



CoSTAR
THE UK R&D NETWORK FOR CREATIVE TECHNOLOGY



Arts and
Humanities
Research Council

ForesightLAB

Case Study: California

About this case study

This case study has been drawn from the report *AI Policy and its Impacts on the Screen Sector Across the Globe*, by the [CoSTAR Foresight Lab](#) and prepared by Olsberg·SPI.

The full report examines how artificial intelligence is reshaping the screen sector internationally, drawing on policy analysis, desk research and in-depth consultations across four jurisdictions: Australia, California, Canada and France. It explores the implications of AI adoption for governance, regulation, rights, labour, skills, sustainability and innovation.

This document presents one case study from that research in isolation, highlighting a specific jurisdictional approach and its relevance to ongoing UK policy discussion.

For full context, comparative analysis and UK-focused insights, please refer to the [complete report](#).

Introduction

California, and the USA more widely, is a global leader in both the screen and tech sectors. California is home to some of the biggest screen and AI companies, with the USA standing apart from many others for its high level of free market competition. Since 2024, California has introduced several laws relating to AI and is continuing to develop AI policy. This case study looks at how these laws could set a precedent for California and other jurisdictions, including the UK, to approach the regulation of AI for the screen sector and beyond. It also considers the outcomes of ongoing legal cases related to AI, such as a landmark lawsuit by Disney and Universal against AI company Midjourney.



Context: California's Screen Sector

California has historically been a global hub for the screen production industry, accounting for 35% of USA employment in film, television and sound in 2024.¹ The state is home to all the major legacy film studios, including Universal Pictures, Paramount, Warner Bros, Walt Disney Studios and Sony Pictures, as well as streamer production studios, including Netflix and Amazon MGM Studios. The state's film and television industry supports over 700,000 jobs, with nearly £51.68 billion (US\$70 billion) in wages for in-state workers.²

More recently, California's screen sector has faced stagnating growth in recent years due to a series of industry shocks and challenges. These include the production shutdowns during the COVID-19 pandemic in 2020, the Writers Guild of America and SAG-AFTRA strikes in 2023, and an investment retrenchment and reallocation from major studios as they refocused on profitability and production markets outside of California. In addition, localised crises – such as the January 2025 wildfires that disrupted key areas of Los Angeles - have further strained the sector.³

The rising importance of production incentives has also affected the California screen sector, with productions finding emerging and mature locations all over the world more attractive due to the positive impact on budget savings. At the same time, the cost of production has increased significantly, causing producers to look at other US states with competitive offers, such as Georgia and New Mexico. All these challenges have resulted in a marked decline in production activity.⁴ Recent productions that have chosen to film in California, despite the aforementioned challenges, include Apple TV+'s *The Studio* (2025-present) and *Presumed Innocent* (2025), and the CBC series *NCIS: Origins* (2025-present).

In recent months, California Governor Gavin Newsom has also sought to re-ignite the screen sector through its tax incentive programme. In July 2025, he announced the newly expanded Film and Television Tax Credit Program, doubling its annual funding from £243 million (US\$330 million) to £552 million (US\$750 million).⁵ Since then, a slate of productions accessing the credit has been announced, which are estimated to generate £808.9 million (US\$1.1 billion) in economic activity and employ 6,500 cast and crew across the state.⁶

1 *Otis College Update on the Creative Economy*. Otis College, 27th March 2025. Accessible at: https://www.otis.edu/about/initiatives/documents/25-063-CreativeEconomy_Report4_250325.pdf

2 *Governor Newsom to unveil major proposal to bolster California's film and TV industry*. Government of California, 25th October 2025. Accessible at: <https://www.gov.ca.gov/2024/10/25/sunday-governor-newsom-to-unveil-major-proposal-to-bolster-californias-film-and-tv-industry/>

3 *It's a gut punch': How the California wildfires affected film and TV workers*. The Guardian, 8th February 2025. Accessible at: <https://www.theguardian.com/culture/2025/feb/08/california-wildfires-tv-and-film-workers>

4 *L.A. on location filming falls in first quarter*. Film LA, 14th April 2025. Accessible at: <https://filmla.com/la-on-location-filming-falls-in-first-quarter/>

5 *Governor Newsom marks historic expansion of California's Film and Television Tax Credit Program, announces 16 new projects to film in the Golden State*. Governor Gavin Newsome, 2nd July 2025. Accessible at: <https://www.gov.ca.gov/2025/07/02/governor-newsom-marks-historic-expansion-of-californias-film-and-television-tax-credit-program-announces-16-new-projects-to-film-in-the-golden-state/>

6 *Nearly two-dozen TV projects to bring in \$1.1 billion to California's economy, thanks to the Governor's newly expanded Film and Television Tax Credit Program*. California Business and Economic Development, 27th August 2025. Accessible at: <https://business.ca.gov/nearly-two-dozen-tv-projects-to-bring-in-1-1-billion-to-californias-economy-thanks-to-the-governors-newly-expanded-film-and-television-tax-credit-program/>

Current Policy Concerning AI and the Screen Sector

The 2023 WGA and SAG-AFTRA strikes across the USA were the most prevalent screen sector union action in recent years, bringing the Californian screen sector to a standstill, with repercussions felt worldwide – especially in the UK, which is a key filming location and post-production hub for USA projects. USA production spend loss has been estimated at £3.7 billion (US\$5 billion).⁷

AI had a central role in the dispute, with writers and actors demanding that protections be implemented to avoid their members being exploited and replaced by technology. This movement highlighted the need for appropriate legislation to address uncertainties in the screen sector and to create greater transparency in the face of the increasing adoption of AI.

One of the major negotiation points of the WGA strike in 2023 was to impose restrictions on the use of AI in the writing process to ensure that human writers were not replaced. In the ratified contract, it was agreed that AI would not be permitted to write or rewrite literary material and that AI-generated material could not be considered source material. Under the agreement, writers cannot be forced to use AI in their services, and companies are required to disclose if any materials given to the writer contain AI-generated material.

In addition, the deal included a term giving the WGA the right to assert the prohibition of writers' works being exploited to train AI models.⁸ In March 2025, over 400 Hollywood creatives signed an open letter urging the government not to loosen restrictions in response to a request by OpenAI and Google for USA copyright law to allow AI companies to train their systems on copyrighted works without permission.⁹

Although there is currently no binding legislation to regulate AI in California or the US, some federal guidance has been released regarding issues such as copyright. In May 2025, the United States Copyright Office (USCO) released a non-binding report stating that the use of copyrighted works in training AI models would generally be considered infringement, particularly where the end product created by the AI bears substantial similarities to the copyrighted inputs.¹⁰

The USCO report emphasises that there may be some exceptions that can be justified by fair use, but where this is not the case, the USCO suggests that the voluntary licensing market should develop further to address this; the report maintains that minimal government intervention is required to address these issues. This is an important consideration for the screen sector, as rights holders not only risk having their intellectual property used without being paid for their work, but also face the threat of AI-generated works competing with their existing IP.

7 *Striking Hollywood writers reach tentative deal with studios.* Reuters, 25th September 2025. Accessible at: <https://www.reuters.com/world/us/writers-reach-tentative-labor-agreement-with-hollywood-studios-2023-09-25/>

8 *Summary of the 2023 WGA MBA.* WGA Contract 2023. Accessible at: <https://www.wgacontract2023.org/the-campaign/summary-of-the-2023-wga-mba>

9 *Hundreds of actors and Hollywood insiders sign open letter urging government not to loosen copyright laws for AI.* CBS News, 17th March 2025. Accessible at: <https://www.cbsnews.com/news/actors-artificial-intelligence-ai-hollywood-copyright-regulation/>

10 *Copyright and Artificial Intelligence Part 3: Generative AI Training pre-publication version.* United States Copyright Office, May 2025. Accessible at: <https://www.copyright.gov/ai/Copyright-and-Artificial-Intelligence-Part-3-Generative-AI-Training-Report-Pre-Publication-Version.pdf>

In July 2025, the current US administration (2025-2029) released *America's AI Action Plan*,¹¹ a non-binding policy document building on President Trump's Removing Barriers to American Leadership in Artificial Intelligence executive order signed in January 2025.¹² The recommendations cover three key pillars: rolling back regulation to accelerate innovation, building American AI infrastructure, and leading in international AI diplomacy and security. Compared to policies set out by the previous presidential administration (2021-2025), the current policy puts less emphasis on risk mitigation with the aim of promoting rapid, uninhibited innovation and development.

America's AI Action Plan has been criticised in an open letter signed by over 100 labour, environmental, civil rights and academic groups, who say that the plans favour the major technology and oil monopolies to the detriment of citizens.¹³ The Department of Commerce also renamed the AI Safety Institute to the Center for AI Standards and Innovation (CAISI), signalling a shift in priority from general safety to global security and competitiveness.¹⁴

For reference, while the current presidential administration's plans seek to loosen guardrails, it does not pre-empt state-level legislation. Current examples include:

- Colorado's Concerning Consumer Protections in Interactions with Artificial Intelligence Systems Act requires any AI system involved in consequential decision making (for example, healthcare, employment, or financial services) to safeguard against algorithmic discrimination based on protected characteristics; this will come into effect in 2026. This was the first comprehensive state law to regulate the development and use of AI systems; New York, New Mexico and Massachusetts plan to follow suit with similar bills
- Utah's Artificial Intelligence Policy Act requires individuals and organisations to disclose the use of AI in consumer communications, came into effect in 2024
- In June 2025, Texas introduced the Texas Responsible Governance AI Act, effective from 2026, which is like the Colorado bill regarding AI system use in consequential decision making, but with reduced compliance obligations for both the private sector and government.¹⁵

Several AI-related laws were introduced in California in 2024, taking effect from January 2025; given California's importance for both the screen and technology industries, this is a significant move toward establishing greater clarity and standards around AI use:

- *Assembly Bill 2885* established a standard definition of AI, defining it as "an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments"¹⁶

11 *America's AI Action Plan*. The White House, 23rd July 2025. Accessible at: <https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf>

12 *Removing Barriers to American Leadership in Artificial Intelligence*. The White House. 23rd January 2025. Accessible at: <https://www.whitehouse.gov/presidential-actions/2025/01/removing-barriers-to-american-leadership-in-artificial-intelligence/>

13 *People's AI Action Plan*. 22nd July 2025. Accessible at: <https://peoplesaiaction.com/>

14 *US removes 'safety' from AI Safety Institute*. The Verge, 4th June 2025. Accessible at: <https://www.theverge.com/ai-artificial-intelligence/679852/trump-ai-safety-institute-name-mission-change>

15 *AI Watch Global Regulatory Tracker – United States*. White & Case, 21st July 2025. Accessible at: <https://www.whitecase.com/insight-our-thinking/ai-watch-global-regulatory-tracker-united-states>

16 *AB 2885: Artificial intelligence*. Calmatters, 28th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab2885

- The *California AI Transparency Act (SB 942)*¹⁷ requires all AI systems with over one million monthly users in California to disclose AI-generated or AI-modified content
- The *Generative AI Training Data Transparency Act (AB 2013)*¹⁸ requires generative AI developers to publish information about their training datasets
- The *Digital Replica Act (AB 1836)*¹⁹ mandates that AI users must obtain consent from the estate of a deceased celebrity to create AI-generated replicas of their likeness or voice in audiovisual works and sound recordings, and grants beneficiaries of deceased celebrities the right to seek damages if consent has not been given
- The *Protecting Use of Digital Replicas Bill (AB 2602)*²⁰ protects individuals from the unauthorised use of their digital replicas in personal or professional service contracts.

These laws also have critical implications for the wider Creative Industries, particularly live action and voice actors, as it ensures that individuals have control over their own image and must be appropriately consulted and compensated for their use.

Several laws have also been proposed but not passed:

- In 2024, California Governor Gavin Newsom vetoed the *Safe and Secure Innovation for Frontier Artificial Intelligence Models Act (SB 1047)* would have required AI model developers to put in place safeguards to prevent any catastrophic harm. The reason cited for vetoing this bill was that it was “not informed by an empirical trajectory analysis of AI systems and capabilities” and therefore could restrict innovation while not effectively protecting the public from real threats.²¹
- The *AI Copyright Transparency Act (AB 412)*²² was sponsored by SAG-AFTRA, the Concept Art Association and the National Association of Voice Actors, and required AI developers to disclose copyrighted works used in the training of their models; this has been delayed amid criticism that it would do harm to smaller AI startups.²³

Beyond these bills, there are some recent and ongoing AI-related legal disputes in California that could provide additional guidance and best practices around the use of AI, particularly relating to copyright, which will directly impact on rights-holding filmmakers in California. In 2023, the US District Court ruled that human authorship is a fundamental requirement for a valid copyright claim and works

17 *SB 942: California AI Transparency Act*. Calmatters, 19th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240sb942

18 *AB 2013: Generative artificial intelligence: training data transparency*. Calmatters, 28th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab2013

19 *AB 1836: Use of likeness: digital replica*. Calmatters, 17th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab1836

20 *AB 2602: Contracts against public policy: personal or professional services: digital replicas*. Calmatters, 17th September 2024. Accessible at: https://calmatters.digitaldemocracy.org/bills/ca_202320240ab2602

21 *SB 1047 Veto Message*. Gavin Newsom, 29th September 2024. Accessible at: <https://www.gov.ca.gov/wp-content/uploads/2024/09/SB-1047-Veto-Message.pdf>

22 *SAG-AFTRA sponsors A.I. Transparency Bill*. SAG-AFTRA, 24th March 2025. Accessible at: <https://www.sagaftra.org/sag-aftra-sponsors-ai-transparency-bill>

23 *California A.B. 412 stalls out – A win for innovation and fair use*. Electric Frontier Foundation, 18th July 2025. Accessible at: <https://www.eff.org/deeplinks/2025/07/california-ab-412-stalls-out-win-innovation-and-fair-use>

that do not involve human creation are not eligible for copyright.²⁴ One ongoing landmark case is a copyright infringement lawsuit filed by Disney and Universal against Midjourney in June 2025.²⁵ Disney and Universal have claimed that Midjourney unlawfully used characters copyrighted by the two companies to train their AI image generator. The lawsuit argues that Midjourney is profiting from pirated creative labour without appropriate compensation. Despite the ongoing legal dispute, in the same month, Midjourney released the first version of its video model, which the lawsuit pre-emptively flagged as a tool for even further copyright infringement.

Midjourney has sued by another major studio, Warner Bros., for the alleged theft of the studio's intellectual property.²⁶

Another major copyright case which, while not directly related to the screen sector, could set a precedent for similar cases, is the Anthropic lawsuit, where authors claimed that AI company Anthropic breached copyright law by using books to train their LLM.²⁷ A federal judge ruled that Anthropic made fair use of the books, as the LLM did not aim to replicate or replace the original works. The judge compared the case to an aspiring human writer taking inspiration from existing works to create something original. However, in September 2025, Anthropic agreed to a £1.2 billion (US\$1.5 billion) settlement for the authors, and to destroy the copyrighted datasets used in their model, making it the largest reported copyright recovery in history.²⁸ This could pave the way to a series of copyright claims from creators against AI companies, not only for authors but also for screenwriters.

In September 2024, California-based Lionsgate Studios entered into a groundbreaking partnership with AI company Runway, giving access to its catalogue to train a new model that the studio could use as a filmmaking tool.²⁹ Another recent example is Asteria, the AI-enabled film studio, which has released the industry's first AI model trained on ethically sourced data,³⁰ which is licensed from the IP owners.³¹

24 *District Court affirms human authorship requirement for the copyrightability of autonomously generated AI works.* Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates, 28th August 2023. Accessible at: <https://www.skadden.com/-/media/files/publications/2023/08/district-court-affirms-human-authorship-requirement/districtcourtaffirmshumanauthorshiprequirementforthecopyrightabilityofautonomouslygeneratedaiworks.pdf?rev=0f79f2bf88c343e6b771686caf8ef6e8>

25 *Disney and Universal sue A.I. firm for copyright infringement.* The New York Times, 11th June 2025. Accessible at: <https://www.nytimes.com/2025/06/11/business/media/disney-universal-midjourney-ai.html>

26 *Warner Bros. Discovery sues Midjourney in latest copyright lawsuit over use of studio content in AI.* Deadline, 4th September 2025. Accessible at: <https://deadline.com/2025/09/ai-lawsuit-warner-bros-midjourney-1236508020/>

27 *Anthropic wins key AI copyright case, but remains on the hook for using pirated books.* CBS News, 26th June 2025. Accessible at: <https://www.cbsnews.com/news/anthropic-ai-copyright-case-claude/>

28 *Anthropic agrees to pay record \$1.5 billion to settle authors' AI lawsuit: "Largest publicly reported copyright recovery in history".* Deadline, 5th September 2025. Accessible at: <https://deadline.com/2025/09/anthropic-ai-lawsuit-settlement-1-5-billion-1236509423/>

29 *Runway partners with Lionsgate.* Runway, 18th September 2025. Accessible at: <https://runwayml.com/news/runway-partners-with-lionsgate>

30 *Asteria and Moonvalley release Marey, a clean, production-grade AI video model.* Forbes, 8th July 2025. Accessible at: <https://www.forbes.com/sites/charliefink/2025/07/08/asteria-and-moonvalley-release-marey-a-clean-production-grade-ai-video-model/>

31 *This new AI tool wants to work with filmmakers - not replace them.* TIME, 8th July 2025. Accessible at: <https://time.com/7300636/ai-hollywood-moonvalley-marey/>

Additional Insights from Consultations

Many consultees – based in California and internationally – perceive the California State government’s approach to AI as more informed and proactive than in other jurisdictions. There has also been high engagement within the Creative Industries with AI policy. Consultees noted that the California AI legislative environment has been less protectionist than other jurisdictions, with a focus on trying to enable innovation rather than restrict it. However, this approach comes with some backlash from those working in the Creative Industries, who are concerned about the potential risks and threats of AI to the industry.

While California’s policies continue to develop, consultees reported that there is an ethical AI market emerging to address issues of data scraping and copyright infringement. California-based companies such as Calliope Networks (now part of AI training data platform Protege) work with media companies to create a catalogue of content that AI companies can license to train their models, allowing creators to monetise their work.³²

Key Takeaways

California remains a global centre for screen production, though its sector has faced turbulence in recent years due to industrial action, natural disasters, shifting investment priorities, and international competition. To counter this decline, the state government has doubled the value of its film and television tax credit to re-establish competitiveness. Yet the deeper challenge lies in balancing the high costs of production with global trends that favour jurisdictions offering more generous incentives. Within this context, the growth of AI has emerged as both an opportunity and a threat for a workforce and industry already under pressure.

The 2023 WGA and SAG-AFTRA strikes placed AI at the forefront of industry debate, making clear that the rapid uptake of generative technologies posed direct risks to writers and actors. Contract negotiations resulted in concrete protections against replacement by AI, disclosure obligations, and limits on the use of members’ work in training datasets. These victories were celebrated within the creative community, but they also underscored the absence of federal legislation to regulate the use of AI in the sector. Recent guidance from the US Copyright Office has affirmed that training on copyrighted works generally constitutes infringement, while the current federal government’s *AI Action Plan* has been criticised for prioritising innovation and competitiveness over meaningful safeguards. For sector stakeholders, this divergence between policy ambition and protection highlights ongoing uncertainty.

California has attempted to fill the gap with a package of state-level legislation addressing transparency, training data, and protections for digital likeness. These measures are widely seen as more responsive than federal initiatives and demonstrate strong engagement between policymakers and the screen sector – and wider Creative Industries. Nevertheless, consultees expressed concern that the state’s relatively permissive stance risks privileging innovation over protection, potentially leaving creators exposed. At the same time, new ventures in “ethical AI” are emerging, with companies developing licensed data markets to allow rights holders to monetise their content while avoiding unauthorised exploitation. For consultees, this represents a hopeful sign that commercial and creative interests may be better aligned in the future, provided regulation keeps pace with technological change.

³² *Protege acquires Calliope Networks, unlocking premium video data for AI training.* PR Newswire, 18th December 2024.

Accessible at: <https://www.prnewswire.com/news-releases/protege-acquires-calliope-networks-unlocking-premium-video-data-for-ai-training-302335162.html>

CoSTAR Foresight Lab
Goldsmiths, University of London
New Cross
London SE14 6NW

costarforesightlab@gold.ac.uk
costarnetwork.co.uk/labs/foresightlab

