IN THE

Supreme Court of the United States

RADESIGN, INC., ET AL., Petitioners,

v.

MICHAEL GRECCO PRODUCTIONS, INC. Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF OF KLEMA LAW, PL AS AMICUS CURIAE IN SUPPORT OF PETITIONERS

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QUESTION PRESENTED

Whether a claim "accrue[s]" under the Copyright Act's statute of limitations for civil actions, 17 U.S.C. 507(b), when the infringement occurs (the "injury rule") or when a plaintiff discovers or reasonably should have discovered the infringement (the "discovery rule").

^{*} Pursuant to Rule 37.2, counsel for the parties received notice of the intention to file this amicus brief at least ten days prior to the deadline for this brief's filing. Further, no counsel for a party authored this brief in whole or in part, and no person other than amici curiae or their counsel made a monetary contribution to the brief's preparation or submission.

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INTEREST OF AMICUS CURIAE

Klema Law, PL is an intellectual property law firm that represents both plaintiffs and defendants in disputed matters over patents, trademarks, copyrights, and trade secrets, together with name, image, and likeness. The firm regularly litigates copyright matters in federal district and circuit courts. A significant number of the firm's clients are accused of copyright infringement for single-photograph disputes, most of which are old website or social media posts where information about the accused conduct has been lost to the passage of time. The firm has developed significant expertise respecting the issue presented for review and the differences among the circuit courts on their decisions construing and applying the Copyright Act's statute of limitations, 17 U.S.C. § 507(b).

INTRODUCTION & SUMMARY OF ARGUMENT

The Seventh Circuit's jurisprudence respecting the Copyright Act's statute of limitations, 17 U.S.C. § 507(b), has been widely misunderstood. It does not embrace the so-called "discovery rule" of claim accrual for ordinary infringement claims, though it does apply such an accrual rule with respect to copyright ownership claims.

The Copyright Act does not expressly provide for an action over ownership. Instead, such disputes are properly understood as claims arising under the Declaratory Judgments Act, 28 U.S.C. § 2201, which simply refer to the Copyright Act for their substance. A declaration of copyright ownership entails a single element, *ibid* ("a case of actual controversy"), which differs markedly from the elements of an infringement claim, e.g., *Feist Publ'ns, Inc.* v. *Rural Tel. Serv., Co.*, 499 U.S. 340, 361 (1991) ("(1) ownership of a valid copyright, and (2) copying of constituent

elements of the work that are original"). This Court has consistently held that a claim accrues "when the plaintiff has 'a complete and present cause of action." Bay Area Laundry and Dry Cleaning Pension Trust Fund v. Ferbar Corp. of Cal., 522 U.S. 192, 201 (1997). Due to their differing elements of proof, ownership and infringement claims accrue differently. An "actual controversy" necessarily requires knowledge of the dispute between two competing parties, while an infringement claim does not. A claim of copyright infringement accrues upon the occurrence of a violation of one of the exclusive rights under Section 106. 17 U.S.C. § 501(a).

A careful reading of decisions from the Seventh Circuit reveals that it understands that distinction, and follows the injury-occurrence rule for claim accrual and not the discovery rule for garden variety infringement claims—though it recently cast doubt on its prior decisions. Other circuits, however, do not draw such a distinction, and hold that copyright claims accrue upon the plaintiff's discovery of their cause of action, irrespective of claim type. Consequently, an implicit circuit split exists respecting the proper construction of "accrue" as concerns copyright infringement claims, contrary to petitioners' argument. See Pet. at 21 ("without a circuit split"). Additionally, intra-circuit tension exists within the Seventh Circuit.

This Court's authoritative voice is badly needed to reinstill the proper framework for claim accrual based on the type of claim, as well as construe what "accrue" means in the Copyright Act for infringement claims in particular.

ARGUMENT

I. The Seventh Circuit Follows the Injury Rule for Copyright Infringement Claims

The Seventh Circuit has never, in a reported decision, engaged in a textual analysis of the Copyright Act's statute of limitations, let alone decided whether a discovery rule applies to ordinary infringement actions. Five of its decisions have confronted 17 U.S.C. § 507(b), but none have ever squarely addressed whether the statute embodies a discovery rule for copyright infringement claim accrual. The oldest of is cases, Taylor v. Meirick, 712 F.2d 1112 (7th Cir. 1983), implicitly holds that an ordinary infringement claim (rights enforcement) accrues upon the injury, while Consumer Health Info. Corp. v. Amylin Pharms., Inc., 819 F.3d 992 (7th Cir. 2016), suggests that a copyright ownership claim accrues upon knowledge of competing claims (rights existence principium) together with a recognition that each kind of claim differs for purposes of accrual. But a different panel in Motorola Soln's, Inc. v. Hytera Commc'ns Corp., 108 F.4th 458 (7th Cir. 2024), has suggested otherwise.

A careful reading of the Seventh Circuit's decisions applying the Copyright Act's statute of limitations reveals an implicit circuit split with the Second, and its most recent decision reveals intra-circuit tension within its own decisions.

This Court ought to grant certiorari and reiterate the claim-specific mode of analysis for accrual, separate the doctrine of tolling from accrual, and resolve the tension within the Seventh Circuit and among the circuits on accrual of ordinary infringement claims expressly authorized by the Copyright Act.

A. *Taylor* v. *Meirick* applied an accrual-then-toll approach to ordinary infringement claims

In Taylor v. Meirick, 712 F.2d 1112 (7th Cir. 1983), the Seventh Circuit implicitly held that an infringement claim accrues upon the occurrence of the infringing act. While Taylor did not engage with the statutory text itself, the decision's rationale shows that the Seventh Circuit understood §507(b) as embodying an injury-occurrence rule, which, like other claims, is subject to post-accrual tolling. It did not create a discovery rule to delay the claim's accrual in the first instance. Consistent with the accrual-then-toll approach, the court found the plaintiff's claims timely, concluding that "either of the tolling principles discussed earlier" allowed the plaintiff's claims to proceed as timely. 712 F.2d at 1119.

In its first "tolling principle[]," Taylor extended the doctrine to encompass circumstances when the plaintiff might be unaware of his claim: "the statute of limitations is **tolled** until the plaintiff learned or by reasonable diligence could have learned that he had a cause of action." Id. at 1117 (emphasis supplied). Taylor not delay accrual of the claim in the first instance, as illustrated by its use of the past tense to describe the preexistence of the claim: the statute "is tolled until the plaintiff learn[s]" "that he had a cause of action." Ibid. (emphasis supplied). The court's use of the past tense—"had"—indicates that the cause of action existed before the "plaintiff learned" of its existence at a later time, with that discovery "toll[ing]" "the statute of limitations." *Ibid*. The discovery did not delay the accrual of the claim itself—rather, post-accrual tolling saved the otherwise untimely claim.

Unfortunately, most have misread this part of *Taylor* to conclude that the Seventh Circuit created a discovery rule respecting accrual. Such a misreading wholly excises the repeated use of a key legal term and doctrine of

tolling. Reinforcing *Taylor*'s tolling rationale is its analogy to accrual of defective products claims, where it correctly applied the longstanding meaning of accrue: "the tort is complete when the victim is injured." *Ibid*. Despite accrual of such a claim, the Seventh Circuit then invoked "the tendency in modern law [] to **toll** the statute of limitations." *Ibid*. (emphasis supplied). Notably, *Taylor* references the word "accrue" only once (quoting § 507(b)), while repeating the term "toll" seven times throughout the opinion.

In addition to its first tolling "principle," its second and alternative tolling rationale centered on the more commonplace scenario in which courts would equitably toll a statute of limitations: fraudulent concealment. *Id.* at 1118. The court found that the defendant's conduct was "calculated to obstruct any inquiry" by the plaintiff, and therefore held that such conduct "toll[ed] the statute of limitations." *Ibid.*

By repeatedly framing the discussion in terms of tolling, Taylor necessarily concluded that an infringement claim had already accrued, and simply applied a tolling doctrine to find the plaintiff's claim timely, either by late discovery, id. at 1117-18, or due to "fraudulent concealment" by the defendant. Id. at 1118. Confirming that reading of Taylor is its ultimate holding that "either of the tolling principles discussed earlier" saved the plaintiff's claim from being untimely. Id. at 1119. Thus, Taylor did not hold that a discovery rule applies to delay accrual of an ordinary copyright infringement claim, because that was neither its rationale nor its holding. Bryan A. Garner et AL., THE LAW OF JUDICIAL PRECEDENT § 4, at 44 (2016) (holdings are "parts of a decision that focus on the legal questions actually presented to and decided by the court").

Taylor, unfortunately, has been misread as an accrual

case rather than a tolling case. Properly understood, however, *Taylor* shows that an infringement claim accrues upon the occurrence of the injury (or the moment when a plaintiff can bring suit on its claim), and tolling may be applied thereafter at the request of a plaintiff. *Taylor* simply expanded the tolling doctrine beyond the exceptional circumstances traditionally required to equitably relieve a plaintiff from an otherwise time-barred claim,¹ but it did not establish a discovery "rule" of claim "accrual" in the Seventh Circuit.

B. The Seventh Circuit applies a "discovery rule" to accrual of copyright ownership claims

The Seventh Circuit has also approached claim accrual by looking to the *type* of claim, as illustrated by its decisions involving claims of copyright ownership disputes.

In *Gaiman* v. *McFarlane*, 360 F.3d 644 (7th Cir. 2004), the Seventh Circuit first confronted a copyright ownership dispute. The plaintiff had sought "a declaration that he (Gaiman) owns copyrights." *Id.* at 648. It made explicit that the case was "not a suit for infringement." *Id.* at 652. And similar to *Warner Chappell Music*, the parties in *Gaiman* "agree[d] that the copyright statute of limitations starts to run when the plaintiff learns, or as a reasonable person have learned, that the defendant was

¹ The equitable tolling doctrine "is the judicial power to promote equity, rather than to interpret and enforce statutory provisions," *Cal. Pub. Employees' Ret. Sys. v. ANZ Sec., Inc.*, 137 S.Ct. 2042, 2051 (2017), and is applicable where there are "extraordinary circumstance[s that] prevent[a plaintiff] from bringing a timely action," *CTS Corp. v. Waldburger*, 573 U.S. 1, 9-10 (2014); *Holland v. Florida*, 560 U.S. 631, 652 (2010) ("the circumstances of a case must be 'extraordinary' before equitable tolling can be applied"); see also *Bagett v. Bullitt*, 377 U.S. 360, 375 (1964) (characterizing the exercise of equity powers where "special circumstances" exist).

violating his rights." *Id.* at 653. Based on that agreement, *Gaiman* affirmed the jury's verdict of the date when the plaintiff was placed on notice of copyright ownership dispute, and thus when the statute of limitations began to run for the ownership claim. *Id.* at 657.

Because infringement was not at issue in *Gaiman*, it did not hold that § 507(b) embodies a discovery rule for such claims. *Gaiman* is correctly understood as a copyright ownership dispute wherein the parties agreed the limitations began to run upon notice, and because of the way the parties framed the issue, it too did not create a discovery rule for claim accrual.

The scope of *Gaiman* is confirmed by the fact that the Seventh Circuit did not cite that decision twelve years later when it again confronted copyright ownership in *Consumer Health Info. Corp.* v. *Amylin Pharms.*, *Inc.*, 819 F.3d 992 (7th Cir. 2016). There, it stated that it "now hold[s] that when the gravamen of a copyright suit is a question of copyright ownership, the claim accrues when the ownership dispute becomes explicit." *Id.* at 996-97 (emphasis supplied). Had the Seventh Circuit believed *Gaiman* already stood for that proposition as binding precedent, it presumably would have cited and followed it, and further would not have temporally qualified its holding in the present tense.

Consumer Health reinforces the accrual-then-toll reading of Taylor when it characterized the decision as "a garden-variety infringement action [where] copyright ownership was not in dispute." Ibid. So too with respect to its earlier decision in Chicago Building Design, P.C. v. Mongolian House, Inc., 770 F.3d 610 (7th Cir. 2014), which it noted "did not address the distinction between ordinary infringement cases and disputes about copyright ownership." Consumer Health, 819 F.3d at 997. The Seventh Circuit made clear that it viewed the statute of

limitations differently depending on the type of claim: as between copyright ownership disputes and infringement claims each **accrues** differently. *Ibid*. (the "distinction makes sense for purposes of claim-accrual analysis").

C. The rationale of *Chicago Building Design* and *Consumer Health* shows that the Seventh Circuit applies the injury rule to ordinary infringement claims

Following this Court's decision in *Petrella* v. *Metro-Goldwyn-Mayer*, *Inc.*, 572 U.S. 663 (2014), the Seventh Circuit concluded that "the right question to ask in copyright cases is whether the complaint contains allegations of infringing acts that occurred within the three-year look-back period from the date on which the suit was filed." *Chicago Building Design*, 770 F.3d at 616. While it suggested that it had "recognized" a discovery rule applies to ownership claims, *cf. id.* at 614 (citing *Gaiman* first and *Taylor* second), it nevertheless questioned the "common law gloss" that produced the discovery rule. *Id.* at 616.

Citing *Petrella* extensively, it held that the complaint should not have been dismissed because the acts of infringement alleged by the plaintiff "f[e]ll within the three-year limitations period from the date of suit." *Ibid*. The court explicitly did not reach the question of whether the plaintiff could recover "for earlier infringing acts," which it considered an "issue [that] may have to be revisited on remand in light of *Petrella*," *id*. at 612, because "much remains for further development, both legally and factually," *id*. at 618.

Its later decision in *Consumer Health* reinforced its position on the difference between ownership and infringement claims, stating that "disputes about copyright ownership are different" from infringement claims; in the

latter "the focus is on the infringing acts" and that "distinction makes sense for purposes of claim-accrual analysis." Consumer Health, 819 F.3d at 996-97. While Consumer Health also did not pass on accrual of infringement claims, its characterization of Taylor as a "garden variety infringement claim" and omission of Gaiman shows that it viewed such claims as occurrence-based. Id. at 997. In "ordinary" infringement actions "each infringing act is a discrete wrong triggering a new limitations period." Ibid.

However, after this Court's decision in *Warner Chappell Music* v. *Nealy*, 601 U.S. 366 (2024), a different Seventh Circuit panel broke from those earlier decisions, cast doubt on its limitations jurisprudence, and created intracircuit tension.

II. Motorola Solutions injected intra-circuit tension in the Seventh Circuit

Despite the holdings and rationale of *Taylor* and *Consumer Health* indicating the Seventh Circuit views accrual of infringement claims different from ownership claims, and further views tolling as a separate doctrine, it recently cast doubt on its prior decisions, resulting in tension and doubt about its jurisprudence respecting copyright claim accrual and tolling.

In Motorola Soln's, Inc. v. Hytera Comc'ns Corp., 108 F.4th 458 (7th Cir. 2024) it characterized both Chicago Building Design and Taylor differently from their holdings while never citing Consumer Health.

In an expansive opinion primarily addressing trade secretes, the court addressed whether the jury's copyright infringement damages award should stand, noting that the defendant's "liability is not at issue" in the appeal. *Id.* at 468. The defendant had argued for a limitation on damages, consistent with the Second Circuit's decision in *Sohm* v. *Scholastic Inc.*, 959 F.3d 39 (2d Cir. 2020). See

Corrected Br. at 67-71 Motorola Soln's, Inc. v. Hytera Comc'ns Corp., no. 22-2370 (7th Cir. Nov. 15, 2022). After this Court decided Warner Chappell Music, Inc. v. Nealy, and overruled Sohm, the Seventh Circuit rejected Hytera's argument. Motorola Soln's, 108 F.4th at 479.

But in reaching that holding it characterized its prior decisions differently from their rationale and holdings. It previously characterized Chicago Building Design as a case that "straightforwardly applied the separate-accrual rule in an infringement-focused case." Consumer Health, 819 F.3d at 997. But in *Motorola Solutions*, it now characterized the case as the circuit's "settled adoption of the discovery rule in copyright cases." Motorola Soln's, 108 F.4th at 479. It did not distinguish between ownership and infringement claims, nor between claim accrual and equitable tolling. It is therefore difficult to reconcile the two panels' competing understanding of Chicago Building Design, which held only that the complaint should not have been dismissed because it alleged "the defendants committed infringing acts within the three-year lookback period." Chi. Bldg. Design, 770 F.3d at 618.

The Motorola Solutions panel similarly recharacterized *Consumer Health*. That earlier panel, addressing accrual of a copyright ownership claim, had distinguished *Taylor* as "a garden variety infringement action." *Consumer Health*, 819 F.3d at 997. It did so in order to reiterate that copyright ownership claims accrue differently from ordinary infringement claims. Given its holding, that panel would not have distinguished *Taylor* if it viewed that case as already standing for a broad discovery rule irrespective of claim type, since it reasoned that "disputes about copyright ownership are different" from infringement claims, where "each infringing act is a discrete wrong triggering a new limitations period." *Ibid*. And so for the later panel in *Motorola Solutions* to view *Taylor* as broadly establishing a discovery rule irrespective of

claim type is also at odds with *Consumer Health* distinguishing it on that basis.

Taylor did not adopt a discovery rule, but rather applied tolling, post-accrual. Nor did Chicago Building Design adopt a discovery rule, because even though the case "came to" the Seventh Circuit based on the "parties' dispute" about "the proper application of the discovery rule," 770 F.3d at 614, it departed from their assertion of what the law is, relied extensively on *Petrella*, and rejected the district court's use of "inquiry notice" while reframing the analysis as whether "infringing acts" "occurred within the three-year look-back period," id. at 614-16. The whole of the opinions in Chicago Building Design and Taylor belie any conclusion that either applied or adopted the discovery rule to infringement claim accrual. To the contrary, Chicago Building Design applied occurrence-type reasoning, rooted in *Petrella*, to find that the plaintiff's claims were not time barred because the alleged "acts f[e]ll within the three-year limitations period from the date of suit." 770 F.3d at 616.

For the most recent Seventh Circuit panel to characterize *Chicago Building Design* as the Circuit's "settled adoption of the discovery rule" is difficult to square with the extensive rationale in the opinion repeatedly emphasizing infringing "acts" as the trigger for claim accrual.

So too is it difficult to square its parenthetical characterization of *Taylor* as "adopting [the] discovery rule," *Motorola Soln's*, 108 F.4th at 479, when that decision is replete with tolling rationale, not accrual in the first instance. That the panel also entirely ignored *Consumer Health* further clouds how the Seventh Circuit actually views ordinary infringement claim accrual. Nevertheless, *Motorola Solutions* explicitly did not overrule either *Taylor*, *Chicago Building Design*, or *Consumer Health* by the simple expedient of recharacterizing the first two in

conflict with their holdings and rationale, and omitting the latter. Garner, The Law of Judicial Precedent \S 3, at 37 (later panels of the same circuit are "strictly bound by the decisions of prior panels under the 'law-of-the-circuit' rule"); but see id. \S 60, at 493 (discussing the Seventh Circuit's fluidity respecting horizontal precedent).

Even if *Motorola Solutions*'s characterization of *Taylor* and *Chicago Building Design* is taken at face value without reading or understanding those decisions, it reveals intra-circuit tension, warranting this Court's review to provide conclusive guidance.

III. An implicit circuit split exists between the Seventh and Second circuits on ordinary copyright infringement claim accrual

Because *Motorola Solutions* panel did not overrule *Taylor*, *Chicago Building Design*, or *Consumer Health*, those decisions reveal an implicit circuit split on ordinary infringement claim accrual.

In *Petrella*, this Court noted that most "Courts of Appeals have adopted, as an alternative to the incident of injury rule, a 'discovery rule." 572 U.S. at 670 n.4 (citing *William A. Graham Co.* v. *Haughey*, 568 F.3d 425, 433 (3d Cir. 2009)). Importantly, however, neither *Petrella* nor *Graham* delineated between what types of actions such a rule had been applied.

The Third Circuit stated that "eight of our sister courts of appeals have applied the discovery rule to civil actions under the Copyright Act," and cited one case each from the First, Second, Fourth, Fifth, Sixth, Seventh, Eighth, and Ninth circuits. *Graham*, 568 F.3d at 433. For the Seventh Circuit it cited *Gaiman*. *Ibid*. But *Gaiman* was "not a suit for infringement." 360 F.3d at 652. Left unstated by the Third Circuit, and in turn this Court's footnote in *Petrella* (as well as recently in *Motorola*

Solutions), is the important distinction on the **type** of claim being asserted, because "a **claim** accrues 'when the plaintiff has a complete and present cause of action." *Gabelli* v. *SEC*, 568 U.S. 442, 448 (2013) (emphasis supplied).

Notwithstanding how courts, litigants, and commentators have characterized the Seventh Circuit's cases, the holdings of Taylor and Consumer Health, are implicitly in conflict with the holding of the Second Circuit in the decision below, which unequivocally held that ordinary copyright infringement claims accrue only when the plaintiff learns of them. Compare Michael Grecco Prods., Inc. v. RADesign, Inc., 112 F.4th 144, 148 (2d Cir. 2024) ("the discovery rule determines when an infringement claim accrues under the Copyright Act") (emphasis supplied) with Taylor, 712 F.2d at 1117 ("the statute of limitations is tolled until the plaintiff learned ... he had a cause of action") (emphasis supplied). Thus, an implicit split exists between at least the Seventh and Second circuits on the proper understanding of "accrue" in § 507(b) as concerns infringement claims.

IV. Copyright ownership disputes are declaratory-type claims with different elements than a claim of infringement

As the Seventh Circuit has recognized, claims of copyright ownership are different from the statutory claim of infringement.

A copyright ownership dispute is essentially an equitable claim procedurally cognizable under the Declaratory Judgments Act that refers to the Copyright Act for its substance. Because such claims arise through the Declaratory Judgments Act, 28 U.S.C. § 2201, a claim for a declaration of ownership in a copyright cannot exist until there is a *bona fide* controversy. See *ibid* ("actual controversy"). Courts addressing whether such a claim exists

have engaged in a fact-intensive assessment respecting knowledge. E.g., Maryland Cas. Co. v. Pacific Coal & Oil Co., 312 U.S. 270, 273 (1941) (the existence of an actual controversy "is necessarily one of degree"); Emory v. Peeler, 756 F.2d 1547, 1552 (11th Cir. 1985) (a controversy "may not be conjectural, hypothetical, or contingent; it must be real and immediate, and create a definite, rather than speculative threat of future injury"). Consequently, and consistent with Consumer Health, a copyright ownership claim requires knowledge of the dispute. Webster v. Guitars, 955 F.3d 1270, 1275 (11th Cir. 2020); see also Norfolk S. Ry. v. Guthrie, 233 F.3d 532, 534-35 (7th Cir. 2000) (the defendant's actions must be "known to the declaratory plaintiff at the time the action is commenced [and are] considered in determining whether [] a threat exists"); Clapper v. Amnesty Int'l USA, 568 U.S. 398, 411 (2013) (finding plaintiff could not assert a declaratory judgment action because they "hald] no knowledge" of the alleged wrongdoing and holding that speculation of a possible dispute is insufficient). A declaration seeking to establish ownership in a copyright cannot exist absent the plaintiff being put on notice of or discovering a competing ownership claim. That analysis is embodied in the holding of Consumer Health, where ownership claims accrue when a "claimant has notice that his claim of ownership is repudiated or contested." 819 F.3d at 997.

But in contrast, a claim of copyright infringement accrues upon a violation under § 501 because the cause of action exists where there is uncontested ownership of the copyright and copying of the work. See *Taylor*, 712 F.2d at 1117-19. Unfortunately, *Motorola Solutions* entirely ignored the Seventh Circuit's statements in *Consumer Health* delineating why ownership and infringement claims accrue differently, adding confusion to copyright claim accrual in the Seventh Circuit—confusion which this

Court ought to clarify.

CONCLUSION

Because an implicit conflict exists among the circuit courts of appeals respecting the meaning of "accrue" under 17 U.S.C. § 507(b) for ordinary infringement claims, the Court should grant the petition for a writ of certiorari. At a minimum, the Seventh Circuit's recent recharacterization of its jurisprudence inconsistent with the reasoning and holdings of those decisions warrants clarification from this Court.

Respectfully submitted,

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