
Technology, Entrepreneurial and Commercial Practice Client Service Group

To Our Clients and Friends

December 18, 2014

Current Regulatory Landscape of Commercial UAV/UAS/Drone Usage

Current estimates regarding the commercial impact of the unmanned aerial vehicles (UAV)/unmanned aircraft systems (UAS)/drone industry are predicted to reach over \$80 billion by 2025. The Association for Unmanned Vehicle Systems International, the trade group that represents producers and users of drones and other robotic equipment, predicts that 80% of the commercial market for drones will eventually be for agricultural uses.

Who's Impacted?

The applications of this technology can be seen in **agriculture, real estate and entertainment videography, geological surveys and utility safety and maintenance**. More creative applications of UAVs are being realized on a daily basis. As this industry grows, **angel investors, venture capitalists and private equity groups will invest their funds into these companies** to make them more efficient, profitable and competitive in the world market. Unfortunately, due to the current regulatory landscape of commercial UAV usage, full airspace integration of UAVs in the U.S. will likely not happen, if at all, until late 2015.

Regulatory and Legal Environment

The de facto governing federal agency regulating this emerging growth industry is the Federal Aviation Administration (FAA). Even though the FAA's regulations in their current state do not adequately contemplate the use of UAVs for commercial purposes, the FAA's position is that within the scope of the current regulations the use of UAVs for commercial purposes is prohibited unless an exemption is granted, and the FAA has specifically stated that "civilian companies may not operate a UA[V] as part of a business without obtaining a Special Airworthiness Certificate - Experimental Category (SAC-EC). However, this SAC-EC is very limited in scope of operational use," and the FAA will only consider granting such an exemption for commercial use on a case by case basis.

Regardless of their position on UAVs, the FAA has already lost several court battles while trying to enforce and regulate UAV use in commerce. Under the 2012 FAA Reauthorization Act, Congress has

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ordered aviation authorities to develop a regulatory framework for the testing and licensing of commercial UAVs by 2015 which the FAA may not meet. The FAA has indicated that it expects to publish a proposed rule, solidifying much of the uncertainty, to govern the commercial use of small UAVs (under 55 pounds) before the end of the year.

With that said, the proposed rules are expected to require operators to, among other things, keep the UAV within his or her line of sight. For the commercial farmer, that will generally limit the use of the UAV to 125 acre flying circles instead of allowing him or her to program the unit to collect data without constant monitoring and repositioning. Further, because of the operator requirement, the commercial farmer may not be able to integrate the deployment and use of the UAV into the technology that currently maintains and monitors that farm.

In addition to federal regulation, **there have been 20 states, as of September 16, 2014, that have enacted UAV related laws**, and many of the other states have introduced bills and/or resolutions relating to UAVs in 2013 and 2014 that have yet to pass. Unfortunately, the **legislation enacted in each of these states lacks consistency, creating uncertainty for operators** seeking to complying with each of the state's UAV laws.

Common issues addressed in the legislation include defining what a UAS, UAV or drone is, how they can be used by law enforcement or other state agencies (e.g. privacy concerns), how they can be used by the general public, and in state UAV test sites.

Potential Practice Areas Involved

Once the regulatory landscape becomes clearer, **various financing and commercial relationships, such as licensing of intellectual property, manufacturing agreements, and outsourcing agreements, will need to be defined to integrate UAVs into full airspace and commerce.**

Questions?

Please contact [Powell Carman](#) or a member of [Bryan Cave's Unmanned Aerial Vehicle Team](#) for more information on this topic.