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High Court's Copyright Ruling Gives Congress Wide Leeway

By **Ryan Davis**

Law360, New York (January 18, 2012, 11:31 PM ET) -- By upholding a law that restored copyright protection to foreign works that were once in the public domain, the U.S. Supreme Court signalled Wednesday that Congress has very broad discretion to alter copyright protection, even in the face of free speech challenges, attorneys say.

In both this week's ruling, and its 2003 decision in Eldred v. Ashcroft, which affirmed the authority of Congress to extend the term of copyright, the high court has rejected challenges to the constitutionality of laws that broaden copyright protections.

"The big takeaway is that the Constitution gives Congress very significant power to adjust intellectual property protection," said Donald Falk of Mayer Brown LLP. "First Amendment challenges to intellectual property protection are not being viewed with much favor by this court."

The 6-2 decision, written by Justice Ruth Bader Ginsburg, affirmed the Tenth Circuit's ruling that the 1994 Uruguay Round Agreements Act is constitutional. It rejected a challenge by orchestra conductors, film distributors and others who claimed that Congress violated their free speech rights by taking the works out of the public domain.

"Neither the copyright and patent clause nor the First Amendment, we hold, makes the public domain, in any and all cases, a territory that works may never exit," the court wrote.

The Uruguay Round Agreements Act includes a provision giving copyright protection to foreign works that had not previously been copyrighted in the U.S. due to a failure to meet certain regulations or the absence of a treaty between the U.S. and the country where the work was created.

The federal government said the law was necessary to bring the U.S. into compliance with the international copyright agreement known as the Berne Convention, which requires countries that sign it to recognize the copyrights of foreign works the same way they recognize copyrights by their own citizens.

The petitioners in the current case, including conductor Lawrence Golan, argued that they based their livelihood on the public domain status of the works at issue, and claimed that giving copyright protection to those once freely available works was unconstitutional and violated their right to free speech.

The high court ruled that the Constitution did not bar application of protection to works that had once been freely available, noting that Congress has previously passed laws that

restored copyrights to public domain works.

"Nothing in the historical record, congressional practice, or our own jurisprudence warrants exceptional First Amendment solicitude for copyrighted works that were once in the public domain," the court ruled.

Anthony T. Falzone of the Stanford Law School Center For Internet and Society, who represented the petitioners, expressed disappointment in the decision, which he said gave Congress "almost unprecedented" authority to disregard free speech concerns in legislation that alters copyright protection.

"The fact that Congress gets so much leeway under the copyright clause is honestly quite surprising and tough to justify," he said.

The law burdened core free speech rights of the public and should have been scrutinized for whether it furthered an important government interest, Falzone said.

"This decision applies no such scrutiny, and if it had, the statute would have flunked," he said.

While most observers said they had expected the law to be upheld in light of the government's interest in complying with the Berne Convention, Aaron Moss of Greenberg Glusker Fields Claman & Machtinger LLP said he was expecting a more limited ruling.

"What is more surprising is the breadth of the court's opinion, suggesting that no public domain work may ever be off-limits for future copyright protection," he said.

The practical effect of the ruling is restricted to only a certain class of foreign works that were once in the public domain but have had copyright protection for more 17 years and will retain it.

However, the decision seems to open the door for Congress to enact many other changes to copyright law, should it see fit to do so, attorneys say.

The Golan and Eldred decisions indicated there are few limits to Congress' authority regarding changes to copyright, and gave little indication as to the type of changes the high court would say go too far, said Peter Toren of Weisbrod Matteis & Copley PLLC.

"The court is going to have a fairly hands-off approach with regard to what is protected," he said. "As long as it's within reason, they're not likely to take that decision making power away from Congress."

While there is some theoretical situation in which the court would find a copyright law passed by Congress to be beyond the pale, such a law would likely need to be far removed from the basic goals of the copyright clause, Falk said.

"We don't know how outlandish it would have to be, but it would have to be a lot more outlandish than this," he said.

By rejecting the petitioners' argument that the law failed to comply with the Constitution because it provided no incentive to create new works, the court articulated a view of the copyright clause that is as focused on economics as on creation, Falk said.

While the Constitution states that the purpose of copyrights and patents is to "promote the progress of science and the useful arts," creation of new works is not the only way to do that, the court found, ruling that dissemination of works can also count as promotion.

By bringing the U.S. into compliance with the Berne Convention, the court ruled, the law encouraged the distribution of existing and future works.

"Since the future of copyright is much more about dissemination than anything else, the Supreme Court's holding that the copyright clause applies to both creation and dissemination is an important aspect of the ruling," said Eric J. Schwartz of Mitchell Silberberg & Knupp LLP, who helped draft the law in 1994 while working as acting general counsel of the U.S. Copyright Office.

The Motion Picture Association of America, which filed an amicus brief supporting the law, touched on that point in a statement hailing the ruling, saying that "the Supreme Court has specifically recognized that the underlying purpose of copyright protection is not only to incentivize the creation of new works, but also to encourage their distribution."

The dissent by Justice Stephen Breyer, joined by Justice Samuel Alito, focused on the law's failure to encourage anyone to promote new works. That, along with the restrictions placed on once freely available works, should have rendered the law unconstitutional, they said.

"The fact that, by withdrawing material from the public domain, the statute inhibits an important preexisting flow of information is sufficient … to convince me that the copyright clause, interpreted in the light of the First Amendment, does not authorize Congress to enact this statute," Justice Breyer wrote in his dissent.

Justice Ginsburg's majority opinion was joined by Chief Justice John Roberts and Justices Antonin Scalia, Anthony Kennedy, Clarence Thomas and Sonia Sotomayor. Justice Elena Kagan recused herself from the case.

The petitioners are represented by Anthony T. Falzone, Julie A. Ahrens and Daniel K. Nazer of the Stanford Law School Center For Internet and Society, by Pamela S. Karlan of the Stanford Law School Supreme Court Litigation Clinic, by Hugh Q. Gottschalk and Carolyn J. Fairless of Wheeler Trigg O'Donnell LLP, and by Thomas C. Goldstein, Amy Howe and Kevin K. Russell of Goldstein & Russell PC.

The case is Golan v. Holder, case number 10-545, in the U.S. Supreme Court.

--Editing by Eydie Cubarrubia.