims, *prospective* relief is barred as well. D.Ct. ECF-36 at 8. MGM thus argued that 378 of Starz's claims for copyright infringement should be dismissed as a matter of law. D.Ct. ECF-24 at 17; D.Ct. ECF-36 at 8.

The district court denied MGM's motion. 1-ER-16. The court noted that under the "discovery rule," a claim accrues when "the plaintiff discovers, or with due diligence should have discovered," the infringement. 1-ER-5 (quoting *William A. Graham Co. v. Haughey*, 568 F.3d 425, 433 (3d Cir. 2009)). The court further observed that the separate accrual rule "does not provide for a waiver of infringing acts within the limitation period if earlier infringements were discovered and not sued upon," but also does not allow "any reach back if an act of infringement occurs within the statutory period." 1-ER-6 (quoting *Roley v. New World Pictures, Ltd.*, 19 F.3d 479, 481 (9th Cir. 1994)). The district court then held that under *Polar Bear Prods., Inc. v. Timex Corp*., 384 F.3d 700 (9th Cir. 2004), the combined effect of the discovery rule and the separate accrual meant that a plaintiff is not prohibited from "recovery of damages incurred more than three years prior to the filing of suit if the copyright plaintiff was unaware of the infringement, and that lack of knowledge was

reasonable under the circumstances." 1-ER-7.

The district court acknowledged the Supreme Court's holding in *Petrella* that under section 507(b), "a successful plaintiff can gain retrospective relief only three years back from the time of suit." 572 U.S. at 677; *see* 1-ER-7. And the district court also recognized the Second Circuit's holding in *Sohm v. Scholastic Inc.*, 959 F.3d 39 (2d Cir. 2020) that "the Supreme Court explicitly delimited damages to the three years prior to the commencement of a copyright infringement action." *Id.* at 51; *see* 1-ER-8–9. The Second Circuit held that this damages bar must be applied even if the discovery rule applies, concluding that "we must apply the discover[y] rule to determine when a copyright infringement claim accrues, but a three-year look-back period from the time a suit is filed to determine the extent of the relief available." *Sohm*, 959 F.3d at 52; 1-ER-9.

But the district court nonetheless concluded that it was bound by *Polar Bear* to allow recovery of damages incurred more than three years prior to the filing of suit in cases where the discovery rule applies "absent a definitive statement from the Ninth Circuit or the Supreme Court to the contrary." 1-ER-12.

IV. The District Court Certifies Its Order for Immediate Appellate Review and This Court Grants MGM's Petition to Appeal

The district court recognized that "[t]here is undoubtedly a 'substantial ground for difference of opinion'" regarding the proper interpretation and application of *Petrella*, especially given the conflict with the Second Circuit. 2-ER-20. And the

issue presented by this appeal "is also clearly a 'controlling question of law,'" given that "[t]he parties did not dispute in the MTD briefing that a strict three-year damages bar—if it applied—would bar claims over the 126 titles *as a matter of law*." *Id*. (emphasis added). The court also held that an immediate resolution of the question is likely to advance the ultimate termination of this action. Among other things, the scope of this "sprawling case" "would be dramatically reduced if more than a third of the copyright claims are eliminated" and "bring some clarity to MGM's potential exposure." 2-ER-21. The district court further acknowledged that immediate review "would prevent the Court and the parties from expending time and resources going to trial on a large number of claims only to be subject to a post-trial appeal that potentially could upend all of that work." *Id.* The court thus certified its order for interlocutory review. *Id.*

This Court granted MGM's petition for permission to appeal. Dkt. 1.

SUMMARY OF ARGUMENT

The district court's order denying MGM's motion to dismiss directly contradicts Section 507(b) of the Copyright Act as authoritatively construed by the Supreme Court in *Petrella v. Metro-Goldwyn-Mayer, Inc*., 572 U.S. 663 (2014). It should be reversed.

I. The district court's order disrupts the careful balance the Supreme Court struck in *Petrella* and is contrary to the statutory scheme as construed in that

decision.

In *Petrella*, the Supreme Court held that laches is no longer available as a defense to copyright infringement claims, overturning years of well-established law in this and other circuits. Central to that holding was the Court's pronouncement that Section 507(b) already takes account of delay by limiting retrospective relief to three years preceding the filing of the complaint. That holding is binding on this Court, and bars plaintiffs from recovering damages outside the three-year look-back period.

Despite this clear directive from the Supreme Court, the district court held that a plaintiff may recover damages outside of the three-year window if the discovery rule tolls the accrual of the claim. The Copyright Act as construed in *Petrella* does not permit this result. The accrual of a claim is separate from the extent of retrospective relief available on that claim. Even if the discovery rule tolls accrual, it does not expand the backward-running limitation on retrospective relief. As the Second Circuit correctly held, that limitation cuts off damages three years from the date the complaint is filed, without reference to when a claim accrues. *Sohm*, 959 F.3d at 52.

II. All lower courts are bound to follow *Petrella* even if it conflicts with earlier circuit-level decisions.

The district court declined to apply the statutory time bar as articulated in

Petrella, opting instead to follow this Court's pre-*Petrella* decision in *Polar Bear Prods., Inc. v. Timex Corp*., 384 F.3d 700 (9th Cir. 2004). This was error, as *Polar Bear* was decided ten years before *Petrella*. *Petrella*'s holding that Section 507(b) limits retrospective relief to three years prior to suit displaces any contrary ruling in *Polar Bear*.

While recognizing that *Petrella*'s explication of the law was not mere dicta, the district court concluded that *Petrella* is not controlling in cases where the discovery rule tolls the accrual of a claim. There is no basis to limit the binding effect of *Petrella* in this way, especially since the Supreme Court expressly acknowledged the existence of the discovery rule and yet made no exception to the damages bar for cases where the discovery rule is implicated. The Supreme Court abolished laches in all cases based on its construction of the three-year look-back limitation on remedies under the Copyright Act. The Supreme Court emphasized that laches was not necessary because this feature of the statute already takes account of delay. That construction is binding in all cases without exception.

III. With the proper application of *Petrella*, at least 378 of Starz's claims fail as a matter of law. Retrospective relief is barred by the Copyright Act as construed in *Petrella* and prospective relief is barred by the undisputed fact that Starz no longer has rights of any kind in the titles underlying those claims. In the absence of any relief that may be granted, 378 of Starz's claims must be dismissed.

STANDARD OF REVIEW

"A district court's denial of a Federal Rule of Civil Procedure 12(b)(6) motion to dismiss is reviewed de novo." *Pakootas v. Teck Cominco Metals, LTD.*, 830 F.3d 975, 980 (9th Cir. 2016); *accord Nunes v. Arata, Swingle, Van Egmond & Goodwin (PLC)*, 983 F.3d 1108, 1112 (9th Cir. 2020). This Court "likewise interpret[s] the Copyright Act de novo." *Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068, 1073 (9th Cir. 2000). A ruling concerning the statute of limitations is a question of law also reviewed de novo. *Johnson v. Lucent Techs. Inc.*, 653 F.3d 1000, 1005 (9th Cir. 2011), *as amended* (Aug. 19, 2011).

ARGUMENT

The Supreme Court held in *Petrella* that "a successful plaintiff can gain retrospective relief only three years back from the time of suit." 572 U.S. at 677. Any pre-*Petrella* precedent from this Court must give way to the Supreme Court's pronouncement. And under a proper application of *Petrella*, the district court's motion to dismiss order must be reversed.

I. *Petrella* Limits Retrospective Relief Available in Copyright Cases to Three Years Preceding the Filing of the Suit

The Supreme Court held in *Petrella* that laches was not an available defense to copyright infringement actions. Central to the Court's holding was its construction of Section 507(b) of the Copyright Act in a way that already protects defendants by limiting recovery of retrospective relief to three years from the time

the complaint is filed. Allowing separate accrual of copyright claims without limiting damages to three prior years, as the district court did here, violates the Copyright Act as construed in *Petrella* and requires reversal.

A. *Petrella* Struck a Careful Balance Allowing Plaintiffs to File Suit but Limiting the Available Retrospective Damages

The Supreme Court struck a careful balance in *Petrella*. On the one hand, the Court invalidated laches and confirmed that the separate accrual rule attends the Copyright Act's statute of limitations, expanding the timeline for copyright holders to bring copyright infringement lawsuits. But the Court also made clear that the strict three-year damages bar under section 507(b) of the Copyright Act protects defendants from the prejudice of making large investments in a work only to be subject to infringement claims years later.

Prior to *Petrella*, numerous courts recognized laches as a defense in copyright actions, although not uniformly. The Fourth Circuit, for instance, held that the "judicially created doctrine of laches" could not "bar a federal statutory claim that has been timely filed under an express statute of limitations." *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 798 (4th Cir. 2001). Other circuits held that laches may be invoked in copyright actions because "just as various tolling doctrines can be used to lengthen the period for suit specified in a statute of limitations, so laches can be used to contract it." *Chirco v. Crosswinds Communities, Inc.*, 474 F.3d 227, 234 (6th Cir. 2007); *accord Peter Letterese and Assocs., Inc. v. World Inst.*

Of Scientology Enterprises, 533 F.3d 1287, 1320 (11th Cir. 2008) (applying the principle "[w]hat is sauce for the goose (the plaintiff seeking to extend the statute of limitations) is sauce for the gander (the defendant seeking to contract it)" to uphold laches in copyright actions). These circuits held that laches could bar only certain remedies, rather than defeating infringement claims entirely. *See Peter*, 533 F.3d at 1321 (laches may bar only retrospective damages, but not prospective relief); *Chirco*, 474 F.3d at 235–36 (laches barred relief that would be unduly prejudicial to defendant).

This Court, on the other hand, held that laches could bar claims filed within the statute of limitations period in their entirety if a plaintiff failed to timely pursue earlier infringements of the same work and the delay prejudiced the defendant. *See Grand Canyon Trust v. Tucson Elec. Power Co*., 391 F.3d 979, 987 (9th Cir. 2004); *Danjaq LLC v. Sony Corp*., 263 F.3d 942, 952 (9th Cir. 2001). Based on this well-established law at the time, the district court in *Petrella* granted defendants' motion for summary judgment. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 2010 WL 11531222, at *7–8 (C.D. Cal. Feb. 3, 2010).

The plaintiff in *Petrella* commenced suit against MGM and other defendants in 2009, claiming that they infringed her copyright in a screenplay from which the motion picture *Raging Bull* was alleged to have been derived. The plaintiff first became aware of her potential rights in *Raging Bull* in 1990 when she obtained

renewal rights in the screenplay upon the death of her father, who was one of the creators of the work. The plaintiff's inaction during the intervening years prejudiced the defendants, which had made significant investments in exploiting *Raging Bull*. This Court affirmed the district court's grant of summary judgment based on the laches defense. *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 695 F.3d 946, 956 (9th Cir. 2012).

The Supreme Court granted certiorari in *Petrella* to harmonize the law among the circuits on the application of laches to copyright infringement claims. *Petrella*, 572 U.S. at 676. The Court held that laches may not be invoked as a defense in copyright actions, overturning years of precedents in this and other circuits. *Id.* at 677. And central to that holding was the Court's explication of how Section 507(b) operates during the lengthy term of copyright protection.

As the Court noted, under the Copyright Act, works created before 1978 are protected for an initial period of 28 years that may be extended for a renewal period of up to 67 years. *Petrella*, 572 U.S. at 668. Works created after 1978 are protected from the date of creation until 70 years after the author's death. *Id.* at 668–69. The Act provides a variety of civil remedies for infringement, both equitable and legal, including prospective injunctive relief under Section 502 and retrospective relief in the form of actual damages, infringer's profits, and statutory damages under Section 504. *Id.* at 669. Congress thus enacted "a three-year look-back limitations period

for all civil claims" to limit and make certain defendants' potential exposure to claims of infringement. *Id.* at 670.

Numerous courts adopted rules that extended the limitations period in Section 507(b), however. As the Court noted, "[a] copyright claim [] arises or 'accrue[s]' when an infringing act occurs," but "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," although the Court had not decided the propriety of that rule. *Id.* at 670 & n.4. Most circuits also adopted the separate accrual rule, which provides that "the statute of limitations runs separately from each violation" and that "each infringing act starts a new limitations period." *Petrella*, 572 U.S. at 671; *see also id.* at 671 n.5 (noting the Ninth Circuit followed the separate accrual rule). The Court recognized that many circuits relied on laches as a countervailing measure to protect defendants' interests. *Petrella*, 572 U.S. at 676 n.12; *see also id.* at 698 (Breyer, J., dissenting) ("[F]our of the six Circuits to have considered the matter have held that laches can bar claims for legal relief.").

The Supreme Court held that a strict three-year damages bar, not laches, was the proper mechanism for protecting defendants against stale infringement claims. *Petrella*, 572 U.S. at 677. The Court reasoned that "the copyright statute of limitations, § 507(b), itself takes account of delay" because "a successful plaintiff

can gain retrospective relief only three years back from the time of suit. No recovery may be had for infringement in earlier years." *Id.* The Court observed, "Congress provided two controlling time prescriptions: the copyright term, which endures for decades, and may pass from one generation to another; and § 507(b)'s limitations period, which allows plaintiffs during that lengthy term to gain retrospective relief running only *three years back from the date the complaint was filed*." *Id.* at 672 (emphasis added). The Court found the laches defense was unnecessary to address the prejudice to the defendants because the plaintiff "will miss out on damages for periods prior to the three-year look-back[.]" *Id.* at 683.

"Only by disregarding that feature of the statute, and the separate-accrual rule attending § 507(b)" could the Court of Appeals in *Petrella* presume that earlier infringements "bar all relief, monetary and injunctive" for later infringements of the same work. *Petrella*, 572 U.S. at 677. The reason the Court held that "the courts below erred in treating laches as a complete bar to Petrella's copyright infringement suit" was that even if the plaintiff's suit is allowed to go forward, the three-year damages bar "will put at risk only a fraction of the income MGM has earned" during the lengthy term of copyright protection. *Id.* at 687.

B. Allowing the Discovery Rule to Operate as an Exception to *Petrella*'s Damages Bar Undermines the Supreme Court's Decision

The district court denied MGM's motion to dismiss, stating "absent a

definitive statement from the Ninth Circuit or the Supreme Court to the contrary, this Court will continue to apply the discovery rule as an exception to the three-year damages bar imposed by Section 507(b)." 1-ER-12. This was error, because neither the Copyright Act nor *Petrella*'s construction of that statutory provision countenances any exception to the three-year damages bar based on the discovery rule.

This Court adopted the discovery rule in copyright infringement actions for the first time in *Roley v. New World Pictures, Ltd.*, 19 F.3d 479 (9th Cir. 1994), holding that "[a] cause of action for copyright infringement accrues when one has knowledge of a violation or is chargeable with such knowledge." *Id.* at 481 (citing *Wood v. Santa Barbara Chambers of Commerce, Inc.*, 507 F. Supp. 1128, 1135 (D. Nev. 1980)). The Court also rejected the "rolling statute of limitations" theory advocated by the plaintiff under which he argued that "so long as any allegedly infringing conduct occurs within the three years preceding the filing of the action, the plaintiff may reach back and sue for damages or other relief for all allegedly infringing acts." *Id.* Instead, this Court adopted the separate accrual rule, explaining that just as Section 507(b) "does not provide for a waiver of infringing acts within the limitation period if earlier infringements were discovered and not sued upon," it also does not "provide for any reach back if an act of infringement occurs within the statutory period." *Id.*

Roley explained that in that case, "§ 507(b) bars recovery of any damages for claims that accrued prior to February 7, 1988," three years before plaintiff commenced the action. *Id*. And although "an action may be brought for all acts that accrued within the three years preceding the filing of the suit," summary judgment was proper because there was no "evidence that appellees engaged in actionable conduct after February 7, 1988." *Id.* at 481–82.

In *Polar Bear Prods., Inc. v. Timex Corp*., 384 F.3d 700 (9th Cir. 2004), this Court considered whether "§ 507(b) prohibits copyright plaintiffs from obtaining any damages resulting from infringement occurring more than three years before filing the copyright action, regardless of the date the plaintiff discovered the infringement." *Id.* at 706. Focusing on the word "accrue" incorporated into the separate accrual rule adopted in *Roley*, *Polar Bear* held that a copyright plaintiff is not prevented from recovering damages incurred more than three years prior to the filing of suit. *Polar Bear*, 384 F.3d at 706.

As *Polar Bear* explained, "*Roley* interpreted the term 'accrue,' as it is used in § 507(b), to be the moment when the copyright holder 'has knowledge of a violation or is chargeable with such knowledge.'" *Id.* (quoting *Roley*, 19 F.3d at 481). "Synthesizing this definition of 'accrue' with the language of § 507(b)," *Polar Bear* concluded that "the three-year clock begins upon discovery of the infringement." *Id.* Because the separate accrual rule set forth in *Roley* allows an action to be "brought

for all acts that *accrued* within the three years preceding the filing of the suit" (*id.* (quoting *Roley*, 19 F.3d at 481) (emphasis added)), *Polar Bear* concluded that "the statute of limitations does not prohibit recovery of damages incurred more than three years prior to the filing of suit if the copyright plaintiff was unaware of the infringement, and that lack of knowledge was reasonable under the circumstances." *Id.*

Under *Petrella*, however, the limit on recoverable damages is not determined with reference to when a claim accrues. Instead, the extent of recoverable damages is determined solely by the date the complaint is filed and runs backwards to cut off damages three years from that point. *Petrella*, 572 U.S. at 677. Indeed, *Petrella* did not mention the term "accrue" at all when articulating and explaining the limits on retrospective relief. *Compare Roley*, 19 F.3d at 481 ("§ 507(b) bars recovery of any damages for claims that accrued prior to February 7, 1988."), *with Petrella*, 572 U.S. at 677 ("a successful plaintiff can gain retrospective relief only three years back from the time of suit"). Nor did *Petrella* provide for any exception to the damages bar based on the discovery rule even though it expressly recognized that a majority of the circuits employ the discovery rule to determine when a claim accrues. *See Petrella*, 572 U.S. at 670 n.4.

It is therefore no surprise that the Second Circuit in *Sohm* squarely and explicitly held that the discovery rule does not exempt plaintiffs from the *Petrella*

damages bar. In *Sohm*, the plaintiff alleged that the defendant infringed the plaintiff's copyrights by using his photos in various publications in numbers exceeding the print run limits imposed by the defendant's license. *Sohm*, 959 F.3d at 42. The defendant moved for summary judgment, arguing that claims for infringements that occurred more than three years prior to suit must be barred in their entirety because the injury rule should apply to determine when the plaintiff's claim accrued. *Id.* at 44. The defendant further argued that even if the discovery rule applied, the recovery of damages should be limited to three years from the time the complaint was filed. *Id.* The district court rejected both arguments and denied defendant's motion for summary judgment.

The Second Circuit reversed. Although it upheld application of the discovery rule for determining when the claims accrued, it held that the district court "erred in allowing Sohm to recover damages for more than three years prior to when he filed his copyright infringement suit." *Sohm*, 959 F.3d at 51. "Despite not passing on the propriety of the discovery rule in *Petrella*, the Supreme Court explicitly delimited damages to the three years prior to the commencement of a copyright infringement action." *Id.* *Petrella* thus "explicitly disassociated" the issue of accrual from the issue of the extent of relief available. *Id.* at 52. Accordingly, the district court must limit retrospective relief to three years before suit, even though the discovery rule applied to the plaintiff's claims. *Id.*

The district court here made the same error as the district court in *Sohm*, and this Court should reverse for the same reasons articulated by the Second Circuit. The district court below applied Section 507(b) only as a bar on a copyright infringement claim in its entirety, and failed to impose the separate limitation on retrospective damages. As the Second Circuit explained in *Sohm*, this directly conflicts with *Petrella*—although the discovery rule might prevent a claim from being time-barred altogether, the discovery rule has no bearing on the separate limitation on the retrospective damages available on that claim. *Sohm*, 959 F.3d at 52; *see Petrella*, 572 U.S. at 677. The limit on retrospective damages looks backward from the date the claim is filed; it does not run forward from the point of accrual.

"When people hear 'statute of limitations' they often think of a clock that 'runs forward from the date a cause of action accrues,'" but "the statute of limitations may also run backwards, at least in terms of the 'retrospective relief' that a cause of action provides." *Navarro v. Procter & Gamble Co.*, 515 F. Supp. 3d 718, 760 (S.D. Ohio 2021) (quoting *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 961 (2017)). "In other words, independent of what triggers a statute of limitations, the statutory period may also provide a limitation on the available damages period." *Navarro*, 515 F. Supp. 3d at 760. A statutory limit that operates as a look-back period often "bars only some, and not *all*, legal remedies for enforcing the claim." *Young v. United States*, 535 U.S. 43, 47–48 (2002) (emphasis

in original). "[T]hat makes it a more limited statute of limitations, but a statute of limitations nonetheless." *Id.* at 48.

The Supreme Court repeatedly explained in *Petrella* that § 507(b) runs *backwards* to permit "retrospective relief *only three years back from the time of suit*." *Petrella*, 572 U.S. at 677 (emphasis added); *see also id.* at 672 (Section 507(b) "allows plaintiffs . . . to gain retrospective relief running *only three years back from the date the complaint was filed*") (emphasis added); *id* at 670 (Section 507(b) is "a three-year *look-back* limitations period") (emphasis added). The Supreme Court's subsequent opinion in *SCA Hygiene* confirmed this understanding, noting that *Petrella* "described the Copyright Act's statute of limitations as 'a three-year *look-back* limitations period.'" 137 S. Ct. at 962 (emphasis added) (quoting *Petrella*, 572 U.S. at 670). The Supreme Court's language was deliberate—it provides certainty to a defendant's potential exposure during the lengthy term of copyright protection, which furthers Congress's intent in enacting § 507(b). *Petrella*, 572 U.S. at 670. Thus, even if § 507(b)'s "time-to-sue prescription" does not entirely prevent the suit from going forward, the three-year damages bar ensures that defendant will be "put at risk" for only a limited amount of damages. *Petrella*, 572 U.S. at 687.

Creating an exception to the three-year look-back limitation established by *Petrella* based on the discovery rule undermines the careful balance that the Supreme Court struck in invalidating laches. A recent district court opinion illustrates this

point:

> Imagine that Company A continuously infringes on a copyright from 2002–2008. The copyright owner discovers the infringement in 2008 and sues in 2010. Under a typical discovery rule, because she brought the action within three years of discovering the infringement, she would be entitled to recover damages for all acts of infringement, even those dating back to 2002. But *Petrella* says otherwise. It expressly contemplates a world where this hypothetical copyright owner loses out on some damages, i.e., those that occurred more than three years before suit (in this example, before 2007).

Navarro, 515 F. Supp. 3d at 761. *Petrella* established that copyright holders can take as long as they want to commence suit without being subject to laches, but recovery must be strictly limited. "As *Petrella* puts it, the copyright holder who discovers infringement in 2008 has a choice. She can bring suit immediately, allowing her to recover for 2005–2008, or she could wait until 2011 to initiate her action, but then the damages period would be limited to 2008–2011." *Id*.

Put simply, *Petrella* limits retrospective relief to three years from when the complaint is filed. This bar on *damages* applies even where (as in the Ninth Circuit) the discovery rule extends the statute of limitations for the *filing of suit*. As a result, *Petrella* requires that courts "apply the discover[y] rule to determine when a copyright infringement claim accrues, but a three-year look-back period from the time a suit is filed to determine the extent of the relief available." *Sohm*, 959 F.3d at 52. The district court erred in deeming the discovery rule an exception to *Petrella*'s damages bar.

C. The District Court's Ruling Creates Disparate Limitations Periods and Invites Forum Shopping

The district court's ruling also undermines another purpose of § 507(b): "[T]o prevent the forum shopping invited by disparate state limitations periods." *Petrella*, 572 U.S. at 670. Since *Sohm*, district courts in the Fourth Circuit, Sixth Circuit, and the Eleventh Circuit have followed the guidance provided by the Second Circuit concerning the strict three-year damages bar decreed in *Petrella*. *See Nealy v. Atl. Recording Corp.*, 2021 WL 2280025, at *4 (S.D. Fla. June 4, 2021); *Navarro*, 515 F. Supp. 3d at 761; *Werner v. BN Media, LLC*, 477 F. Supp. 3d 452, 456 (E.D. Va. 2020). Although the district court here acknowledged that its ruling was contrary to the Second Circuit's holding in *Sohm*, it declined to follow *Sohm* based on its erroneous conclusion that *Petrella* "did not change *any* law in the Ninth Circuit" and "let[] stand" earlier precedents of this Circuit permitting recovery of damages outside of the three-year window. 1-ER-10. But the Supreme Court indisputably changed the law in this Circuit with respect to laches and did so to ensure that § 507(b)'s three-year look-back period uniformly governs the extent of relief available, rather than individual rules of the circuit. *Petrella*, 572 at 676–77.

Before the enactment of § 507(b), disparate state statutes of limitations governed copyright infringement claims, with courts relying on laches to abridge those time prescriptions in individual cases. *Petrella*, 572 U.S. at 669–70. A federal statute of limitations was thus enacted specifically "to prevent the forum shopping

invited by disparate state limitations periods" and create a "uniform" rule that applies irrespective of where a suit is filed. *Id.* at 670. Different circuits continued applying laches in various forms, however, with some circuits barring infringement claims in their entirety based on laches and others using laches to limit the extent of relief available. *See, e.g.*, *Peter*, 533 F.3d at 1321; *Danjaq*, 263 F.3d at 954. The Supreme Court granted certiorari in *Petrella* specifically to harmonize the law among the circuits and held that § 507(b) bars any retrospective relief outside of the three years preceding the filing of the complaint and on that basis invalidated laches across all circuits. *Petrella*, 572 U.S. at 676–77.

The district court's decision makes this Circuit an outlier on the issue of damages available for copyright infringement. The Second Circuit faithfully followed the express language of *Petrella* even though it too had long applied—and continues to apply—the discovery rule. *Sohm*, 959 F.3d at 52. District courts in the Fourth Circuit, Sixth Circuit, and Eleventh Circuit have followed *Sohm* in strictly applying *Petrella*'s damages bar even though the discovery rule continues to apply in those circuits as well. *Nealy*, 2021 WL 2280025, at *4; *Navarro*, 515 F. Supp. 3d at 761; *Werner*, 477 F. Supp. 3d at 456. And although the Seventh Circuit has not yet passed on the issue, it too recognized that it must bring its laws in conformity with *Petrella*. *See Chicago Bldg. Design, P.C. v. Mongolian House, Inc.*, 770 F.3d 610, 618 (7th Cir. 2014). Doing so is particularly important where, as here, Congress

enacted a federal statute-of-limitations period to have a uniform rule apply nationwide. *Petrella*, 572 U.S. at 670.

Unless this Court reverses the district court's order, copyright remedies will be treated differently depending on where a defendant is sued, "tug[ging] against the uniformity Congress sought to achieve when it enacted § 507(b)." *Petrella*, 572 U.S. at 681. Indeed, the defendant in *Sohm*, Scholastic Inc., was sued in New York as well as California for virtually the same conduct, *i.e.*, exceeding the scope of licenses granted by the plaintiffs for the use of certain photographs. *Compare Sohm*, 959 F.3d at 42–43, *with Menzel v. Scholastic, Inc.*, 2019 WL 6896145, at *2–4 (N.D. Cal. Dec. 18, 2019). The opposite results were reached on the extent of recovery permitted because one case was litigated in New York while the other was litigated in California. *Compare Sohm*, 959 F.3d at 52, *with Menzel*, 2019 WL 6896145, at *7. Maintaining such a starkly different rule in the two circuits with the busiest copyright infringement dockets will inevitably invite forum shopping to this circuit.

This Court should harmonize this circuit's law with that of the Second Circuit's well-reasoned analysis in *Sohm* by reversing the order under review. Not only is that the correct result, but it would also further the Congressional intent to render uniform and certain the time limit for recovering damages under the Copyright Act. Affirmance, in contrast, would both create a circuit conflict and contravene the statutory scheme.

II. The Court Must Follow *Petrella*, Even if It Conflicts with Earlier Precedents of This Court

Rather than faithfully follow *Petrella*, the district court applied this Court's 2004 decision in *Polar Bear* to deny MGM's motion to dismiss, which the court misconstrued as an exception to the *Petrella* damages bar. This was error. *Polar Bear* was decided a full decade before *Petrella* and therefore this Court never considered whether the discovery rule operates as an exception to *Petrella's* damages bar. Instead, *Polar Bear* considered only whether the separate accrual rule limits damages to three years prior to suit, which it found does not when the discovery rule applies. *Polar Bear*'s holding derived solely from its synthesis of the separate accrual rule and the discovery rule adopted in *Roley*.

The district court attempted to apply *Polar Bear*'s analysis to the *Petrella* damages bar, opining that *Petrella* "did not change any law in the Ninth Circuit" with respect to the interplay between the discovery rule and the separate accrual rule. 1-ER-10. But *Petrella* did clarify that, in addition to the separate accrual rule, a three-year look-back limitations period on damages is imposed by Section 507(b). *Petrella*, 572 U.S. at 677. *Polar Bear*, having been decided ten years before *Petrella*, could not and did not consider this feature of the statute that *Petrella* explicated. Regardless of whether the separate accrual rule itself limits recovery to three years, the three-year look-back limit on retrospective relief set forth in *Petrella* expressly and clearly does.

Any portion of *Polar Bear* that conflicts with *Petrella* must give way to *Petrella*—not the other way around, as the district court wrongly concluded. This Court is "not a separate sovereign that may freely prescribe remedies to [its] own laws absent a federal constitutional violation." *United States v. Lindsey*, 634 F.3d 541, 550 (9th Cir. 2011). Instead, as "an intermediate court within the federal system," this Court "must take [its] cue from the Supreme Court." *Id.* While following this Court's past precedents "is important to preserve the stability of circuit law, that is secondary to following the Supreme Court." *Langere*, 983 F.3d at 1121. Accordingly, when a prior case of this Court is "clearly irreconcilable" with the reasoning of a subsequent Supreme Court case, this Court, as well as its district courts, must reject it as "effectively overruled." *Lindsey*, 634 F.3d at 548 (quoting *Miller v. Gammie*, 335 F.3d 889, 900 (9th Cir. 2003) (en banc)); *accord Langere*, 983 F.3d at 1121.

Importantly, the deference owed to the Supreme Court's controlling opinion "extends to the reasoning of Court decisions, too—not just their holdings." *Langere*, 983 F.3d at 1121 (citing *Thompson v. Hebdon*, 909 F.3d 1027, 1043 (9th Cir. 2018); *United States v. Slade*, 873 F.3d 712, 715 (9th Cir. 2017)); *accord Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 67 (1996) ("When an opinion issues for the Court, it is not only the result but also those portions of the opinion necessary to that result by which we are bound."). Even when the issue decided by the Supreme Court case

is not "identical" to the one decided by this Court's prior precedent, the Supreme Court's opinion is nonetheless controlling. *Langere*, 983 F.3d at 1121.

In the wake of *Petrella*, *Polar Bear*'s holding that § 507(b) permits a copyright plaintiff to recover damages occurring outside of the three-year window does not survive. Although *Petrella*'s ultimate holding concerned the availability of the laches defense in a copyright action, its explication of how Section 507(b) operates to account for delay was necessary to the Supreme Court's conclusion. *See Petrella*, 572 U.S. at 663; *Sohm*, 959 F.3d at 52. The district court recognized this in part, agreeing with MGM that the Supreme Court's statements about Section 507(b) "are not non-precedential dicta." 1-ER-9. Yet the district court concluded that these statements were binding only insofar as *Petrella* adopted the separate accrual rule in "non-discovery rule case[s]," noting that only the separate accrual rule was "essential" to *Petrella*'s holding on laches because it demonstrates how Section 507(b) "itself takes account of delay," thus obviating any judicial determination of undue delay. 1-ER-9–10.

The flaw in the district court's analysis is that the separate accrual rule is not the only feature of Section 507(b) that *Petrella* relied on to conclude that laches cannot be invoked in a copyright action. Rather, the opinion repeatedly emphasized that Section 507(b) also incorporates a three-year look-back limitation on damages. *Petrella*, 572 U.S. at 677. In holding that laches may not be invoked as a bar to

plaintiff's pursuit of such legal remedies, the Supreme Court underscored *this* feature, stating that "the Ninth Circuit erred, we hold, in failing to recognize that the copyright statute of limitations, § 507(b), itself takes account of delay" because "a successful plaintiff can gain retrospective relief only three years back from the time of suit." *Id.* And "[o]nly by disregarding *that feature of the statute*, *and the separate-accrual rule attending § 507(b)*, [citation], could the Court of Appeals presume that infringing acts occurring before [three years preceding the filing of the suit] bar all relief, monetary and injunctive, for infringement occurring on and after that date." *Id.* (emphasis added).

The feature of Section 507(b) that takes account of delay and is thus essential to *Petrella*'s holding is the three-year damages bar. *Petrella*, 572 U.S. at 677. The separate accrual rule does not in itself take account of delay; it merely holds that each claim accrues separately. *See id.* at 671. And in *Petrella*, the separate accrual rule actually served to enlarge a plaintiff's rights, as it allowed the plaintiff in that case to pursue infringement claims that would have been barred entirely with the application of laches based on earlier infringements of the same work. But the Supreme Court made clear that the Copyright Act is a two-way street. In dismantling the laches defense, the Supreme Court clearly stated that Section 507(b) protects defendants' interests by limiting retrospective relief to three years preceding the filing of the complaint. *Petrella*, 572 U.S. at 677, 683. "Therefore, the three-year

limitation on damages was necessary to the result in *Petrella* and thus binding precedent." *Sohm*, 959 F.3d at 52.

Nor is there any basis to limit *Petrella* to "non-discovery rule case[s]." 1-ER-9. To be sure, the court below is not alone in misunderstanding the implications of *Petrella* in this way. In *Menzel*, for instance, the court misconstrued *Petrella* as a case applying the injury rule and relegated the Supreme Court's explication of Section 507(b) as a mere observation that "there is an injury rule for accrual." 2019 WL 6896145, at *6. *Menzel* thus held that *Polar Bear* governs the extent of relief available in cases involving the discovery rule because *Petrella* did not "clearly" limit the extent of damages available. *Id.* Other district courts have simply assumed without any meaningful analysis that so long as the discovery rule continues to apply, there is no limit on damages. *See Yue v. MSC Software Corp.*, 2016 WL 3913001, at *1 (N.D. Cal. July 20, 2016); *Oracle USA, Inc. v. Rimini St., Inc.*, 2015 WL 5089779, at *6 (D. Nev. Aug. 27, 2015).

The context of the question decided in *Petrella* makes limiting that opinion to cases involving the injury rule untenable. *Petrella* held that laches was not available as a defense in all circuits, not only those that employ the injury rule. *Petrella*, 572 U.S. at 678. Indeed, the Supreme Court expressly recognized that "[t]he overwhelming majority of courts" apply the discovery rule. *Petrella*, 572 U.S. at 670 n.4 (citations omitted). The Supreme Court nonetheless held that a copyright

plaintiff cannot obtain retrospective relief outside of the three-year look-back period—without articulating any exceptions to that rule—and on that basis abrogated the laches defense in all cases. *Id.* at 677. It would be nonsensical for the Supreme Court to pronounce a rule invalidating the laches defense to copyright claims in *all* federal courts based on an accrual rule used only in a minority of circuits, while declining to pass on the propriety of that rule. Had the Supreme Court's decision hinged on the applicability of the injury rule versus the discovery rule, it would have needed to resolve this circuit split before holding that the laches defense is unavailable in any circuit. But the Supreme Court punted on that question because the basis for its ruling was the limitation on recovery under Section 507(d), not whether the injury rule or the discovery rule applied.

Moreover, *Petrella* emanated from this circuit, which had adopted the discovery rule since *Roley*. And although the statute of limitations was not squarely at issue, in assessing the applicability of the laches defense, the Ninth Circuit considered whether any part of the "alleged wrongful conduct occurred outside of the limitations period." *Petrella*, 695 F.3d at 951. In doing so, the Ninth Circuit looked to when plaintiff discovered her claims, pegging that date to 1990 or 1991 (*i.e.*, 18 or 19 years prior to filing suit) when she learned of the legal theories underlying her potential claims, not when MGM's alleged infringements occurred. *Id.* at 952; *see also Petrella*, 2010 WL 11531222, at *6. And the Supreme Court

concluded that this Court (which applies the discovery rule) erred by disregarding the damages bar as the proper mechanism for addressing delay and instead allowing laches to defeat stale claims. *Petrella*, 572 U.S. at 677.

Petrella thus "effectively overruled" *Polar Bear*'s holding that a copyright plaintiff is permitted to recover damages beyond the three-year look-back period. *Lindsey*, 634 F.3d at 548. "When a rule announced by this court and a rule later announced by the Supreme Court cannot both be true at the same time, they are clearly irreconcilable." *Langere*, 983 F.3d at 1122. That is the case here, as it cannot be both true that Section 507(b) "does not prohibit recovery of damages incurred more than three years prior to the filing of suit" (*Polar Bear*, 384 F. 3d at 706) and that Section 507(b) allows "a successful plaintiff [to] gain retrospective relief only three years back from the time of suit" (*Petrella*, 572 U.S. at 677). "[T]he former must give way to the latter." *Langere*, 983 F.3d at 1122.

III. Under a Proper Application of *Petrella*, the District Court's Denial of MGM's Motion to Dismiss Must Be Reversed

Under proper application of Section 507(b) as construed in *Petrella*, Starz's 378 claims for copyright infringement that MGM moved to dismiss indisputably fail as a matter of law. "To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim is properly dismissed under Rule

12(b)(6) if the relief sought by plaintiff is precluded as a matter of law. *Seven Arts Filmed Entm't Ltd. v. Content Media Corp. PLC,* 733 F.3d 1251, 1254 (9th Cir. 2013); *Huynh v. Chase Manhattan Bank*, 465 F.3d 992, 997 (9th Cir. 2006); *see also Lans v. Digital Equip. Corp*., 252 F.3d 1320, 1328 (Fed. Cir. 2001) (holding that the district court properly dismissed plaintiff's claims where plaintiff was barred from recovering retrospective monetary damages and no prospective injunctive relief was possible because the patent at issue had expired).

The license periods for the 126 titles underlying the 378 claims that MGM moved to dismiss entirely expired more than three years before Starz commenced this action. 1-ER-4; 3-ER-84–90. Starz does not, and cannot, dispute this. The license periods for those titles were evident on the face of the library agreements and amendments thereto, which Starz referred to and relied on in its Complaint. 1-ER-3; 2-ER-23; 2-ER-29–32. Starz did not dispute the authenticity of the library agreements that MGM submitted with its motion to dismiss and did not otherwise object to the district court's consideration of them. 1-ER-3. "A court may consider evidence on which the complaint 'necessarily relies' if: (1) the complaint refers to the document; (2) the document is central to the plaintiff's claim; and (3) no party questions the authenticity of the copy attached to the 12(b)(6) motion." *Marder v. Lopez*, 450 F.3d 445, 448 (9th Cir. 2006); *accord Coto Settlement v. Eisenberg*, 593 F.3d 1031, 1038 (9th Cir. 2010); *Khoja v. Orexigen Therapeutics, Inc.*, 899 F.3d

988, 998 (9th Cir. 2018). The district court correctly considered the license agreements here. 1-ER-3.[2]

Because the licenses for the titles underlying the 378 claims at issue expired more than three years ago, any retrospective relief is barred under a proper application of *Petrella*. And because it is undisputed that these licenses all expired, no *prospective* relief is available either. *See Fikre v. Fed. Bureau of Investigation*, 904 F.3d 1033, 1037 (9th Cir. 2018) (courts lack jurisdiction to issue injunctive relief where there is no reasonable expectation that violations complained of will recur); *Garcia v. Google, Inc.*, 786 F.3d 733, 744 (9th Cir. 2015) (no injunctive relief available where plaintiff is not the copyright holder); *Douglas Dynamics, LLC v. Buyers Prod. Co.*, 717 F.3d 1336, 1343 (Fed. Cir. 2013) (no injunction available after patent expired); *G. Ricordi & Co. v. Haendler*, 194 F.2d 914, 915–16 (2d Cir. 1952) (no injunction where copyright expired); *see also* 17 U.S.C. § 502(a) (injunctive relief only available "to prevent or restrain infringement of a copyright"). As a result, and as Starz did not dispute, if *Petrella* bars retrospective relief beyond three years before the filing of the complaint, there is no relief that the court may

[2] Although MGM was limited to Starz's allegations and documents incorporated by reference to the Complaint in its pleadings challenge, MGM anticipates that discovery will prove that no infringements occurred within the last three years for the vast majority of the 340 titles at issue in this case, subjecting most of Starz's copyright claims to dismissal as well.

grant with respect to these claims. 2-ER-20 (noting that "parties did not dispute in the MTD briefing that a strict three-year damages bar—if it applied—would bar claims over the 126 titles *as a matter of law*") (emphasis added).

The 378 claims at issue are barred as a matter of law under the construction of the Copyright Act adopted by the Supreme Court in *Petrella*. If *Petrella* is applied correctly (and consistently with the Second Circuit's decision in *Sohm*), then this Court must reverse and order the district court to grant MGM's motion to dismiss. In contrast, the Court could not affirm the order under review without creating a direct conflict with both *Petrella* and *Sohm*.

CONCLUSION

The Court should reverse the decision below and order the district court to dismiss 378 of Starz's copyright infringement claims with prejudice.

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Respectfully submitted,

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Certificate of Compliance

I hereby certify that this Petition complies with the type-volume limitation of Ninth Circuit Rule 32-1 and 32-3(2) because it contains 9,853 words, excluding the parts of the Petition exempted by Federal Rules of Appellate Procedure 5(b)(1)(E) and 32(f).

I hereby certify that this Petition complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and typestyle requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared in a proportionally spaced typeface of 14 points in Times New Roman font.

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