Questions Raised By Laws That Use Copyrighted Standards?

By Matthew Zorn and Shane Pennington

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When a government incorporates a copyrighted work into law, what happens to the copyright? The copyright yields, according to the Fifth Circuit's 2002 en banc decision in Veeck v. Southern Bldg Code Congress Int'l Inc.[1] Faced with the same question two weeks ago in American Society for Testing & Materials v. Public.Resource.Org Inc.,[2] the D.C. Circuit declined to reach the issue, invoking avoidance principles. Omitted from both opinions is another constitutional question: If a party loses its copyright protection when a government adopts its copyrighted standards as law, does that party have a viable claim under the takings clause?

Private standard-development organizations write standards to resolve technical problems, to ensure compatibility across products, and to promote public safety. Governments often incorporate these standards into law. For example, in American Society for Testing & Materials v. Public.Resource.Org, the court describes a tank-barge regulation that requires "a 120-volt, 20-ampere explosion-proof plug that meets ... NFPA 70, Articles 406.9 and 501-145." NFPA 70 is the "National Electrical Code," a multichapter technical standard prepared by the National Fire Protection Association, which has a copyright over the standard.

Over the years, the U.S. Supreme Court has never addressed the incorporation issue, but many federal appellate courts have. One of the first was the First Circuit in Building Officials & Code Administrators v. Code Technology Inc.[3] There, the district court granted a preliminary injunction preventing the defendant from publishing and selling its own edition of the Massachusetts building code. The code was largely based on a model code copyrighted by Building Officials and Code Administrators International Inc. The First Circuit reversed, focusing on "a line of cases, dating back to 1834, which holds that judicial opinions and statutes are in the public domain and therefore are not subject to copyright protection."[4]

The Second Circuit took a stab at the issue in CCC Information Services Inc. v. Maclean Hunter Market Reports Inc.[5] There, the court rejected the claim that works incorporated by reference as law necessarily lose copyright protection because they have entered the public domain, stating: "We are not prepared to hold that a state's reference to a copyrighted work as a legal standard for valuation results in loss of the copyright. While there are indeed policy considerations that support [defendant's public-domain] argument, they are opposed by countervailing considerations."[6]

After that, the Second Circuit in County of Suffolk v. First American Real Estate Solutions[7] considered the copyrightability of tax maps. Building on the Supreme Court's analysis in Banks v. Manchester,[8] which pertained to the copyrightability of judicial opinions, the Second Circuit explained that two factors guided its analysis: first, "whether the entity or individual who created the work needs an economic incentive to create or has a proprietary interest in creating the work"; and second, "whether the public needs notice of this particular work to have notice of the law."[9] The tax maps at issue in County of Suffolk were entitled

to copyright protection under that standard, because citizens had “fair warning” of the maps from their reference in the tax statute, and there was “no allegation that any individual required to pay the applicable property tax ha[d] any difficulty in obtaining access to either the law or the relevant tax map.”[10] Similar logic was followed by the Ninth Circuit in Practice Management Information Corp. v. American Medical Association.[11]

A different conclusion was reached by the Fifth Circuit sitting en banc in Veeck. Focusing on the first Banks premise, it held that copyright protection disappears when a municipality adopts a model code as law. “As law, the model codes enter the public domain and are not subject to the copyright holder’s exclusive prerogatives,” the Fifth Circuit explained.[12] It distinguished other cases involving incorporation, noting that Veeck involved “the wholesale adoption of a model code promoted by its author, [the defendant], precisely for use as legislation.”[13] Thus, “[t]o the extent incentives are relevant to the existence of copyright protection,” the court opined, “the authors in [the other] cases deserve incentives. ... In the case of a model code, on the other hand, the text of the model serves no other purpose than to become law.”[14]

More than 15 years after Veeck, the issue has resurfaced at the D.C. Circuit. Appellant Public.Resource.Org (PRO) — a nonprofit dedicated to making the law more accessible — purchased copies of certain incorporated standards and made free copies available over the internet. In response, several standards-setting organizations sued. PRO argued, as others have in the past, that “[a]llowing private ownership of the law ... is inconsistent with the First Amendment principle that citizens should be able to freely discuss the law and a due process notion that citizens must have free access to the law.”[15] It also argued that its “copying qualifie[d] as a fair use because it facilitates public discussion about the law — a use within the ‘public domain.”[16]

The D.C. Circuit sidestepped the copyrightability arguments, and instead reversed and remanded on fair use. The appellate court disagreed with certain aspects of the district court’s fair use analysis. For example, the district court concluded that even though PRO did not receive revenue directly from displaying the standards, its activity still bore “commercial” elements because it distributed identical standards in the same consumer market. The D.C. Circuit rejected that conclusion, noting that “little, if anything, in the record” indicated that PRO profited from reproduction. All told, the D.C. Circuit remanded on fair use, seeing the record to be “too thin to tell what went into the [fair-use] sauce.”[17] And because the fair use issue could dispose of the case, the panel declined to address the broader constitutional and copyrightability issues under avoidance principles.

While skirting these broader issues, the D.C. Circuit did not mention another issue lurking beneath the surface of these incorporation-of-copyright-into-law cases: the takings clause.[18]

The takings clause of the Fifth Amendment prohibits the federal government from taking private property for public use without just compensation. Through the 14th Amendment, it also applies to the states. Put simply, if incorporation permits free copying of a protected work — via fair use or effective revocation of the copyright — it might destroy the copyright’s value and give rise to a takings claim. The Second Circuit recognized that possibility in CCC, noting that an incorporation rule could raise “very substantial problems under the Takings Clause.”[19]

This view is plausible, at the very least. Although the Supreme Court has never expressly held that the takings clause covers copyrights, Ruckelshaus v. Monsanto Co.[20] provides ample support for the proposition. There, Monsanto claimed that certain provisions of Federal Insecticide, Fungicide and Rodenticide Act requiring public disclosure of submitted data effected a takings of trade secrets. The Supreme Court agreed, and held the takings clause encompasses intangible interests like trade secrets. Of course, the same reasoning could apply to copyrights.

More support comes from Oil States Energy Services LLC v. Greene's Energy Group LLC,[21] decided in the October 2017 term. There, the Supreme Court held that patents were personal property rights in the form of "public franchises." Although the Copyright Act contains no analogue to Section 261 of the Patent Act,[22] the Supreme Court has long held that the copyrights and patents create the same sort of property right. That is significant because the Takings Clause protects against direct appropriations of personal property.[23] Thus, if copyrights are a type of personal property as Oil States implies, they could be the subject of a takings claim.[24]

The concern that nonconsensual incorporation of a copyrighted works into law might violate the takings clause is real. Incorporating a copyrighted standard or code is appropriating the copyrighted work for a public use, i.e., the creation of law. And the sine qua non of copyright is control over publication. Once the government opens the door to free copying through incorporation, it effectively obliterates the copyright.

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[1] Veeck v. Southern Bldg Code Congress Int'l Inc., 293 F.3d 791 (5th Cir. 2002) (en banc).

[1] American Society for Testing & Materials v. Public.Resource.Org Inc., No. 17-7035, 2018 WL 3431738 (D.C. Cir. July 17, 2018).

[2] 628 F.2d 730 (1st Cir. 1980).

[3] Id. at 733-34 (discussing 19th century cases).

[4] 44 F.3d 61, 74 (2d Cir. 1994).

[5] Id. at 74.

[6] 261 F.3d 179 (2d Cir. 2001).

[7] 128 U.S. 244 (1888).

[8] Id. at 194.

[9] Id. at 195.

[10] 121 F.3d 516, 519 (9th Cir. 1997).

[11] Veeck, 293 F.3d at 793.

[12] Id. at 804.

[13] Id. at 803-05.

[14] PRO at *14.

[15] Id. at *15.

[16] Id. at *19.

[17] Appellee's brief raised the issue in a footnote. PRO, Appellee Br. at 45 n.13.

[18] CCC, 44 F.3d at 74.

[19] 467 U.S. 986 (1984).

[20] 138 S. Ct. 1365 (2018).

[21] 35 U.S.C. § 261 ("Subject to the provisions of this title, patents shall have the attributes of personal property.").

[22] See Horne v. Dep't of Agric., 135 S. Ct. 2419, 2427 (2015) (Takings Clause protects against direct appropriations of real and personal property).

[23] See Oil States Energy Servs., 138 S. Ct. at 1374. See also E. Enterprises v. Apfel, 524 U.S. 498, 540 (1998) (Souter, J.) (dissenting) (opining that "private property is a specific interest in physical or intellectual property").