

No. 11-697

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IN THE  
*Supreme Court of the United States*

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SUPAP KIRTSANG  
D/B/A/ BLUECHRISTINE99,  
*Petitioner,*

v.

JOHN WILEY & SONS, INC.,  
*Respondent.*

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On Writ of Certiorari  
to the United States Court of Appeals  
for the Second Circuit

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**BRIEF OF AMERICAN BAR ASSOCIATION AS  
*AMICUS CURIAE* IN SUPPORT OF  
RESPONDENT**

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September 7, 2012

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### **QUESTION PRESENTED**

Whether a copy made and distributed abroad is “lawfully made under this title,” 17 U.S.C. § 109(a), and thus is exempt from the copyright owner’s exclusive right to control the importation of copies of its work into the United States, *id.* § 602(a).

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## STATEMENT OF INTEREST<sup>1</sup>

*Amicus curiae* American Bar Association (“ABA”) respectfully submits this brief in support of respondent. The ABA urges this Court to hold that when a copy is made and distributed abroad, it is not “lawfully made under this title,” 17 U.S.C. § 109(a), and thus, the copyright owner retains its exclusive right under 17 U.S.C. § 602(a)(1) to control importation of that copy into the United States.

The ABA is the largest voluntary professional organization and the leading organization of legal professionals in the United States. Its nearly 400,000 members come from all fifty states and other jurisdictions and include attorneys in private law firms, government service, corporate law departments, and public interest organizations, as well as judges, legislators, law professors, law students, and non-lawyer associates in related fields.<sup>2</sup>

The ABA’s Section of Intellectual Property Law (“IPL Section”) is the world’s largest organization of

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<sup>1</sup> Pursuant to Rule 37.6, *amicus curiae* certifies that no counsel for a party authored this brief in whole or in part and that no person or entity, other than *amicus*, its members, or its counsel, has made a monetary contribution to the preparation or submission of this brief. The parties have submitted letters consenting to the filing of all *amicus curiae* briefs.

<sup>2</sup> Neither this brief nor the decision to file it should be interpreted to reflect the views of any judicial member of the ABA. No inference should be drawn that any member of the Judicial Division Council has participated in the adoption or endorsement of the positions in this brief. This brief was not circulated to any member of the Judicial Division Council prior to filing.

intellectual property professionals. Its approximately 25,000 members represent the diverse interests of copyright owners, users of works of authorship, large and small corporations, libraries, universities, and individual authors. Formed in 1894, the IPL Section works to promote the development and improvement of intellectual property law. It presents resolutions to the ABA House of Delegates for adoption as ABA policy, which then provides the basis for the IPL Section's active role in the consideration of proposed legislation, administrative rule changes and international efforts, and ABA *amicus* briefs.<sup>3</sup>

The ABA policy pertinent to this case was adopted by the ABA House of Delegates at its 2010 Midyear Meeting (hereinafter, "ABA Policy #109"). It originated in the IPL Section's Copyright Task Force, which is composed of the chairs of all the IPL Section's copyright committees as well as additional attorneys with copyright expertise. The Task Force was created to monitor judicial developments and to develop policy on matters of special importance related to copyright law.

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<sup>3</sup> The ABA's House of Delegates is the ABA's policy-making body. It is composed of more than 561 delegates representing states and territories, state and local bar associations, affiliated organizations, sections and divisions, ABA members, and the Attorney General of the United States, among others. Only recommendations adopted by the ABA House of Delegates become ABA policy. See ABA, House of Delegates – General Information, <http://www.americanbar.org/groups/leadership/delegates.html>.

After an extensive collaborative process, ABA Policy #109 was unanimously approved by the Copyright Task Force and subsequently by the IPL Section Council. It was then presented to and approved by the ABA House of Delegates.<sup>4</sup> It provides:

The American Bar Association urges courts to interpret the statutory first sale doctrine in Section 109(a) of the U.S. Copyright Act and the copyright owner's importation right in Section 602(a) to exclude application of the first sale doctrine to the importation of goods embodying a copyrighted work that were not manufactured in the United States.<sup>5</sup>

In crafting its policy, the ABA relied on this Court's guidance in *Quality King Distributors, Inc. v. L'anza Research International, Inc.*, 523 U.S. 135, 148 (1998), that "copies that are lawfully made under the law of another country" – *i.e.*, that are not made under U.S. copyright law – "are not subject to the first-sale doctrine." The ABA also relied on earlier lower court decisions concluding that Section 109(a) applies to copies that were not made in the United States when

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<sup>4</sup> The ABA Sections of Science and Technology Law, International Law, and Litigation also supported presentation of ABA Policy #109 to the ABA House of Delegates.

<sup>5</sup> *ABA Report with Recommendation #109* (Policy adopted Feb. 2010), available at <http://www.abanow.org/house-of-delegates-resolutions-2010-midyear-meeting>. This policy is limited to the Copyright Act. Other fields, such as trademark and patent law, involve distinct statutory schemes and implicate separate policy concerns.



an authorized first sale had occurred in the United States. *E.g., Parfums Givenchy, Inc. v. Drug Emporium, Inc.*, 38 F.3d 477, 480-82 (9th Cir. 1994).

Consistent with the reasoning of these cases, the ABA urges the Court to hold that the appropriate construction of the interrelationship between Sections 109(a) and 602(a)(1) is that a copy made and distributed abroad is not “lawfully made under this title,” 17 U.S.C. § 109(a), and thus is not exempt from the copyright owner’s exclusive right under Section 602(a)(1) to control importation of that copy into the United States.

#### **SUMMARY OF ARGUMENT**

Under a correct construction of the Copyright Act and this Court’s decision in *Quality King Distributors, Inc. v. Lanza Research International, Inc.*, 523 U.S. 135 (1948), a copyright owner may prevent the importation into the United States of copies of copyrighted works made abroad when no authorized first sale of those copies in the United States has occurred. The statute at issue in this case – which codifies the principle known as the “first sale” or “exhaustion” doctrine – applies to “the owner of a particular copy or phonorecord *lawfully made under this title.*” 17 U.S.C. § 109(a) (emphasis added). An authorized first sale of qualifying copies exhausts the copyright owner’s exclusive right to control the importation of those copies into the United States. For two reasons, this Court should hold that the first-sale doctrine does not apply to works manufactured outside the United States.

First, that interpretation of the Copyright Act is most consistent with this Court’s prior guidance in *Quality King*, which drew a distinction between copies lawfully made under the law of the United States and copies made “under the law of some other country.” 523 U.S. at 147. *Quality King* strongly suggested that the latter category would not be subject to the first-sale doctrine. Although this discussion was *dictum*, it has induced substantial reliance from attorneys advising clients, as well as from copyright holders and manufacturers. Departing now from the reasoning of *Quality King* would disrupt settled expectations in the marketplace that have been based on reasonable reliance on that precedent and long-standing lower court decisions.

Second, limiting the availability of the first-sale defense to goods manufactured domestically best comports with the text and structure of the Copyright Act. Copies made abroad are not naturally regarded as being “lawfully made under” U.S. law, much less under U.S. copyright law, which does not apply extraterritorially. Moreover, interpreting the first-sale doctrine to permit the importation of copies of works produced and sold outside the United States despite the lack of an authorized first sale in the United States would render the right to control importation in Section 602(a) largely superfluous. It would also invite the adoption of costly and complicated contractual arrangements that have no purpose or effect other than to preserve the copyright owner’s exclusive right to control distribution into the United States.

The Second Circuit’s conclusion that “foreign-manufactured works” are not “made under” U.S. copyright law and thus fall within the protections of Section 109(a) when there has been no qualifying first sale accordingly should be affirmed.

### ARGUMENT

#### **The Court Should Construe “Lawfully Made Under This Title” to Refer Only to Copies Made in the United States.**

Section 602(a)(1) of the Copyright Act announces a general prohibition against the “[i]mportation into the United States, without the authority of the owner of copyright under this title, of copies or phonorecords of a work that have been acquired outside the United States.” 17 U.S.C. § 602(a)(1). Section 109(a) – which embodies the so-called “first-sale doctrine” – provides as an exception to that general rule that “the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.” *Id.* § 109(a). The question in this case is whether a copy made and sold overseas is “made under this title” and thus falls within the exception of Section 109(a). As the Second Circuit correctly held, “foreign-manufactured works” are not “made under” U.S. copyright law. *John Wiley & Sons, Inc. v. Kirtsaeng*, 654 F.3d 210, 222 (2d Cir. 2011).

**I. The Second Circuit’s Decision Is Consistent with This Court’s Guidance in *Quality King*.**

The Second Circuit explained that the text of Section 109 neither “compel[s]” nor “foreclose[s]” either party’s interpretation – rather, “[t]he relevant text is simply unclear.” *Kirtsaeng*, 654 F.3d at 220. It then drew guidance from this Court’s decision in *Quality King Distributors, Inc. v. L’anza Research International, Inc.*, 523 U.S. 135 (1998), and adopted the interpretation that “best comports” with that decision. *Kirtsaeng*, 654 F.3d at 220.

In *Quality King*, this Court addressed the status under Section 602(a) of copies lawfully made in the United States that returned in the stream of commerce to this country – a so-called “round trip.” 523 U.S. at 154 (Ginsburg, J., concurring). Although the question presented here was not directly at issue in *Quality King*, the Court illustrated why its holding did not render Section 602(a) a nullity by distinguishing between copies “lawfully made” under “the United States Copyright Act” from those made “under the law of some other country.” *Id.* at 147 (majority opinion). The Court then discussed an “example” of this principle: the hypothetical case of a copyright owner’s division of its distribution rights between U.S. and British publishers. The Court concluded that copies made by the British publisher would not be “lawfully made under this title” for purposes of Section 109(a). *Id.* at 148.

Although the discussion in *Quality King* was *dictum*, it is well reasoned and amply supported by

established canons of statutory construction, and this Court has issued no holding qualifying its reasoning or reaching the opposite conclusion. Moreover, the status of foreign-manufactured goods was discussed at length by both parties in the *Quality King* briefing. See Br. for Pet'r, *Quality King*, 523 U.S. 135 (1998) (No. 96-1470), 1997 WL 441678, at \*7-\*9 (discussing trade in foreign-manufactured "grey market" goods in the United States, as well as the copyright implications); Br. for Resp., *Quality King*, 523 U.S. 135 (1998) (No. 96-1470), 1997 WL 593882, at \*11-\*14 (same). In the intervening fourteen years, the Court's statements in that case have thus reasonably induced substantial reliance by attorneys advising clients and by parties that deal in copyrighted works.<sup>6</sup>

As this Court has recognized, "[c]onsiderations in favor of *stare decisis* are at their acme in cases involving property and contract rights, where reliance interests are involved." *Pearson v. Callahan*, 555 U.S. 223, 234 (2009) (quoting *Payne v. Tennessee*, 501 U.S. 808, 828 (1991)). Moreover, when, as here, the case involves a question of statutory interpretation, "*stare decisis* . . . has special force." *John R. Sand & Gravel Co. v. United States*, 552 U.S. 130, 139 (2008) (internal quotation marks omitted). In addition, when Congress

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<sup>6</sup> Of course, the lower courts, like attorneys, "pay due homage to the Supreme Court's well-considered *dicta* as pharoi that guide [their] rulings." *IFC Interconsult, AG v. Safeguard Int'l Partners, LLC*, 438 F.3d 298, 311 (3d Cir. 2006). The decision below – which relied overwhelmingly on *Quality King* – establishes this point beyond doubt.

amended Section 602 of the Copyright Act in 2008, it made no changes to that section that might have affected the viability of the *Quality King* discussion.

If this Court were to reach a contrary result, that would upset the settled expectations of copyright holders. From the perspective of an organization like the ABA, a ruling at odds with the Court's guidance in *Quality King* would mean that ABA members could not rely on unequivocal, well-reasoned *dicta* to provide reliable attorney advice. Such uncertainty would impose significant additional costs on attorneys and their clients – attorneys would feel compelled to recommend perhaps-unnecessary precautions to cope with the absence of a more definitive ruling, and some clients might be chilled from participating in the marketplace altogether until the law becomes more settled.

In sum, this Court should adhere to the clear guidance it issued in *Quality King* and hold that copies of a work made abroad are not “made under” U.S. copyright law.

## **II. The Second Circuit's Construction of “Lawfully Made Under This Title” Best Reflects the Statutory Text and Structure.**

Independent of *Quality King*, this Court should hold that the Second Circuit correctly construed the Copyright Act. The statute does not separately define the phrase “lawfully made under this title.” In interpreting a statute, this Court begins with the text. *Jimenez v. Quarterman*, 555 U.S. 113, 118 (2009).

Section 109(a) codifies the first-sale doctrine, which limits copyright owners' ability to control U.S. distribution of particular copies "lawfully made under this title." 17 U.S.C. § 109(a). "[T]his title" is Title 17 of the U.S. Code, in which the Copyright Act is codified. The statute is thus most naturally read to refer only to copies that are "made under" U.S. copyright law – a body of law that does not have extraterritorial effect.

This conclusion is consistent with the role of Section 109(a) in the overall statutory scheme. See *Davis v. Mich. Dep't of Treasury*, 489 U.S. 803, 809 (1989) ("It is a fundamental canon of statutory construction that the words of a statute must be read in their context and with a view to their place in the overall statutory scheme."). Section 602(a)(1) addresses a copyright owner's right to control importation of copies "acquired outside the United States." 17 U.S.C. § 602(a)(1). But if the first sale doctrine applied to copies made and sold abroad, then Section 109(a) would seemingly limit the copyright owner's power under Section 602(a)(1) to control only the importation of such copies possessed by non-owners, such as bailees and licensees. It is unlikely that Congress intended the statute to have such a narrow application. Cf. *Freytag v. Comm'r of Internal Revenue*, 501 U.S. 868, 877 (1991) ("Our cases consistently have expressed a deep reluctance to interpret a statutory provision so as to render superfluous other provisions in the same enactment.") (internal quotation marks omitted).

Relatedly, Section 602(a) in certain circumstances exempts from the copyright owner's exclusive right to control importation those copies that (1) will be used by the government, (2) are for the personal use of the importing party, or (3) are imported for "scholarly, educational, or religious purposes." 17 U.S.C. § 602(a)(3)(A)-(C). But when applicable, these explicit exceptions to the copyright owner's exclusive right to control importation do not allow the importer to then further distribute the lawfully imported copies. Instead, in cases governed by these exceptions, the copyright owner continues to control the further downstream distribution of its works in the United States. See *Quality King Distribs, Inc. v. Lanza Research Int'l, Inc.*, 523 U.S. 135, 145 (1998). Petitioner's reading of Section 109(a), by contrast, would give the importer of a copy made and sold abroad the much greater power to distribute that copy in the United States over the copyright owner's objection. The statutory design – with its narrower express exemptions – suggests that Congress did not intend in Section 109(a) to enact such a sweeping exception to Section 602(a).

That conclusion is reinforced by the long-standing presumption, which formed the backdrop for the adoption of the Copyright Act, that the country's proscriptive and prescriptive competence ends at its own borders. See *Am. Banana Co. v. United Fruit Co.*, 213 U.S. 347, 356 (1909) ("[T]he character of an act as lawful or unlawful must be determined wholly by the law of the country where the act is done."), *overruled on other grounds*, *Cont'l Ore Co. v. Union Carbide & Carbon Corp.*, 370 U.S. 690, 704-05 (1962). Containing



no contrary statutory indication, the U.S. Copyright Act is presumed territorial. *See generally* 1 Paul Goldstein, *Goldstein on Copyright* § 1.12, at 1:26 (3d ed. 2005) (“Copyright protection is territorial. The rights granted by the United States Copyright Act extend no farther than the nation’s borders.”).

In enacting the Copyright Act, Congress recognized territorial limits on copyright. For example, the statute identifies the types of works Congress chose to protect under copyright within U.S. borders and provides an importation right in Section 602(a) distinct from the public distribution right of Section 106(3). There is no evidence in the statute that Congress determined that the copyright owner’s activities abroad should enhance or extinguish rights under the U.S. Copyright Act that are solely exercisable in the United States.

The ABA accordingly urges this Court to affirm the Second Circuit’s conclusion that a copyright owner’s manufacture and sale of copies strictly outside the United States does not exhaust its rights under Section 602(a) to restrict importation of those copies into this country.

**CONCLUSION**

For the foregoing reasons, the judgment of the Second Circuit should be affirmed.

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