United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

Argued October 13, 2022 Decided August 29, 2023

No. 21-5203

VALANCOURT BOOKS, LLC,
APPELLANT

v.

MERRICK B. GARLAND, ATTORNEY GENERAL AND SHIRA PERLMUTTER, IN HER OFFICIAL CAPACITY AS THE REGISTER OF COPYRIGHTS OF THE U.S. COPYRIGHT OFFICE,
APPELLEES

Appeal from the United States District Court
for the District of Columbia
(No. 1:18-cv-01922)

Robert J. McNamara argued the cause for appellant. With him on the briefs were *Jeffrey H. Redfern* and *James D. Jenkins*.

Michael J. Mazzone was on the brief for *amici curiae* Zvi S. Rosen and Brian L. Frye in support of appellant.

Jacqueline C. Charlesworth was on the brief for *amicus curiae* Association of American Publishers, Inc. in support of appellant.

David Bookbinder was on the brief for *amicus curiae* the Niskanen Center in support of appellant.

Laura E. Myron, Attorney, U.S. Department of Justice, argued the cause for appellees. With her on the brief were *Brian M. Boynton*, Principal Deputy Assistant Attorney General, and *Daniel Tenny,* Attorney.

Jonathan Band and *Erik Stallman* were on the brief for *amici curiae* American Library Association, et al. in support of appellees.

Before: SRINIVASAN, *Chief Judge*, HENDERSON, *Circuit Judge*, and EDWARDS, *Senior Circuit Judge*.

Opinion for the Court filed by *Chief Judge* SRINIVASAN.

SRINIVASAN, *Chief Judge*: Under Section 407 of the Copyright Act, the owner of the copyright in a work must deposit two copies of the work with the Library of Congress within three months of its publication. The Copyright Office enforces Section 407's deposit requirement by issuing demand letters informing noncomplying copyright owners that they must either deposit copies or pay a fine.

In June 2018, the Copyright Office sent a letter to Valancourt Books, LLC, an independent press based in Richmond, Virginia, demanding physical copies of Valancourt's published books on the pain of fines. Valancourt protested that it could not afford to deposit physical copies and that much of what it published was in the public domain. In response, the Office narrowed the list of demanded works but continued to demand that Valancourt deposit copies of its books with the Library of Congress or otherwise face a fine.

Valancourt then brought this action against the Register of Copyrights and the Attorney General. Valancourt challenges the application of Section 407's deposit requirement against it as an unconstitutional taking of its property in violation of the Fifth Amendment and an invalid burden on its speech in violation of the First Amendment. The district court granted summary judgment to the government on both claims.

We conclude that Section 407, as applied by the Copyright Office in this case, worked an unconstitutional taking of Valancourt's property. The Office demanded that Valancourt relinquish property (physical copies of copyrighted books) on the pain of fines. And because the requirement to turn over copies of the works is not a condition of attaining (or retaining) copyright protection in them, the demand to forfeit property cannot be justified as the conferral of a benefit—i.e., copyright protection—in exchange for property. Our holding relates solely to the Office's demand for physical copies of Valancourt's copyrighted works: we have no occasion to assess the Office's offer during the litigation to accept electronic copies in lieu of physical copies.

The Office now indicates that Valancourt could avoid relinquishing the property by disavowing copyright protection. But that ostensible option was never made known in any regulation, guidance, or communication, and instead was mentioned for the first time in this litigation. Whatever may be the legal significance of an option of that sort if it were costless and known to be available, it cannot save a demand for property containing no suggestion whatever of its existence.

Because we conclude that Valancourt prevails on its claim under the Takings Clause, we do not reach its claim under the First Amendment, which ultimately would afford the same scope of relief. We reverse the district court's grant of

summary judgment in the government's favor and remand for the entry of judgment to Valancourt and the award of relief consistent with our decision.

I.

A.

The Copyright Clause of the Constitution grants Congress the power to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. Congress first exercised that power in 1790 by establishing a federal copyright regime. *See* Copyright Act of 1790, ch. 15, 1 Stat. 124. That regime has remained in place through the present day, even if some of its particulars have varied over time.

Under the copyright laws in their current formulation, creators of works such as literary works, musical works, and graphic works enjoy copyright protection for the fruits of their labor. "Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . . from which they can be perceived, reproduced, or otherwise communicated." 17 U.S.C. § 102(a). Copyright thus accrues automatically upon creation of an original work in a tangible medium, and creators need not take any further action such as publication or registration to gain the protection.

Copyright owners possess "exclusive rights to do and to authorize" certain actions, including the rights to "reproduce the copyrighted work in copies," "prepare derivative works based upon the copyrighted work," and "distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending." *Id.*

§ 106(1)–(3). Those rights generally last through "the life of the author and 70 years after the author's death." *Id.* § 302(a).

At issue here is the mandatory deposit requirement found in Section 407 of the Copyright Act. *Id.* § 407. That provision states that "the owner of copyright or of the exclusive right of publication in a work published in the United States shall deposit, within three months after the date of such publication . . . two complete copies of the best edition" of the work. *Id.* § 407(a)(1). The "required copies . . . shall be deposited in the Copyright Office for the use or disposition of the Library of Congress." *Id.* § 407(b). Because the deposit requirement is triggered upon "publication," *id.* § 407(a), unpublished works are not subject to it. For most literary works, the Copyright Office's regulations presently require deposit of only a single copy rather than two copies, although the Office reserves the right to request a second copy. *See* 37 C.F.R. § 202.19(d)(2)(ix).

To enforce the mandatory deposit requirement, the Copyright Office "may make written demand for the required deposit on any of the persons obligated to make the deposit under [Section 407(a)]." 17 U.S.C. § 407(d). If a copyright owner fails to make the "required deposit" within three months of a demand, she becomes liable for a "fine of not more than $250 for each work" in addition to "the total retail price of the copies or phonorecords demanded" (or, "if no retail price has been fixed, the reasonable cost to the Library of Congress of acquiring" those works). *Id.* § 407(d)(1)–(2). And if the copyright owner "willfully or repeatedly fails or refuses to comply with such a demand," she becomes liable for an additional $2,500 fine. *Id.* § 407(d)(3). As an indication of the scale of Section 407's operation, from fiscal year 2013 through the first quarter of fiscal year 2019, the Copyright Office

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