Thank you for the privilege of serving as the chair of the section this past year. The section has grown in energy and participation, and I believe that is attributable to the dedication of each of the committee chairs. I look forward to watching the continued growth under Christi’s leadership, which begins at the May 15 meeting at 2:30 p.m. in Hershey. Please try to attend the meeting so that you can become involved in one of the committees within the section.

I especially appreciate the effort by those members of the program committee who secured and hosted speakers this year. John Purcell, Christi Campbell and Kelly Horein each secured very interesting speakers covering a broad range of intellectual property issues. I look forward to hearing interesting speakers in the future.

As our section continues to move forward and evolve, this issue of the newsletter marks our first fully electronic version. Due to the feedback of several members and to better allocate funds, moving forward, a limited number of newsletters will be available in print for a fee. So that we can determine the appropriate charge, if you are interested in receiving the newsletter in print, please click here to submit your information.

Geoffrey K. White is a patent attorney at McNees Wallace & Nurick. He holds a B.S. in chemistry from the University of Pittsburgh, a J.D. from Widener University and LL.M. from George Washington University. He lives and works in Cranberry Township, just north of Pittsburgh.

This is typically when the incoming chair takes the opportunity to talk about all of the things that will change; all of the new programs that will be introduced; all of the old programs that will go out with the change in guard. But, in the words of some very wise people before me, “If it ain’t broke, don’t fix it.”

I have had the benefit of working with a number of past chairs as well as a section full of dynamic and enthusiastic practitioners. I’ve seen the section grow and improve with the introduction of new programs and

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Incoming chair’s remarks

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members, and I’ve seen us work together as a section to better programs and events that needed it. Thus, rather than planning any significant changes for the section, my plan as chair is to continue on this path of growth and expansion.

Under Geoff White’s guidance, we saw the implementation of a speaker series that proved immediately and immensely successful and beneficial to the section and to members of the community and of the Pennsylvania Bar Association. My goal this year is to continue with the speaker series and continue to work with our membership to bring in informative and entertaining speakers. A challenge we’ve faced in many years past is coming up with a live networking event to unify the section and the community, and the speaker series could be a great place to begin, segueing the monthly calls into an annual panel-styled networking event. The series and a singular event would further this section’s ongoing mission of educating, unifying and encouraging increased awareness and participation.

We’ll continue to streamline programs, such as the newsletter and writing contests, to maximize efficiency and to make the most good, economic sense.

As chair, and the representative of the section’s membership, it is my personal goal to be as accessible and receptive as possible to all members’ ideas, comments and criticisms. While I will be taking over as chair, the members of this section are those who shape its past, present and future. To improve call participation, I plan on making all subcommittee members sing a song of my choosing if they have “nothing to report” during committee reports. That’s a joke to see if you’re paying attention, but in all seriousness, this section does depend on the input of its members. In my experience, we all have something valuable to offer the section, during each meeting. I look forward to working with all of our members to continue guiding the section forward.

Christiane Schuman Campbell is an associate at the law firm of Duane Morris in Philadelphia. She graduated from UNH School of Law (formerly Pierce Law) in 2005 with a master’s in intellectual property. Campbell represents individuals and companies in all aspects of global trademark prosecution, maintenance, enforcement and litigation. She has extensive experience in anti-counterfeiting and protecting companies’ names and trademarks from infringement on the Internet. She has worked with clients to develop and implement brand enforcement and anticounterfeiting programs, and has worked with U.S. Customs and Border Patrol to prevent the importation and distribution of counterfeit goods. Campbell can be reached at ccampbell@duanemorris.com.

Calling all writers:

Here’s how to contribute to the PBA Intellectual Property Law Section newsletter

All Intellectual Property Law Section members are invited to contribute to the section newsletter. Articles must be related to intellectual property, and are preferably between 500 and 1,500 words long. The section is always seeking articles and article ideas for the broad range of interests covered by our section. Please contact the editor, Joanne Lubart, at JLUBART@pa.gov with submissions or inquiries. To avoid duplication of topics, it is suggested that you submit your topic to the editor before writing your article. The PBA retains a copyright in all works published in the newsletter. PBA routinely grants permission for authors to republish their articles. All requests should be directed to Pamela Kance at the PBA at Pam.Kance@pabar.org or 800-932-0311, ext. 2243.

Save the Date!

Committee/Section Day is May 15, 2014, at the Hershey Lodge, Hershey, in conjunction with the PBA Annual Meeting.
Updating the Copyright Act

An Interview with William Roberts, Acting Associate Register of Copyrights and Director of Information & Education

By Kelly Horein

In March 2013, U.S. Copyright Office Register Maria Pallante called for Congress to conduct a “comprehensive review and revision of U.S. copyright law.” The last major revision to the basic 1909 Copyright Act occurred in 1976. At the annual Horace S. Manges Lecture at Columbia University and, later, in testimony before the U.S. House of Representatives Judiciary Committee Subcommittee on Courts, Intellectual Property and the Internet, Pallante encouraged members of Congress to address issues that require attention, such as public performance rights for sound recordings. Since the Copyright Office’s call for action, Rep. Bob Goodlatte, chairman of the House Judiciary Committee, has prompted the committee to hold a series of hearings for the purpose of reviewing the current law.

William Roberts is currently acting associate register of copyrights and director of information & education at the Copyright Office. Prior to becoming a senior member of Pallante’s staff, Roberts worked in the General Counsel’s Office for the Copyright Office and subsequently served as a judge on the Copyright Royalty Board for nearly eight years. Roberts left the Copyright Royalty Board when Pallante asked him to help lay the groundwork for Congress’ review and revision of the existing copyright law.

In his current position, Roberts is involved in all aspects of the ongoing review and reform efforts. The primary goal of the committee hearings is to educate and prepare the members of Congress, so that they can draft informed copyright legislation. Roberts will play an active role in the drafting process. In the interim, he assists in the preparation for the committee hearings by conducting research and gathering comments, in addition to providing the committee members with relevant background and supplemental materials.

The below transcript has been edited for length and clarity.

Q: Why is it important to review and revise U.S. statutory copyright law right now?

A: I think a lot of business models have evolved based on how copyrighted works are marketed and how they are consumed by the public. As always, it is the drive of technological devices and technological advancements that has spurred the development of the Copyright Act from its earliest days.

As we know, since 1976, the last general revision of the copyright law, there has been a lot of technological development and a lot of new ways in which works can be disseminated to the public. One only has to look on one’s desk or in one’s pocket at a phone to see that the Internet and like electronic devices are terrific resources for getting works to the public. However, they also present a lot of challenges and difficulties for copyright owners to earn a fair return on the works that they make available to the public, as well as to protect the use and integrity of those works.

Because of the development of these different models and the development of technology, it is certainly time to revisit the act and to see if it can be drafted in such a fashion that it can continue to foster technological development. I don’t think anybody wants to see that impeded, but, at the same time, we don’t want to see authors cast to the side and their works neglected or not fairly compensated.

I think it’s important to emphasize that this is not a general revision of the Copyright Act. In other words, there is no intention by the chairman [Goodlatte] or by Senator Leahy, who is the chairman of the Senate Judiciary Committee, to simply discard the provisions of Title 17 [of the U.S. Code, where the Copyright Act is codified] and start anew. I don’t see any impetus for doing that. Rather, it is a general review of the Copyright Act, giving different industries the opportunity to express their viewpoints about trouble spots in certain sections of the act and ideas about how the law should be written.

Q: What do you think is the best way to draft copyright legislation so that it is adaptable to new technologies?

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Updating the Copyright Act

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In an ideal world, it would be nice to always be able to revisit and revise the legislation. However, as we all know, getting anything passed through the United States Congress is a challenging proposition at times. I think, actually, if you look overall at the Copyright Act, it’s held up extremely well. It’s not a body of laws that is so grossly out of date that it is inoperable.

The law seems to do better when it is a statement of principles rather than when it is a statement about particular actions or particular forms of technology, because the latter is always going to be changing. In fact, Barbara Ringer, a former register of copyrights, famously said that the 1976 act was already out of date by the time it passed the House and the Senate. An act that is more of a statement of principles, rather than focused on how a particular technology works, is certainly preferable.

Q: What are the biggest issues Congress should address?

Certainly, music licensing is one: how music is consumed by the public, how to share it among the public. The post-Napster world has presented a number of challenges to the owners of sound recordings, meaning the record companies. For the song writers and music publishers themselves, how can they survive as creative authors when so many works are streamed from online services at very low royalty rates or no royalty rates at all? This presents a considerable challenge and something I think is going to be very much a focus of the general review process.

The Fair Use Doctrine has come to the forefront greatly in the last 15-20 years. I think there is a misperception amongst the general public as to what fair use is. People say, “I have a fair use right to use this” or “I have a fair use right to use that,” and that’s not what the Fair Use Doctrine was crafted to be. It doesn’t bestow a right on any one of us to use someone else’s work. Rather, if you choose to use somebody’s work, the doctrine determines what amount or portion you can use without having to obtain a license or the permission of the copyright owner. Fair use is always in constant focus in the press and in the courts. It’s going to be a focus, I think, of the review process.

Also, we have this notice and takedown system for the Internet service providers that was part of the Digital Millennium Copyright Act. If you thought your work was being infringed by appearing on somebody’s website, you could notify the online service provider, and the material would be removed. The notice and takedown system is certainly something that’s going to need to be looked at given the speed at which works can be posted, infringed and their market value essentially destroyed.

There are other issues from the Copyright Office perspective. We want to be a 21st-century Copyright Office, but we have suffered significant cuts in our budget and our staffing as a result of budget reductions, sequestration and furloughs. While we have online registration, we still, in some aspects, operate in a paper-based world with respect to other things, such as recordation of transfers and other documents that impact a copyright registration.

We face considerable IT issues here and the need to update our systems to make them more searchable, so that the Copyright Office’s website is a useful site if you want to track down whether and when a particular work was registered. Music streaming services also want to file a lot of notices to use the mechanical license, which governs the reproduction of sound recordings. We are in need of a substantial increase in resources to be a 21st-century Copyright Office and, unfortunately, right now with the cuts, it’s going in the wrong direction.

Q: Could you discuss the general timeline for the review and reform efforts?

There’s been talk about revising aspects of the copyright law for at least the last 10 years or so, but no specific initiatives to do so. We don’t usually have any mass, must-pass copyright legislation. The only exception to that is the statutory license that applies to satellite television to carry broadcast stations.

When the register, Maria Pallante, took office in 2011 and then gave the Manges lecture last year, there is no question she provided a real impetus to the process. I think we have an absolutely terrific register of copyrights in Pallante. She has injected a real enthusiasm not only in the Copyright Office and with copyright staff, but in the copyright industries as well.

Then, chairman Goodlatte appeared at a Copyright Symposium shortly after the register’s lecture and said that he was going to direct his offices to have a general review of the Copyright Act through a series of hearings. We had, I think, five hearings in 2013. This year, the hearings, which have already begun, focus on the scope of copyright protection, which is Sections 102 and 106 of the Copyright Act, on the famous Fair Use Doctrine, which, of course, is Section 107 of the Copyright Act, and on notice and take down provisions, Section 512 of the Act, which were first adopted under the Digital Millennium Copyright Act for online service providers. That’s really what has put things on the launching pad and why the process is taking off.

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Q: What do you think will be the duration of this entire process?

I have speculated with a number of attorneys who practice in this area about how long this is going to take. We’ve had estimates of everywhere from two years to four, to 10, to never. It’s really impossible to tell.

I do note it was announced last year that there will be a comprehensive review of the Communications Act, which is a major undertaking. [Rep. Greg Walden, chairman of the Subcommittee on Communications and Technology, one of the six panels under the House Energy and Commerce Committee] stated that this is going to be a many-year project for them because there will be lots of controversy over provisions and diverse points of view. There are also a number of copyright provisions that are dependent upon the communications laws, so I think how that process is moving in the Commerce Committee probably will have some impact on what is happening in the Judiciary Committee. It’s very likely to go in the other direction, too: What is being done in the Judiciary Committee may have an impact on the communication law reform.

Ultimately, this process will lead to the drafting stage. I can’t tell you exactly in what fashion that’s going to be done. Whether it’s going to be in packets of provisions relating to the overall law, or whether it’s going to be a comprehensive review bill, I don’t know. We are just going to have to wait and see how it plays out. Hopefully by the end of this year, most of the hearings will be over, and we will have a much better idea of what the next step is.

Q: How do the most recent Judiciary Committee hearings differ from those held last year?

Most of the hearings so far have all been educational for the members of the committee because a lot of the members do not have copyright law experience or, perhaps, don’t have copyright industries or user groups in their districts. So, I think, very smartly, Mr. Goodlatte has started off with these hearings on a preliminary basis as background to bring the committee up to speed and also to get a better idea of how the issues are crystallizing, fostering the opportunity for there to be industry-wide agreement.

That’s another purpose of these background hearings: to see if the opportunity exists for industry-wide agreement with respect to some provisions. It makes it easier to pass legislation if everybody’s in agreement because there usually will not be political repercussions for committee members. Of course, with some provisions, it’s not going to be possible because there will be too many sides to the argument. The hearings provide the members with a good opportunity to hear all these sides.

The hearings this year are certainly more specific. And, by definition, I guess that makes them more controversial. The topics for these hearings — one on the scope of protection, another on fair use and another on notice and takedown — are already more charged issues. There will be disparate views expressed. However, that’s part of the evolutionary process of these hearings: to get more down into the details of what really needs identifying and fixing and how you go about doing it.

Q: Do you think the public backlash a couple years ago over the Stop Online Piracy Act (SOPA) and the Protect IP Act (PIPA) will impact the committee members’ approach to this process?

What SOPA and PIPA reflected was that a review process today is going to be different than it was in, say, 1976. There are a lot more copyright-user industries involved, whereas years ago it was mostly the copyright-creator industries, like Hollywood and the music business. Now, you have major players on the user-side, or consumers of intellectual property and copyrighted works.

SOPA and PIPA did certainly underscore that the opposition can be marshaled with forceful effect from user communities and also from the technology community. Quite frankly, I don’t think any member would disagree with the general principles behind those two pieces of legislation, which is that we shouldn’t let Internet pirates continue to operate in the fashion that they have been. I couldn’t actually think of any type of copyright legislation that had gotten that much attention. When Jon Stewart is talking about the aim of SOPA and PIPA on “The Daily Show,” it’s far more in the national spotlight than copyright had ever been up to that point.

I think SOPA and PIPA have fostered the very careful and deliberate attitude that the Judiciary Committee is taking this time, so that there won’t suddenly be a piece of legislation put out there for people to fire at. It’s a much more inclusive process this time. I think that’s the big lesson of SOPA and PIPA.

Q: What do you believe is the biggest challenge in reviewing and revising the Copyright Act?

The industries, or stake-holders, traditionally are divided between owners and users. Of course, for the owner groups, you have the major producers of motion pictures and music.
In the past, the users were mostly viewed as the public, but now, as I indicated earlier, there are powerful interests on the user-side, including all those who stream music over the Internet, for example. Google, of course, is a major player with their digitization of books and other works and their efforts to assemble a “Google World.” However, all these folks bring considerable resources and influence to the table. And, ultimately, it will be they who probably decide a lot of the outcome of what is done with the act. In 1976, and leading up to that year, it was a working group of people who were devoted to improving the copyright laws, meaning improving the 1909 act. That was their goal, and that was how they worked. It was a very collective effort and yielded a great piece of legislation in ‘76. The world is just very different right now, and you are not going to have that kind of collective activity.

You know, there are some who still view the Copyright Act as so completely pro-owner that it is detrimental to the public and to the intellectual property record of the United States. Some of them are very loud in their objection. There are certainly excesses, probably, that can be identified on the owner-side, as well, asking for too much protection and too much restriction in the dissemination of works.

A good example of what can happen is Section 111 of the Copyright Act, which established a licensing system for cable television. In the 1970s, even cable subscribers were very limited in their number of programming options. Because nobody envisioned what a huge industry this was going to become, owners wanted to control the broadcast signals and really weren’t interested in licensing small cable television operators. Now, of course, we have hundreds of channels, which provide a great opportunity for authors and creators to create the programming occupying these channels. It turned out to be a win-win situation.

It’s up to the very smart people who are going to work on this to have some prescience as to what might happen in the future, so that they can create a law like Section 111. That provision certainly has its flaws, but it helped build a great television industry in the United States. If we can pull off more circumstances like that, where everyone benefits, then we will have accomplished a great task during the review process.

Thank you.

During the PBA IP Law Section’s monthly conference call on April 14, Roberts discussed the review and reform of U.S. copyright law during his presentation, “The Great New Copyright Act.”

Your PBA Listserv

What is a listserv?

A listserv is an electronic mailing list that allows subscribers to exchange information with each other simultaneously. Joining a listserv is like having a live conversation with a group, only all communication is by e-mail. When you subscribe to a listserv, you are able to e-mail all listserv members via just one e-mail address.

To subscribe to the listserv, complete the form on the PBA Web site (www.pabar.org). Once subscribed to the listserv you will get the following confirmation message: File sent due to actions of administrator traci.raho@pabar.org.

To unsubscribe, send a message to listserv@list.pabar.org with “unsubscribe ipsection” in the body.

To change your e-mail address, you must unsubscribe the old e-mail address using the old e-mail address and subscribe the new e-mail address using your new e-mail address. Sending an e-mail to the list will not change your e-mail address on the listserv.

To send a message to members of the listserv, address your e-mail to ipsection@list.pabar.org.

To reply only to the sender, hit “Reply,” and type your personal reply to the sender. This response will only go to the sender, not to the entire listserv membership. You can manually add other recipients outside of the sender or the membership.

To reply to the entire listserv membership, hit “Reply to All,” and type your response in the message body. This response will go to the sender and also to the entire listserv membership.

IMPORTANT: When you reply to the message, make sure that the listserv name is included either in the “to” or “cc” fields. If you see the listserv name with “bounce” included in the name, remove that address. The “bounce” address is a black hole. You may have to manually add the listserv address to one of the address fields in order for your reply to make it to the members of that list.

For customer service, contact Traci Raho, PBA Internet coordinator, 800-932-0311, ext. 2255.
Home and Abroad: The First-Sale Doctrine’s Application to Foreign-Made Goods Sold in the U.S.

By Michael Swoyer

ABSTRACT

The first-sale doctrine has long been a limitation on the exclusive rights granted to a copyright holder. Codified in Section 109(a) of the Copyright Act of 1976, the first-sale doctrine allows the initial purchaser of a copyrighted work to sell, rent, lease, destroy or otherwise dispose of the copyrighted work in any way he or she deems fit, notwithstanding the copyright holder’s exclusive right of distribution. While there is no longer any question as to the applicability of the first-sale doctrine to goods manufactured in the United States, a recent issue has arisen as to whether or not the doctrine also applies to goods first manufactured and purchased abroad, then subsequently imported and sold in the United States.

Resolving this issue requires an understanding of two separate elements. First, the intertwining relationship of the first-sale doctrine and two other provisions of the 1976 Copyright Act — namely, Sections 106(3) and 602(a)(1). Second, the ambiguous phrase “lawfully made under this title,” used in Section 109(a) of the 1976 Copyright Act. These elements have been exhaustively discussed and analyzed by the Third and Ninth Circuit Court of Appeals as well as the United States Supreme Court. However, none of these decisions has provided a binding answer to the question of whether goods first manufactured and sold abroad before being imported and sold in the United States are subject to the first-sale doctrine.

Most recently, the Second Circuit, in Wiley & Sons, Inc. v. Kirtsaeng, held that the first-sale doctrine does not apply to goods produced outside the United States. The court reasoned that the first-sale doctrine was overshadowed by the broad scope of Section 602(a)(1) and that the term “lawfully made under this title,” means that the first-sale doctrine applies only to goods that are manufactured where the Copyright Act is law. The Supreme Court accepted the petition for a writ of certiorari and recently heard oral arguments on the case.

After briefly examining the history of the first-sale doctrine and its relationship with Sections 106(3), and 602(a)(1), this Comment addresses the string of cases in both the Third and Ninth Circuit Courts that led to the decision in Wiley. Next, this Comment analyzes the Wiley decision in depth, concluding that the Ninth Circuit’s interpretation of the 1976 act is incorrect. Finally, this Comment encourages reversal of the decision, citing a number of substantial and burdensome effects affirmance of the holding will have on U.S. secondary markets, e-commerce and the American manufacturing economy.

I. Introduction

While the Copyright Act of 1976 provides every copyright holder a broad set of exclusive rights,1 these rights are not without exceptions. The first-sale doctrine limits a copyright holder’s exclusive right of distribution, allowing the initial buyer of the copyrighted work to resell, rent, lease or dispose of his particular copy at will.2 This longstanding exception has recently come into conflict with another provision of the Copyright Act, Section 602(a)(1), which makes illegal the unauthorized importation of foreign-made works.3 Taken together, these two provisions, raise the issue as to whether the first-sale doctrine applies to foreign manufactured goods that are subsequently purchased abroad and imported into the United States for resale or distribution.4 The Second Circuit recently addressed this exact issue in Wiley & Sons...
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v. Kirtsaeng, where the court held that the first-sale doctrine “does not apply to copies [of a work] manufactured outside the United States.”

The controversial decision in Wiley & Sons has been met with considerable support as well as substantial opposition. Due to the massive implications the Wiley & Sons ruling will have on businesses in the United States that facilitate reselling as well as other potential effects the decision may have, the Supreme Court accepted the petition for writ or certiorari and heard oral arguments on Oct. 29, 2012. The Supreme Court’s decision will resolve the conflict between the two provisions of the Copyright Act and in so doing, may have a substantial effect on the way many companies do business relating to the sale of gray market goods within the United States. Generally, gray market goods are those that are purchased abroad at a significant discount from U.S. prices, then imported and sold at U.S. discount retailers, who are able to undersell authorized U.S. dealers.

A number of large American companies, including Sam’s Club, Costco and BJ’s Wholesale Club, purchase gray market goods and offer them to customers at discounted prices, which provides customers with considerable savings. If Wiley & Sons is affirmed, these companies will effectively be committing copyright infringement. Furthermore, online resellers like eBay and Amazon, who currently have the legal right to sell copies of previously purchased items without seeking the permission of the original copyright holder, will be greatly hindered. Finally, American manufacturers will be given the incentive to move their factories abroad in order to take advantage of the extended copyright provided by the affirmand of Wiley & Sons.

This Comment will begin by providing a brief history of the first-sale doctrine as well as discussing the relevant provisions of the Copyright Act applicable to the issue at hand. Second, this Comment will examine a number of decisions with respect to the first-sale doctrine and its application to imported goods both manufactured abroad and in the United States. Third, this Comment will take an in-depth look at the controversial Wiley & Sons decision currently under review by the Supreme Court. Finally, this Comment will address how the possible affirmand of the Wiley & Sons decision by the Supreme Court will substantially affect businesses operating in the United States and the future repercussions the ruling may have on American manufacturing.

II. Background and Relevant Legal Provisions of Copyright Act

The United States Constitution provides that the purpose of copyright law is “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.” This clause exists not to “provide a special private benefit,” but “to stimulate artistic creativity for the general public good.” The doctrine of first sale helps to promote this purpose by creating a limitation to a copyright holder’s exclusive right of distribution once it has been sold, allowing the buyer to resell or distribute his purchased copy in any way he chooses. This section briefly discusses the history of the first-sale doctrine, as well as breaks down the three relevant provisions of the Copyright Act that come into play when addressing the application of the first-sale doctrine to imported foreign-made goods.

A. Origin of the First-Sale Doctrine

The first-sale doctrine originated in 1908, when the Supreme Court held in Bobbs-Miller v. Straus that “one who has sold a copyrighted article, without restriction, has parted with all right to control the sale of it.” In this landmark case, the defendants, Isidor and Nathan Straus, acting as partners of R.H. Macy & Company, purchased copies of a novel in which copyright privileges belonged to the plaintiff, the Bobbs-Merrill Company. Printed directly below the copyright notice in the novel was a provision that prohibited retailers from selling the novel at any price less than one dollar. Despite this provision, defendants sold the novel for eighty-nine cents. Bobbs-Merrill sued for infringement claiming the “sole right to vend” belonged to the copyright holder, who could withhold the right using proper notice. The court rejected this argument, reasoning that “[t]o add to the right of exclusive sale the authority to control all future retail sales … would give a right not included in the terms of the statute, and … extend its operation, by construction, beyond its meaning, when interpreted with a view ascertaining the legislative intent.”

One year after the Supreme Court’s decision in Bobbs-Miller, Congress codified the first-sale doctrine in the Copyright Act of 1909. This new provision specifically provided that: “nothing in this Act shall be deemed to forbid, prevent, or restrict the transfer of any copy of a copyrighted work the possession of which has been lawfully obtained.” The doctrine of first sale was recodified in 1947 and again in 1978, where its modern form currently exists in Section 109(a) of the 1976 Copyright Act. The doctrine of first sale...
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has long been elemental in preserving a justifiable balance between the interest of copyright holders and the general public, and while minor modifications have been made in the past due to the ever-growing advancements in technology, the doctrine remains significantly relevant to this day.30

B. Relevant Provisions: The Relationship Between §106(3), §109(a) and § 602(a)(1)

Whether or not the first-sale doctrine applies to foreign manufactured goods purchased abroad and subsequently sold in the United States revolves around three provisions of the 1976 Copyright Act and one very ambiguous phrase that has been left open to the interpretation of the courts.32 The first piece of the puzzle is Section 106(3) of the Copyright Act, which provides the exclusive distribution rights of a copyright holder.33 Section 106(3) reads, “[s]ubject to sections 107 through 122, the owner of copyright under this title has the exclusive rights . . . to distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.”34

As previously discussed, §109(a) is the codified version of the first-sale doctrine.35 Due to the fact that Section 106(3) is “subject to sections 107 through 122,” 109(a) places a limitation on the scope of a copyright holder’s exclusive right of distribution.36 It provides, “Notwithstanding the provisions of section 106(3), the owner of a particular copy . . . 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.”37 Taken together, “[106(3)] and [109(a)] rest on the principle that the copyright owner is entitled to realize no more and no less than the full value of each copy . . . upon its disposition.”38

The final provision that must be addressed is Section 602(a)(1), known as the importation clause, which makes it illegal to import goods that are purchased outside of the United States without the permission of the copyright holder.39 This section reads, “[i]mportation into the United States, without the authority of the owner of copyright under this title, of copies . . . of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies . . . under section 106, actionable under section 501.”40 This section ensures that a copyright holder will gain full value of each copy sold in United States by preventing unauthorized importation of copies sold abroad from being used as a way of getting around the copyright owner’s distribution rights in United States.41

While on their face Sections 109(a) and 602(a)(1) seem to clash, it was decided, after much litigation, that Section 602(a) is a subcategory of the exclusive rights listed in Section 106(3) subject to the same limitations.42 Therefore, “conduct that does not violate [Section] 106(3) cannot constitute infringement under [Section] 602(a)(1).”43 Furthermore, because conduct pursuant to Section 109(a) is not a violation of the distribution rights laid out in Section 106(3) it follows that conduct covered by 109(a) is not a violation of Section 602(a)(1).44 For example, the initial lawful sale of a Harry Potter novel,45 which enjoys copyright protection, triggers the first-sale doctrine of Section 109(a) and allows the buyer of the book to sell, lend, dispose or distribute it in any way set forth in 106(3). Because 602(a)(1) is just a subsection of those 106(3) rights, it follows that if the Harry Potter book were first sold overseas the buyer has the right to import it under the protection of the first-sale doctrine.

Ultimately, it is impossible to infringe on the rights set forth in 602(a)(1) without also infringing on the rights guaranteed by 106(3).46 Furthermore, Section 109(a) acts as a valid defense to claims of infringement under both, 106(3) and 602(a)(1).47 The three previously mentioned provisions of the Copyright Act play a crucial role in addressing the remaining issue of whether or not the importation and sale of goods, first made and purchased abroad, constitutes copyright infringement.48 After examining the relationship between each of them, it is reasonable to apply the first-sale doctrine to goods manufactured and sold abroad before being shipped to the United States for resale.

However, the key factor used by most courts in deciding the issue, including the Second Circuit Court in Wiley, has been the interpretation of the openly ambiguous phrase “lawfully made under this title,” used in Section 109(a).49 Only a “lawfully made” first sale is a defense to liability under either 106(3) or 602(a)(1).50 However, in using such vague language, Congress left it to the judiciary to interpret and determine the breadth of the provision’s application.51 As discussed below, the courts have struggled to define what “lawfully made under this title” means for the purpose of deciding when the first-sale doctrine applies.

III. The Third and Ninth Circuit Court Decisions that Led to Wiley: Conflict Between Sections 602(a)(1) and 109(a)

A. Third Circuit Decisions


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In 1984, the Third Circuit Court of Appeals affirmed one of the first cases to address the ambiguous language in 109(a), Columbia Broadcasting System, Inc. v. Scorpio.52 In this case, the plaintiff, Columbia Broadcasting System Inc. (CBS), had authorized a company in the Philippines to manufacture CBS-copyrighted works, which were to be sold exclusively in the Philippines.53 The defendant Scorpio, a Pennsylvania company, purchased and imported several thousand of the works in order to resell them in the United States.54 CBS subsequently sued Scorpio for violation of Section 602(a)(1) of the Copyright Act.55

The court rejected Scorpio’s defense based on Section 109(a) of the Copyright Act and found Scorpio liable, holding the Section 109(a) phrase “lawfully made under this title” to mean that the first-sale doctrine applies only “to the third party buyer of copies which have been legally manufactured and sold within the United States and not to purchasers of imports such as are involved here.”56 The court reasoned that applying the first-sale doctrine to works manufactured abroad would constitute an impermissible extraterritorial application of the statute and that “[c]onstruing § 109(a) as superseding the prohibition on importation set forth in the more recently enacted § 602 would render § 602 virtually meaningless.”57 Third party purchasers who import [works] could thereby circumvent the statute, in every instance, by simply buying the [works] indirectly.”58


Four years later, the Third Circuit was again forced to confront the intertwining relationship between Sections 109(a) and 602(a)(1) of the Copyright Act in Sebastian International Inc. v. Consumer Contacts (PTY) Ltd.59 Sebastian International Inc., a California corporation that manufactured hair-care products with copyrighted labels contracted with Consumer Contacts (PTY), a South Africa marketing company, to sell its products exclusively in South Africa.60 After receiving the hair products, Consumer Contacts shipped them back to the United States for resale.61 Sebastian International filed suit for violation of Section 602(a)(1) of the Copyright Act.62 Unlike in Scorpio, the court held that the first-sale doctrine does apply to goods first manufactured within the United States then sold abroad.63 The court reasoned that because Sebastian International Inc. chose to sell its products abroad and was paid for the sale, it had received a satisfactory reward in the form of compensation. Furthermore, nothing in the wording of Section 109(a), or the history of the Copyright Act entitled them to “a more adequate reward.”64 The court believed that this unlawful “more adequate reward” would occur if Sebastian International Inc. was to receive both the purchase price and the right to prohibit importation.65

B. Ninth Circuit Decisions

1. BMG Music v. Perez—Scenario: Works Manufactured and First Sold Abroad, Then Imported to U.S. for Resale

In 1991, the Ninth Circuit decided BMG Music v. Perez,66 a decision that triggered the beginning of a line of cases interpreting the relationship between 602(a)(1), and 109(a), eventually leading to the Supreme Court.67 In BMG Music the plaintiffs, BMG Music, CBS Inc. and A & M Records Inc., brought suit for copyright infringement against the defendant, Edmundo Perez, after he was found to have purchased the plaintiffs’ copyrighted sound recordings manufactured abroad, imported them to the United States and sold them in violation of the of 602(a)(1) of the Copyright Act.68 The court in deciphering the phrase, “lawfully made under this title,” decided that the first-sale doctrine applied only to “copies legally made and sold in the United States”69 and rejected Perez’s claim that his importation of the sound recordings was protected by the first-sale doctrine.70 Significantly, the court held, “[t]he first sale doctrine in 17 U.S.C. § 109(a) does not … provide a defense to infringement under 17 U.S.C. § 602 for goods manufactured abroad.”71

2. Parfums Givenchy, Inc. v. Drug Emporium—Scenario: Works Manufactured and First Sold Abroad, Then Imported to U.S. for Resale

The court in BMG Music overlooked one key consequence of their ruling: If the first-sale doctrine only applies to goods manufactured and sold inside the United States, then a company can easily avoid the first-sale doctrine by manufacturing all of its copyrightable goods outside the United States. The Ninth Circuit attempted to rectify this situation three years later in Parfums Givenchy, Inc. v. Drug Emporium.72 Parfums Givenchy was a case in which the plaintiffs produced and sold perfume packaged in copyrighted boxes in France, to third parties, who in turn imported the perfume to the United States and sold it to Drug Emporium.73 Drug Emporium subsequently sold the

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perfume for less than the price it was being sold for in the United States.74 Relying on the decision in BMG Music, the court denied first-sale protection to the purchaser, reasoning that the perfume was both manufactured and first sold abroad and therefore did not qualify for protection under Section 109(a).75

The court did, however, address the problem of companies simply avoiding the first-sale doctrine by manufacturing abroad by setting out the rule that any sale within the United States that is authorized by the copyright holder, regardless of where the product was manufactured, is subject to the first-sale doctrine.76

3. Quality King Distributors v. L’anza Research International: The Supreme Court Steps In—Scenario: Works Manufactured in U.S., First Sold abroad, Then Subsequently Imported to U.S. for Resale

The already convoluted relationship between Sections 602 and 109(a) became even more muddled when the Ninth Circuit directly contradicted the rule set out in the Third Circuit’s decision in Sebastian, forcing the Supreme Court to render an opinion and try to make sense of the conflict.

In Quality King Distributors v. L’anza Research International, L’anza, a California manufacturer, sold copyrighted hair products exclusively to authorized distributors on the condition that they sell within a limited geographic area.77 While L’anza sold its products to both domestic and foreign distributors, it spent substantially more money on advertising in the United States and charged substantially less for its products when selling to foreign distributors.78 After L’anza sold products to one of its authorized foreign distributors, Quality King Distributors purchased the products, imported them to the United States without the permission of L’anza, and resold them at discounted prices.79 L’anza filed suit against Quality King for copyright infringement upon its distribution right.80

The Ninth Circuit held Quality King liable for copyright infringement, ruling that L’anza had not been adequately awarded and that the first-sale doctrine did not apply to the goods even though they were manufactured in the United States.81

In reversing the ruling of the Ninth Circuit, the Supreme Court held that the first-sale doctrine applies to all products manufactured within the United States and that the copyright holder has no authority to control the distribution of a product after the first authorized sale, regardless of where that sale takes place.82 In making its decision, the court reasoned that Section 602 is merely a subsection of the exclusive distribution rights set out in Section 106(3) and is therefore subject to the limitations of Section 109(a).83 The court also, opposite the court in Scorpio, held that applying the first-sale doctrine to goods purchased lawfully abroad does not render Section 602 meaningless.84


While L’anza answered some questions about the application of the first-sale doctrine, Justice Ginsburg’s concurring opinion makes it clear that the holding in L’anza did not address the issue of whether Section 109(a) applied to works manufactured and first sold outside of the United States.85 In 2008, this issue would be addressed by the Ninth Circuit Court of Appeals in Omega v. Costco Wholesale.86

Omega S.A. manufactured watches abroad and sold them to authorized foreign distributors.87 Unidentified third parties eventually bought the watches and sold them to a New York company, which in turn sold the watches to Costco where they were sold to customers in California.88

The court held that the first-sale doctrine did not apply to goods manufactured and first sold abroad.89 In interpreting the ambiguous language of Section 109(a), the court stated that “copies covered by the phrase ‘lawfully made under [this title]’ in § 109(a) are not simply those which are lawfully made by the owner of a U.S. copyright. Something more is required. To us, that ‘something’ is the making of the copies within the United States, where the Copyright Act applies.”90

The court in Omega S.A. based its decision on a number of different reasons that it believed kept its holding in line with the Supreme Court decision set out in L’anza. First, the court distinguished the case from L’anza, on its facts because, unlike this case, L’anza dealt with products that had been originally produced domestically before being sold overseas and then imported again.91 Second, the court relied on the rationale used by the court in BMG Music: the application of the first sale to foreign-made goods would be an impermissible extraterritorial extension of the Copyright Act.92 The court also relied on an illustration given, in dicta by the Supreme Court in L’anza, as well as Justice Ginsburg’s concurring opinion.93

The Supreme Court affirmed without opinion the decision set forth by the Ninth Circuit in Omega S.A.94 However, because Justice Kagan had previously worked on the case as the United States solicitor general, she was recused and the eight remaining judges failed to render a majority decision.95 Therefore, the affirmance was merely dicta and not binding.
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on all jurisdictions.

IV. Wiley & Sons, Inc. v. Kirtsaeng: The Application of Section 109(a) to Works Manufactured and First Sold Abroad

A. The Wiley Decision: District Court—The First-Sale Doctrine Does Not Apply to Works Manufactured and First Sold Abroad, Then Imported to U.S. for Resale

The plaintiff in this case, John Wiley & Sons Inc. (“Wiley”), is a U.S.-based manufacturer of textbooks, who in order to publish those textbooks, obtains assignments of copyrights from the authors of both U.S.- and foreign-made works. Wiley assigned the rights to reprint and publish English-language foreign editions of its textbooks in certain Asian territories to one of its subsidiary companies in Asia (“Wiley Asia”) but retained all if its U.S. copyright protection and publishing rights. The quality of the U.S. edition textbooks is generally of a higher quality as well as sold at a higher price than the foreign edition textbooks. Furthermore, on the back cover of each of the foreign-made editions is a notice making the “exportation from or importation of [the] book to another region without the Publisher’s authorization … illegal.”

The defendant in this case, Supap Kirtsaeng, moved from Thailand to the United States in 1997 in pursuit of a college education. He obtained his undergraduate degree in mathematics from Cornell University and subsequently earned his Ph.D. from the University of South Carolina. In order to finance his education, as well as other expenses, Kirtsaeng prompted friends and family to purchase foreign textbooks printed abroad by Wiley Asia and to ship them to him in the United States. After receiving the textbooks, Kirtsaeng proceeded to sell them on a number of commercial websites, including eBay, and after reimbursing his family and friends for their purchases, retained the profits to help pay his tuition expenses. In 2008, Wiley sought statutory damages for, *inter alia*, copyright infringement, claiming that Kirtsaeng had earned revenue of $37,000 through the unauthorized importation and sales of at least eight Wiley copyrighted textbooks.

In reviewing the suit, the United States District Court for the Southern District of New York began by rejecting Kirtsaeng’s pre-trial request for jury instructions charging that the first-sale doctrine was a defense to copyright infringement, reasoning that the doctrine did not apply to foreign-made goods and that because the textbooks were manufactured abroad, they were not within the scope of the Copyright Act. The court, in recognizing the conflict between the first-sale doctrine, codified in Section 109(a), and the import restriction, codified in Section 602(a)(1) of the Copyright Act, announced the precise issue of the case to be whether Section 602 applies to copies of works that were manufactured and first sold abroad.

The court decided that the key to answering this question lay in the now infamous 109(a) phrase, “lawfully made under this title.” First, the court looked at the plain meaning of the statutory language, finding two possible interpretations of the phrase: (1) the goods must be made in a manner proscribed by the statute, or (2) the goods must be made within the United States. In trying to choose between the two, the court examined the statutory context, legislative history of the conflicting provisions and public policy concerns. When these methods proved to be inconclusive, the court turned to the dicta announced in *Quality King*. Persuaded by the dicta, the court determined that “lawfully made under this title” limits the application of the first-sale doctrine to works manufactured within the borders of the United States but was hesitant to create a bright-line rule. The court’s refusal to extend the scope of Section 109(a) to goods manufactured abroad left Kirtsaeng liable for copyright infringement in the form of $700,000 in statutory damages. Kirtsaeng appealed the decision to the Second Circuit.

B. The Wiley Decision: Second Circuit Majority — The First-Sale Doctrine Does Not Apply to Works Manufactured and First Sold Abroad, Then Imported to U.S. for Resale

On appeal, the Second Circuit affirmed the decision of the district court, and opposite the court below, showed no hesitation in creating a bright-line rule that the first-sale doctrine does not apply to goods produced outside the United States. The question of whether the first-sale doctrine could be used as a defense to goods manufactured abroad was one of first impression in the Second Circuit. Because it posed a question of strict statutory interpretation, it was reviewed de novo. Judge Cabranes, writing for a divided panel, began by establishing that there was no precedent holding governing the issue, noting that although the Supreme Court had the opportunity to create a binding rule, its 4-4 split in *Omega S.A v. Costco Wholesale Corp.* resulted only in dicta.

The Second Circuit began its own analysis by looking at the plain text of the phrase “lawfully made under this title,” specifically focusing on the words “made” and “under.”
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The court also examined the position of the phrase “lawfully made under this title” in other provisions of Title 17. However, these methods did not prove dispositive. As the court wrote, “[t]he relevant text is simply unclear. ‘[L]awfully made under this title’ could plausibly be interpreted to mean any number of things, including: (1) ‘manufactured in the United States’, (2) ‘any work made that is subject to protection under this title,’ or (3) ‘lawfully made under this title had this title been applicable.’”

Next the court turned to a structural analysis of the competing Copyright Act provisions by conducting a balancing test to determine which provision took precedent over the other. The court reasoned that if the first-sale doctrine only applied to domestically manufactured goods, copyright holders would have other exceptions provided by the Copyright Act “to control the circumstances in which copies manufactured abroad could be legally imported into the United States.” Conversely, if the first-sale doctrine were to apply to goods manufactured abroad, then Section 602(a)(1) “would have no force in the vast majority of cases.” The court, not wanting to drastically reduce the applicable scope of 602(a)(1), held, “while perhaps a close call” Section 109(a) applies only to copies of works manufactured in the United States. Furthermore, the court rejected the Ninth Circuit’s rule that any sale within the United States that is authorized by the copyright holder, regardless of where the product was manufactured, is subject to the first-sale doctrine.

Finally, the court justified its interpretation of the interplay between 109(a) and 602(a), by stating that it comported with certain dicta used by the Supreme Court in Quality King. The Ninth Circuit Court read the Supreme Court’s opinion as interpreting the importation provision of Section 602(a) as having a broader scope than 109(a), therefore giving it precedent over the first-sale doctrine. Based on these principles, the court concluded that Kirtsaeng could not invoke the first-sale doctrine as a defense because “the phrase ‘lawfully made under this Title’ in § 109(a) refers specifically and exclusively to copies that are made in territories in which the Copyright Act is law, and not to foreign-manufactured works.”

C. The Wiley Decision: Dissent—First-Sale Doctrine Applies Regardless of the Place of Manufacture

Judge Murtha, the third member of the Second Circuit panel, dissented, reading the Copyright Act as a whole to support the application of the first-sale doctrine to both goods manufactured domestically and abroad. His dissent supported this proposition in number of different ways. First, Murtha noted the split between the courts over the meaning of the phrase “lawfully under this title” and argued that the phrase stood for the proposition that “regardless of place of manufacture,” a copy must be authorized under U.S. copyright law. To support this argument, he referred to Congress’ use of “the phrase ‘under this title’ in multiple sections of the Act to describe the scope of rights created by the Act.” Secondly, Murtha turned to common law for support, reasoning that “common law policy against restraints on trade and alienation is not limited by the place of manufacture.” Thirdly, he relied upon justifications for support, reiterating the concerns laid out in the district court. Finally, Murtha attacked the majority’s heavy reliance on the Quality King Dicta stating that because the dicta makes no reference to the origin of manufacture it “does not speak directly to the issue of applicability of the doctrine to foreign-made copies.”

V. Evaluation: How the Affirmance of Wiley Would Affect American Consumers, Re-Sale Businesses, and Manufacturing

If the Supreme Court affirms the holding set out in Wiley, copyright holders will benefit at the expense of American consumers, online resellers, American re-sale businesses and manufacturers, as well as a number of other establishments including: bookstores, thrift-shops, libraries and even charitable organizations. If the Wiley rule became binding nationwide, the effects would be catastrophic in regard to re-sale businesses across the United States and have massive repercussions on the American manufacturing economy. This section addresses both the pros and cons of the rule and concludes that the detriment of affirming the rule greatly outweighs its possible benefits.

A. Unfair Benefits to the U.S. Copyright Holder

If the Supreme Court decides that the first-sale doctrine does not apply to works manufactured abroad, then a U.S. copyright holder of a work made outside the United States will have an unjustly broadened copyright that would allow the holder to control the downstream distribution of foreign-made works for the extension of the copyright. This concern was addressed in the dissent of Wiley & Sons, where Judge Murtha wrote that giving “copyright holders ‘unlimited power’ to regulate and direct all transactions regarding copies of their products would create high transaction costs and lead to uncertainty in...
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the secondary market.” In lieu of being fairly rewarded once for his contribution to society, as was the intent of Congress, the copyright owner will be rewarded for the first sale as well as all subsequent distribution of the foreign produced work lasting up until the expiration or assignment of that copyright by the owner.

Furthermore, if affirmed, the decision will allow copyright holders across the country to prohibit secondary sales of their works and participate in price discrimination. They will be able to charge higher prices for goods sold in the United States than those sold abroad, without fear that the gray market will offer discounted prices that could hurt the copyright holder’s domestic sales revenue. The parties in support of the decision set out in *Wiley* see copyright law as a type of “regulatory tool of intentional price discrimination”; however, this type of regulation is ill-suited for copyright law and better accommodated by the common law claims of breach of contract and tortious interference.

**B. Benefits for Retailers, Publishers, American Manufacturing**

Although greatly outweighed by the disadvantages, there are some advantages for retailers, publishers and American manufacturers that will result from the affirmance of the rule set out in *Wiley*. First, the rule will put an end to gray market goods, which due to their lower price tags effectively undercut the sales of many authorized American retailers and publishers. Second, the *Wiley* rule, by removing gray market goods, purports to put an end to the estimated $63 billion dollars in sales that American manufacturers lose to gray market goods every year. Third, because many gray market goods are of lower quality than those created for sale in the United States, many retailers and publishers argue that they negatively affect brand image.

The affirmance of the *Wiley* rule would effectively put an end to this argument by prohibiting the importation of such goods. Unfortunately, these benefits pale in comparison to the adverse effects affirmance of the rule would have.

**C. Unjust Costs to the U.S. Consumers**

Consumers in the United States will be negatively affected in a variety of different ways if the Supreme Court affirms the decision set out by the Second Circuit in *Wiley*. Currently, consumers in the United States benefit from being able to purchase low-cost goods provided by the gray market at a number of different retailers. This, in turn, puts pressure on other retailers in the United States to lower their prices to be able to compete, also benefitting the consumers. However, if the first-sale doctrine is held not applicable to goods manufactured abroad, then retailers such as Sam’s Club, Costco and Wal-Mart will be unwilling to purchase goods in the “gray market” out of fear of being found liable for copyright infringement, thereby minimizing the availability of low-cost gray market goods to the American consumer and decreasing sales in the United States.

Moreover, if affirmed, consumers’ right to the full use and enjoyment of their own personal property will be minimized. Consumers not only purchase goods, but lend them out, gift them to others and sell them online, at yard/garage sales and flea markets. These works include almost anything imaginable, including: books, electronics, artwork, clothing, furniture, CDs, DVDs and automobiles. The new law would make the unrealistic demand that each and every consumer be aware of the origin of the goods so that they know when the first-sale doctrine applies, making determination practically impossible regarding whether one has the right to redistribute one’s own copy.

To start, the author would have to find out whether or not the work was manufactured outside the United States and, if so, would have to negotiate with the copyright owner for a license every time he or she wished to dispose of the work or otherwise risk being found liable for infringement. Furthermore, because an innocent lack of knowledge is not a defense to a claim of copyright infringement, many consumers would be unwilling to buy or sell any goods whose origin is unknown. Also, the burden of proving that the work was lawfully purchased lies firmly on the consumer in an infringement suit, making consumer purchases and sales even less likely, restraining further the free alienability of goods.

**D. Costs to American Re-Sale Businesses and American Manufacturers**

Interpreting the first-sale doctrine as inapplicable to works manufactured abroad would have severely detrimental and diminishing effects on a substantial number and variety of businesses across the United States. This Comment focuses on three: (1) American retailers, (2) online sellers, and most importantly (3) American manufacturers.

1. American retailers

As briefly discussed in the introduction of this Comment, the effect the *Wiley* rule would have on American retailers
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would be substantial. Retailers are responsible for generating billions of dollars of annual revenue. Large retailers, such as Costco, BJ’s and Wal-Mart, sell a variety of gray market products, offering American consumers substantially reduced prices, which in turn saves them money in an economy where many Americans are struggling to make ends meet. If the Supreme Court finds the first-sale doctrine inapplicable to good manufactured abroad, retailers will be forced to raise their prices. By doing so, many retailers will lose their greatest advantage over competing businesses, thereby substantially decreasing profits and resulting in an unnecessary rise in unemployment.

In rejecting the rule set out by the Ninth Circuit, the Second Circuit Court extended a copyright holder’s control of distribution even to sales that take place after an authorized sale in the United States; those consented to by the copyright holder. If Wiley is affirmed, retailers, who do not hold copyrights on the works they manufacture, will be effectively prohibited from selling gray market goods. Retailers would be assigned the unrealistic task of obtaining a costly license from each copyright holder of every foreign-made work they plan to sell, even if the copyright holder directly supplies the U.S. market.

Due to the fact that gray market retailers do not buy directly from the manufacturer or distributor, it is seemingly impossible to identify the previous transactions of each alleged copyrighted work to determine its legality. In reality, this rule will force retailers to buy less or stop buying gray market goods completely. Even if the copyright holder is identified, the Wiley rule would allow for the copyright holder to pick and choose which retailers will be awarded a license, allowing the holder to prohibit a disfavored retailer from selling a work for the entire term of the copyright without explanation. Significantly, unlike in the past, the new rule will prevent disfavored retailers from purchasing the goods from favored retailers because the copyright holder would not approve of the sale, leaving the disfavored retailer with no options.

2. Online sellers (E-Commerce)

Making the doctrine of first sale inapplicable to works manufactured abroad would have catastrophic effects on online resale websites like Amazon, eBay, Craigslist and Overstock.com. Online shopping, a subcategory of e-commerce, offers a wide range of benefits to shoppers and has become invaluable to the U.S. economy. E-commerce sales increased from $2 billion in U.S. revenue in 2002 to $256 billion in 2011. “The largest share of online revenues was generated by retail shopping websites … which earned 162 billion U.S. dollars in 2011. A 2011 e-commerce market forecast predicted that online retail revenues alone would reach 269 billion U.S. dollars by 2015. Simultaneously, the number of online shoppers in the U.S. is expected to grow from 137 million in 2010 to 175 million in 2016.”

Because the majority of items offered by numerous online sellers are secondary market goods, the affirmation of Wiley would substantially injure the profitability of the websites and, in all likelihood, force many of them to shut down. Potential buyers would refrain from purchasing goods due to fear of copyright infringement and potential sellers would decline to offer their goods for the same reason. Any person who wanted to sell his or her legally purchased items on one of the websites would have to first obtain permission from the copyright holder. If not, a copyright holder could simply search the websites to find his or her copyrighted goods and send notice to the site host for each infringing copy, who would then be forced to take them down or risk a claim of copyright infringement. By affirming Wiley and effectively shutting down these sites, the Supreme Court would be destroying a substantial source of American revenue, thereby injuring the economy and contributing to unemployment.

3. American manufacturers

American manufacturing underlies the country’s ability to compete, innovate and develop jobs for a struggling U.S. economy. While American factories have been an invaluable source of employment since the recession of 2009, the industry has been in decline for decades and continues to shrink. “Over the past 12 years, U.S. manufacturers have cut 31 percent of their workforce, or nearly 6 million workers. Their contribution to gross domestic product fell to 12.2 percent in 2011 from 22.7 percent in 1970.”

The greatest consequence of the Wiley rule would be the substantial incentive it would provide for companies currently manufacturing in America to outsource to foreign manufacturers or move abroad in order to avoid the application of the first-sale doctrine and obtain extended control over all secondary markets for their works. To enjoy the benefit of the rule, a company would only have to move manufacturing outside the United States and affix a printed copyright label to the work or place the work in a copyrighted box. American companies are already outsourcing manufacturing, and this rule would undoubtedly give them another substantial financial reason to do so, raising further unemployment in the United States.

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counsel for Kirtsaeng stated in his brief to the Supreme Court, “[a]ny producer who sends jobs overseas will be rewarded with the manufacturer’s Holy Grail: the power to lock up, extract exorbitant rents from, or discriminate in any secondary market, from multibillion dollar retailers of new products … to large dealers in used … to flea markets and garage sales and their modern-day online analogs.”182

VI. Conclusion

The first-sale doctrine has long been an exception to a copyright holder’s exclusive rights that has helped to promote free trade and public distribution. Making the first-sale doctrine inapplicable to goods manufactured abroad would unjustly award a copyright holder extensive control over distribution resulting in the stifling of secondary markets, e-commerce and U.S. manufacturing.183 It would present an unrealistic challenge to American consumers as well as cause unemployment and substantial injury to a slowly recovering American economy.184

While writing this Comment, the Supreme Court heard oral arguments for the Wiley & Sons case, and based on the transcript, seemed very critical of the reasoning put forth by Wiley’s attorney and concerned with the effects affirmance of the rule may have.185 For all of these reasons, the decision of the Ninth Circuit Court of Appeals set forth in Wiley should be reversed.

2 17 U.S.C §109(a) (2006) (“Notwithstanding the provisions of section 106(3) [giving a copyright holder the exclusive right to distribute copies], 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”).
3 17 U.S.C. § 602(a)(1) (“Importation into the United States, without the authority of the owner of copyright under this title, of copies … of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies … under section 106, actionable under section 501.”).
4 See infra Part I.
8 Doris R. Perl, The Use of Copyright Law to Block the Importation of Gray-Market Goods: The Black and White of It All, 23 Loy. L.A. L. Rev. 645, 646 (1990) (Defining Gray-market goods, or “parallel imports,” as “genuine products possessing a brand name protected by a trademark or copyright … [which] are typically sold, or licensed to be sold, by domestic suppliers under sales contracts or licensing agreements restricting their resale to a specific geographic market, usually overseas. Instead, however, these goods are imported back into the United States for resale, generally against the wishes of domestic suppliers.”).
9 Id.
12 See infra Part II.
13 See infra Part III.
14 See infra Part IV.
15 See infra Part IV.
18 Twentieth Century Music Corp. v. Aiken, 422 U. S. 151, 156 (1975).
19 Sony Corp. Of America, 464 U.S. at 429.
21 Id. at 341.
22 Id.
23 Bobbs-Merrill Co. at 342.
24 See Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124 (providing copyright owners the exclusive right to publish and vend copies of their creations).
25 Id. at 342.
26 Id. at 351. While the court based its reasoning on statutory interpretation, the first sale doctrine has since been justified by public policy concerns in regard to restraints of trade and alienation of property. See H.R.Rep. No. 987, 98th Cong., 2d Sess. 2, reprinted in 1984 U.S. Code Cong. & Admin.News 2898, 2899 (“the first sale doctrine has its roots in the English common law rule against restraints on alienation of property.”).
27 See 17 U.S.C. § 27 (1909 Act). The first sale doctrine has also been justified based on economic reasoning. See Burke & Van Heusen, Inc. v. Arrow Drug, Inc., 233 F.Supp. 881, 884 (E.D.Pa.1964) (stating that “the ultimate question under the ‘first sale’ doctrine is whether or not there has been such a disposition of the copyrighted article that it may fairly be said that the copyright proprietor has received his reward for its use”).

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Brian W. Carver, Why License Agreements Do Not Control Copy Ownership: First Sales and Essential Copies, 25 Berkeley Tech. L.J. 1887, 1889 (Stating that “exhaustion principles such as the first sale doctrine embodied in § 109 have promoted access to knowledge, preservation of culture, and resistance to censorship.”)

In addition, these principles have provided the basis for secondary markets that have increased beneficial competition, have served to curtail inefficient and unfair price discrimination, and have long served to decrease the information cost of ascertaining restrictions on tangible goods”).

See John Wiley & Sons 654 F.3d at 220 (The court in addressing the phrase, “lawfully made under this title,” wrote, “Confronted with an utterly ambiguous text, we think it best to adopt an interpretation of § 109(a) that best comports with both § 602(a)(1) and the Supreme Court’s opinion in Quality King.”).


15 Id.

14 Id.

13 Id.

12 Id.

11 Id.

10 Id.

9 Id.


9 Id. §602(a)(1) (2006).


2 Quality King Distribs., Inc. v. L’anza Research Int’l, Inc., 523 U.S. 135, 144 (1998). But see Sebastian Int’l, Inc. v. Consumer Contacts (PTY), Ltd., 847 F.2d 1093 (3d Cir. 1988) (stating that, “[t]he interrelationship between sections 602(a) and 109(a) may be interpreted in two possible ways, although neither is conclusively supported by the statutory language or legislative history. The first, and most sweeping, construction declares that in addition to the distribution rights conferred by section 106(3), section 602(a) grants copyright owners yet another distinct right—one that frees them from the first sale right of section 109(a), which otherwise limits section 106(3), and allows them to prevent the unauthorized importation of copyrighted copies. ... The second interpretation reconcile[s] sections 106(3) and 602(a) by reasoning that the importation prohibition does not enlarge the distribution rights, but serves only as a specific example of those rights subject still to the first sale limitation. This analysis poses a problem in the case of unauthorized imports of copies made abroad pursuant to a license restricting sales to a particular country. Although the domestic copyright holder undoubtedly would prefer to block such importation, the statutory language does not expressly authorize such control.”).

43 Omega S.A. v. Costco Wholesale Corp., 541 F.3d 982, 983 (9th Cir. 2008), aff’d by an equally divided court, 131 S. Ct. 565 (2010).

44 Id.

45 Harry Potter’s author has been enforcing copyright infringement suits since the books became popular. See http://www. legallanguage.com/legal-articles/harry-potter-copyright/.

46 Id.

47 See, e.g., Omega S.A. 541 F.3d 982, 990 (ruling that 109(a) is a defense to goods manufactured in the U.S., sold abroad for distribution, and subsequently imported back without the authorization of the copyright holder).

48 See Joseph K. Grant, The Graying of the American Manufacturing Economy: Gray Markets, Parallel Importation, and a Tort Law Approach, 88 Or. L. Rev. 1139, 1172 (2009) (stating that, “In effect, Congress planted a minefield. Contradiction is ripe in sections 109 and 602. On one hand, section 109(a) appears to give possessors of a copyrighted work the right to sell or dispose of the work. On the other hand with respect to international acquisition, the possessor of the copyrighted work must have the authority of the copyright owner to distribute the work.”).


50 Id. See also Parfums Givenchy, Inc., 38 F.3d 477 at 480 (stating that, “a sale of a ‘lawfully made’ copy terminates the copyright holder’s authority to interfere with subsequent sales or distribution of that particular copy.”).

51 See, e.g., Columbia Broad. Sys., Inc. v. Scorpio Music Distribs., Inc., 569 F. Supp. 47 (E.D. Pa. 1983) (holding the language of109(a) to mean that it “grants first sale protection to the third party buyer of copies which have been legally manufactured and sold within the United States.”), aff’d, 738 F.2d 424 (3d Cir. 1984).

52 Id. at 47.

53 Id.

54 Id.

55 Scorpio Music Distribs., 569 F. Supp. at 47. See also 17 U.S.C. § 602(a)(1).

56 Id. at 49. The court further held, “[t]he protection afforded by the United States Code does not extend beyond the borders of this country unless the Code expressly states. Absent a clearly expressed legislative intent to the contrary, statutory language must be recognized as conclusive.” Id.


58 Scorpio Music Distribs., 569 F. Supp. at 49.


60 Id. at 1094.

61 Id.

62 Id. at 1094-95.

63 Sebastian Int’l, Inc., 847 F.2d 1093 at 1099.

64 Id.

65 Id.

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66 BMG Music v. Perez, 952 F.2d 318 (9th Cir. 1991).
68 BMG Music, 952 F.2d 318 at 319.
69 Id.
70 Id.
71 Id.
72 Parfums Givenchy, 38 F.3d 477.
73 Id. at 479.
74 Id.
75 Id. at 481-82.
76 Parfums Givenchy, 38 F.3d 477 at 481 (stating in dicta “that the importation right survives as to a particular copy unless and until there has been a ‘first sale’ in the United States”). Although the new rule set out in Parfums Givenchy was merely dicta, it became binding when it was adopted as the holding in Denbicare v. Toys “R” Us. See Denbicare U.S.A., Inc. v. Toys “R” Us, Inc., 84 F.3d 1143 (9th Cir. 1996) (holding that “§109 applies to copies made abroad only if the copies have been sold in the United States by the copyright owner or with its authority.”).
77 See L’anza Research Int’l, Inc. v. Quality King Distribs., Inc., 98 F.3d 1109, 1114 (9th Cir. 1996), rev’d, 523 U.S. 135 (1998) (“We decline to adopt the approach taken by the Third Circuit in Sebastian.”).
78 L’anza Research Int’l, 523 U.S. at 138.
79 Id. at 139.
80 Id.
81 L’anza Research Int’l, 98 F.3d at 1117.
82 L’anza Research Int’l, 523 U.S. at 152.
83 Id. at 145 (“Read literally, § 109(a) unambiguously states that such an owner ‘is entitled, without the authority of the copyright owner, to sell’ that item.”).
84 Id. at 146-147 (“First, even if § 602(a) applied only to piratical copies, it at least would provide a private remedy against the importer, whereas § 602(b)’s enforcement is vested in the Customs Service. Second, because § 109(a)’s protection is available only to the “owner” of a lawfully made copy, the first sale doctrine would not provide a defense to a § 602(a) action against a nonowner such as a bailee. Third, § 602(a) applies to a category of copies that are neither piratical nor ‘lawfully made under this title’: those that are ‘lawfully made under another country’s law.’”).
85 L’anza Research Int’l, 523 U.S. at 154 (Ginsburg, J., concurring) (“I join the Court’s opinion recognizing that we do not today resolve cases in which the allegedly infringing imports were manufactured abroad.”).
87 Id. at 983-84.
88 Id. at 984.
89 Id. at 988.
90 Omega S.A, 541 F.3d 982 at 988.
91 L’anza Research Int’l, 523 U.S. at 152 (holding that first sale doctrine applies to all products manufactured within the United States, and that the copyright holder has no authority to control the distribution of a product after the first authorized sale, regardless of where that sale takes place).
92 Id. at 988 (“To characterize the making of copies overseas as “lawful[ ] ... under [Title 17]” would be to ascribe legality under the Copyright Act to conduct that occurs entirely outside the United States, notwithstanding the absence of a clear expression of congressional intent in favor of extraterritoriality.”).
93 Id. at 989. The illustration set forth in Quality King read:
   Even in the absence of a market allocation agreement between, for example, a publisher of the United States edition and a publisher of the British edition of the same work, each such publisher could make lawful copies. If the author of the work gave the exclusive United States distribution rights--enforceable under the Act--to the publisher of the United States edition and the exclusive British distribution rights to the publisher of the British edition, however, presumably only those made by the publisher of the United States edition would be “lawfully made under this title” within the meaning of § 109(a). The first sale doctrine would not provide the publisher of the British edition who decided to sell in the American market with a defense to an action under § 602(a) (or, for that matter, to an action under § 106(3), if there was a distribution of the copies).
96 Id.
98 Wiley, WL 3364037, at *2 (Wiley Asia was given permission to sell exclusively in India, Bangladesh, Indonesia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, and Vietnam).
99 Id. at 1. (“[T]hough meant to be generally comparable in quality and appearance to the U.S. editions, [the foreign-made editions] nonetheless materially differ from the United States editions ... [with] thinner paper and different bindings, different cover and jacket designs, fewer internal ink colors, if any, lower quality photographs and graphics, and generally lower prices ... and often lack academic supplements.”).
100 Id. at 1. The exact notice read: “This book ... may not be exported. Exportation from or importation of this book to another region without the Publisher’s authorization is illegal and is a violation of the Publisher’s rights. The Publisher may take legal action to enforce its rights. The Publisher may recover damages and costs, including but not limited to lost profits and attorney’s fees, in the event legal action is required.” Id.
101 Wiley, WL 3364037, at *2.
103 Brief for Petitioner, supra note 101, at 2.
104 Id. It is also should be noted that Kirtsaeng made an attempt to check the legality of his actions of by consulting friends as well as advice from a “Google Answers Researcher.” Wiley; WL 3364037,
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at *2.

104 Id. (“Wiley commenced this suit against Kirtsaeng claiming copyright infringement, under 17 U.S.C. § 501, as well as trademark infringement and New York state claims for unfair competition”).

105 Id. See also Brief for Petitioner, supra note 101, at 7 (stating that only eight works copyrighted by Wiley & Sons Inc. were proven to be purchased and sent to Kirtsaeng by his family).

106 Wiley, 654 F.3d, at 214. Kirtsaeng was able to block Wiley from introducing evidence that he earned $1.2 million in revenue through the use of “Paypal” in an attempt to impeach Kirtsaeng’s earlier testimony that he had only earned $900,000 in total revenue. Id. at 214-15.


109 Wiley, WL 3364037, at *6 (“The phrase ‘lawfully made under this title’ can still be read either of two ways: (1) the goods must be made in a way that is consistent with the authorization called for in the Act, in which case the goods may be manufactured either domestically or internationally, or (2) the goods must be made within the control of U.S. law, that is, domestically only.”).

110 Id. at 6-8.

111 See Quality King, 523 U.S. 135. It is important to remember that unlike Wiley, the goods at issue in Quality King were manufactured in the United States. Id.

112 Wiley, WL 3364037, at *9 (“[T]he Supreme Court’s unambiguous language, though dicta, is sufficient to resolve the uncertainties in interpreting the Act. Although this is perhaps an imperfect solution, given the valid concerns raised in both readings of sections 109 and 602, the court nonetheless will not extend section 109(a) to cover foreign-manufactured goods.”).

113 Id. at 12 n.25. (“Despite the reasoning in Quality King, the court is concerned about the institution of a bright-line rule here, if such a rule is taken to its logical conclusion. Should ‘lawfully made under this title’ apply only to domestically-manufactured goods, this results in the phenomenon that, once imported, the goods manufactured abroad could provide the U.S. copyright holder with never-ending section 106(3) ‘exclusive distribution’ protection against any subsequent sale, no matter how legitimate.”).


116 Id. at 216, 222.

117 Id. at 212, 216.

118 Wiley, 654 F.3d 210, at 218.

119 Id. at 219 (“[W]e focus primarily on the words “made” and “under,” but this task is complicated by two factors: (1) the word “made” is not a term of art in the Copyright Act, and (2) “[t]he word ‘under’ is a chameleon and courts “must draw its meaning from its context.”)

120 Id. (noting that the Copyright office provides payment of royalties to musical works “lawfully made under this title,” which includes those works manufactured abroad).

121 Id. at 220.


123 Id. at 221. (These other relevant exceptions mentioned by the court include §§ 107, 108, and 602(a)(3)).

124 Id. (“[Section 602(a)(1)] is obviously intended to allow copyright holders some flexibility to divide or treat differently the international and domestic markets for the particular copyrighted work.”).

125 Id. It is important to note that the court also dismissed the Ninth Circuit’s interpretation of section 109(a), which limited the first sale doctrine to domestically manufactured goods, but created an exception for “foreign produced copies of works sold in the United States with the permission of the copyright holder.” Wiley, 654 F.3d 210, at 221.

126 Wiley, 654 F.3d 210, at 228.

127 See Illustration, supra note 93.

128 Wiley, 654 F.3d 210, at 220-21. See also L’anza Research Int’l, 523 U.S. at 148 (“But since [§ 602(a)] is ... broader because it encompasses copies that are not subject to the first sale doctrine-e.g., copies that are lawfully made under the law of another country-the exceptions do protect the traveler who may have made an isolated purchase of a copy of a work that could not be imported in bulk for purposes of resale.”).

129 Wiley, 654 F.3d 210, at 222.

130 Id. at 225.

131 Compare Scorpio Music Distris., 569 F. Supp. at 49 (Undoubtedly holding that the first sale doctrine applies only, “to the third party buyer of copies which have been legally manufactured and sold within the United States and not to purchasers of imports”) with Sebastian Int’l, Inc., 847 F.2d 1093 at 1098 n.1 (“confess[ing] some uneasiness with this construction” and suggesting “lawfully made under this title” refers not to the place a copy is manufactured but to the lawfulness of its manufacture under U.S. copyright law).

132 Wiley, 654 F.3d 210, at 226.

133 Id. at 226.

134 Id. at 227.

135 Id. (Murtha, J., dissenting) (“Granting a copyright holder unlimited power to control all commercial activities involving copies of her work would create high transaction costs and lead to uncertainty in the secondary market.”).

136 Wiley, 654 F.3d 210, at 226. (“Further, the dicta states the first sale doctrine would not provide a defense to the publisher who sold copies in the American market.”).

137 See, e.g., Brief of Public Knowledge et al. as Amici Curiae Supporting Petitioners, Kirtsaeng v. Wiley & Sons, Inc., 132 S. Ct. 1905 (2012) (No. 11-697) (Stating “Libraries, which rely heavily upon the first sale doctrine to lend copies of books to the public, are especially vulnerable. Without the protection of section 109(a) for foreign-printed books, libraries could be forced to affirmatively research the place of manufacture for every book they acquire.”).

138 Wiley, 654 F.3d 210, at 227.

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policy opposing restraints of trade and restraints on alienation.


See, e.g., Brief of Entertainment Merchants Association and National Association of Recording Merchandiser as Amici Curiae Supporting Petitioner at 28, Kirtsaeng v. Wiley & Sons, Inc., 132 S. Ct. 1905 (2012) (No. 11-697) (“Independent music retailers estimate used CD sales at about 20% of all sales, on average, with some stores ranging as high as 50%.”).

See Aldridge, supra note 94, at 337. See, e.g., Brief of Public Knowledge, supra note 137, at 7 (“In 2005, the United States Government Accountability Office found that college textbook prices in the United States have risen 186% in the last two decades - more than twice the rate of inflation.”).

See Recent Case, Copyright Law -- First Sale Doctrine -- Second Circuit Holds That the First Sale Doctrine Does Not Apply to Imported Works Manufactured and First Sold Abroad. -- John Wiley & Sons, Inc. v. Kirtsaeng, 654 F.3d 210 (2d Cir. 2011), 125 HARV. L. REV. 1538, 1539 (“Copyright … is context insensitive, over and underinclusive, and overprotective.”).


See Brief of eBay, supra note 139, at 20 (“Producers of consumer goods have ‘waged a full-scale battle in legislative, executive, and administrative form [sic] for regulations that would grant them power to control the downstream importation of secondary market goods into the United States.’”).


Id.

See Transcript of Oral Argument at 28-29, Kirtsaeng v. Wiley & Sons, Inc., 132 S. Ct. 1905 (2012) (No. 11-697). (Justice Breyer addressing the Counsel of Wiley, “[I]Imagine Toyota, all right? Millions sold in the United States. They have copyrighted sound systems. They have copyrighted GPS systems. When people buy them in America, they think they’re going to be able to resell them. Under [your] reading [of ‘lawfully made under this title’], the millions of Americans who buy Toyotas could not resell them without getting the permission of the copyright holder of every item in that car which is copyrighted?”) available at http://www.

See Jennifer Waters, Your Right to Resell Your Own Stuff is in Peril, YAHOO FINANCE, http://finance.yahoo.com/news/resell-own-stuff-peril-040302428.html (“It could … become a weighty issue for auto trade-ins and resales, considering about 40% of most U.S.-made cars carry technology and parts that were made overseas.”).


Aldridge, supra note 94, at 338. See also Costello Publ’g Co. v. Rotelle, 670 F.2d 1035, 1044 (D.C. Cir. 1981) (providing that a copyright owner can proceed against any member in the chain of distribution in a claim of infringement).

See H.R. REP. NO. 1476, 94th Cong., 2d Sess. 80-81 (1976) (providing that the burden of proving where a particular copy of a work was lawfully purchased or made should rest on the defendant).

See Brief of eBay, supra note 191, at 20.

Id. at 22 (Identifying “higher costs for consumers, increased unemployment, and risk for small businesses” as consequences of an affirmation of the Wiley rule).

See Kaitlyn E. Amundsen, From Your Land to Mine: The Benefits of Applying the First Sale Doctrine to Goods Manufactured Abroad, GEORGE MASON JOURNAL OF INTERNATIONAL COMMERCIAL LAW 339, 355 (“It is estimated that in 2009, retail commerce in copyrighted works reached $881 billion; the purchase and rental of DVDs reached $16.4 billion; and book sales reached $16.7 billion in the United States.”).

Id. at 354 (“The American economy thrives on an ‘aftermarket.’ Aftermarkets, which result from the resale of goods, enable consumers to buy and resell used items to others.”).


Wiley, 654 F.3d at 228.

Amundsen, supra note 159, at 352.

Id.


Id.

Amundsen, supra note 159, at 352.


See Michael J. Meurer, Copyright Law and Price Discrimination, 23 CARDOZO L. REV. 55, 82 (2001) (“The link between the first sale doctrine and arbitrage is obvious. If favored buyers can purchase a work and then sell or lease it to disfavored buyers then price discrimination is defeated.”).

Online Rental Services like Netflix, would similarly, be negatively affected. See Brief for Petitioner, supra note 101, at 4 (“Paramount Pictures and Sony Records could prohibit resales of DVDs and CDs and shut down rental businesses like Netflix - so long as these manufacturers concentrate production abroad”).

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170 Id. See also Brief for Petitioner, supra note 101, at 56 (“The owner could deny a license to all resellers, whether to avoid competition from the secondary market or to enforce price discrimination.”).

171 See Brief of Entertainment Merchants Association, supra note 140, at 32 (“Some copyright holders have already sought injunctions against retail sites (and those using them) where owners of noninfringing copies were selling them at sharp discounts.”).

172 See Amundsen, supra note 159, at 352.

173 Id.

174 Brief of Public Knowledge, supra note 137, at 10-11.

175 In 2011, Amazon.com generated more than 48 billion U.S. dollars in revenue, which means its revenue has more than tripled since 2007. See http://www.statista.com/topics/871/online-shopping/.

176 Bloomberg View: A reality check on American Manufacturing, BLOOMBERG http://www.businessweek.com/articles/2012-09-06/bloomberg-view-a-reality-check-on-american-manufacturing.

177 Id.

178 Wiley, 654 F.3d 210 at n.44.


180 Parfums Givenchy, Inc., 38 F.3d 477 at 479.


182 Brief for Petitioner, supra note 101, at 4.

183 See supra Part IV.

184 Id.

185 See Transcript of Oral Argument at 28-29, Kirtsaeng v. Wiley & Sons, Inc., 132 S. Ct. 1905 (2012) (No. 11-697). (Justice Kagan addressing the Counsel of Wiley, “[A]s far as I can see, there’s really nothing to support your argument that the language [of 109(a)] was intended to address this gray market problem.”).
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