No. 11-697

In the Supreme Court of the United States

SUPAP KIRTSAENG, DBA BLUECHRISTINE99, PETITIONER

v.

JOHN WILEY & SONS, INC.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

BRIEF FOR THE UNITED STATES
AS AMICUS CURIAE SUPPORTING RESPONDENT

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QUESTION PRESENTED

Section 602(a)(1) of Title 17 generally prohibits the "[i]mportation into the United States, without the authority of the owner of copyright under this title, of copies or phonorecords of a work that have been acquired outside the United States." Section 109(a) of Title 17 provides, however, that "the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord." In *Quality King Distributors, Inc.* v. *L'anza Research International, Inc.*, 523 U.S. 135 (1998), this Court held that, where Section 109(a) applies, it provides an exception to the general ban on the unauthorized importation into the United States of copies of copyrighted works. The question presented in this case is as follows:

Whether a copy made outside the United States by a subsidiary of the United States copyright owner is "lawfully made under this title [*i.e.*, Title 17]" and is therefore covered by Section 109(a)'s exception to the general ban on unauthorized importation.

TABLE OF CONTENTS

Page

Interest of the United States 1
Statement 2
Summary of argument 5
Argument:
Section 109(a) does not encompass copies made outside the United States 6
A. To effectuate Congress's purpose in enacting Section 602(a)(1), the phrase "lawfully made under this title" in Section 109(a) is best understood to mean "made subject to and in compliance with Title 17" 7
B. Petitioner's alternative construction of Section 109(a) is not persuasive 13
C. Other Copyright Act provisions are consistent with the conclusion that Section 109(a) does not cover foreign-made copies 18
D. Petitioner's "new" arguments lack merit 24
E. Petitioner's policy arguments do not support his reading of Section 109(a) 25
Conclusion 31

TABLE OF AUTHORITIES

Cases:

Ardestani v. *I.N.S.*, 502 U.S. 129 (1991) 18, 19
Atlantic Cleaners & Dyers, Inc. v. *United States*, 286 U.S. 427 (1932) 19
Barber v. *Thomas*, 130 S. Ct. 2499 (2010) 19
Bobbs-Merrill Co. v. *Straus*, 210 U.S. 339 (1908) 2, 3, 9, 27
Bourne v. *Walt Disney Co.*, 68 F.3d 621 (2d Cir. 1995), cert. denied, 517 U.S. 1240 (1996) 15
Costco Wholesale Corp. v. *Omega, S.A.*, 131 S. Ct. 565 (2010) 24

Cases—Continued: Page

K Mart Corp. v. *Cartier, Inc.*, 486 U.S. 281 (1988) 7, 31
Kucana v. *Holder*, 130 S. Ct. 827 (2010).....19
Omega S.A. v. *Costco Wholesale Corp.*, No. 04-05443, 2011 WL 8492716 (C.D. Cal. Nov. 9, 2011) 26
Parfums Givenchy, Inc. v. *Drug Emporium, Inc.*, 38 F.3d 477 (9th Cir. 1994), cert. denied, 514 U.S. 1004 (1995).....28
Quality King Distribs., Inc. v. *L'anza Research Int'l, Inc.*, 523 U.S. 135 (1998) .....*passim*
Red Baron—Franklin Park, Inc. v. *Taito Corp.*, 883 F.2d 275 (4th Cir. 1989), cert. denied, 493 U.S. 1058 (1990).....22
United Dictionary Co. v. *G. & C. Merriam Co.*, 208 U.S. 260 (1908).....22
United States ex rel. Eisenstein v. *City of New York*, 556 U.S. 928 (2009).....14

Statutes and regulation:

Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075 .....7, 9, 28
§ 30, 35 Stat. 1082.....7
§ 41, 35 Stat. 1084.....9
Act of July 30, 1947, ch. 391, 61 Stat. 660:
§ 106, 61 Stat. 663.....7
Audio Home Recording Act of 1992, 17 U.S.C. 1001 *et seq.* 20
17 U.S.C. 1001(4).....20
17 U.S.C. 1003 20
17 U.S.C. 1004(b) 20
17 U.S.C. 1006 21
17 U.S.C. 1006(a)(1)(A) 20

Statutes and regulation—Continued: Page

Computer Software Rental Amendments Act of 1990, Pub. L. No. 101-650, 104 Stat. 5134:
§ 803, 104 Stat. 5135 21
§ 804(c), 104 Stat. 5136 21
Copyright Act of 1976, 17 U.S.C. 101 *et seq.* ..... *passim*
17 U.S.C. 104 25
17 U.S.C. 104(a) 25
17 U.S.C. 104(b) 25
17 U.S.C. 104A 21
17 U.S.C. 106 ..... 2, 24
17 U.S.C. 106(3) 2, 4, 28, 30
17 U.S.C. 107 21
17 U.S.C. 107-122 24
17 U.S.C. 109(a) ..... *passim*
17 U.S.C. 109(c) 21
17 U.S.C. 109(e) 21, 22
17 U.S.C. 110 22
17 U.S.C. 110(1) 23
17 U.S.C. 115 16
17 U.S.C. 301-305 21
17 U.S.C. 602 ..... 2, 6
17 U.S.C. 602(a) 2, 18
17 U.S.C. 602(a)(1) (Supp. II 2008) ..... *passim*
17 U.S.C. 602(a)(2) (Supp. II 2008) 11, 18, 24
17 U.S.C. 602(a)(3)(A) (Supp. II 2008) 23
17 U.S.C. 602(a)(3)(C) (Supp. II 2008) 30
17 U.S.C. 602(b) 17, 18, 24
17 U.S.C. 701 1
Equal Access to Justice Act, Pub. L. No. 96-481, Tit. II, 94 Stat. 2325 18

Statutes and regulation—Continued: Page

Prioritizing Resources and Organization for Intellectual Property Act of 2008, Pub. L. No. 110-403, § 105(b), 122 Stat. 4259 2
5 U.S.C. 554 18
19 U.S.C. 1304(a) 29
19 C.F.R. 134.0-134.55 29

Miscellaneous:

American Heritage Dictionary of the English Language (new coll. ed. 1976) 18
2 Paul Goldstein, *Goldstein on Copyright* (3d ed. Supp. 2012) 13
H.R. Rep. No. 2222, 60th Cong., 2d Sess. (1909) 9, 28
H.R. Rep. No. 1476, 94th Cong., 2d Sess. (1976) 9
H.R. Rep. No. 735, 101st Cong., 2d Sess. (1990) 22
Hearing on Computer Software Rental Amendments Act Before the House Subcomm. on Courts, Intellectual Property, and the Admin. of Justice of the House Comm. on the Judiciary, 101st Cong., 2d Sess. (1990) 22
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Vol. 2 ..... 11, 13, 16
Vol. 3 21
Vol. 4 12
4 William F. Patry, *Patry on Copyright* (2012) 13
S. Rep. No. 473, 94th Cong., 2d Sess. (1976) 9
S. Rep. No. 294, 102d Cong., 2d Sess. (1992) 20

Miscellaneous—Continued: Page

Staff of House Comm. on the Judiciary:

87th Cong., 1st Sess., *Copyright Law Revision: Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* (Comm. Print 1961) 7, 8

88th Cong., 1st Sess., *Copyright Law Revision Part 2: Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* (Comm. Print 1963) 8, 17

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INTEREST OF THE UNITED STATES

The question presented in this case concerns the circumstances under which copies of a copyrighted work may be imported into this country and subsequently distributed in the United States without the authorization of the United States copyright owner. The United States Copyright Office, which administers the Copyright Act, see 17 U.S.C. 701, and which contributed significantly to Congress's drafting of the relevant provisions of the Copyright Act of 1976 (Copyright Act), 17 U.S.C. 101 *et seq.*, has a substantial interest in the resolution of that question. This case also implicates questions of concern to other federal agencies charged with administering federal laws governing intellectual property and importation of goods. The United States

therefore has a substantial interest in the Court's resolution of this case.

STATEMENT

1. Section 106 of Title 17 provides that, "[s]ubject to sections 107 through 122," a copyright owner "has the exclusive rights to do and to authorize" various enumerated activities, including "to distribute copies or phonorecords of the copyrighted work to the public." 17 U.S.C. 106(3). Section 602(a)(1) provides that "[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 [owner's] exclusive right to distribute copies" granted by Section 106(3). 17 U.S.C. 602(a)(1).[1] And Section 109(a) states that, "[n]otwithstanding the provisions of section 106(3), 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." 17 U.S.C. 109(a).

The "first sale doctrine" was initially recognized by this Court in *Bobbs-Merrill Co.* v. *Straus*, 210 U.S. 339 (1908). The Court held that the copyright owner's exclusive right to "vend" a copyrighted book did not encompass the right to restrict the resale of that book

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[1] In October 2008, Congress amended Section 602 of the Copyright Act and added a separate private cause of action against importers and exporters of certain copyrighted material. See Prioritizing Resources and Organization for Intellectual Property Act of 2008, Pub. L. No. 110-403, § 105(b), 122 Stat. 4259. The ban on unauthorized importation specifically at issue in this case, which was formerly codified at 17 U.S.C. 602(a), was redesignated as Section 602(a)(1). All citations in this brief are to the amended version of the statute.

after ownership had been transferred. *Id.* at 349-351; see *Quality King Distribs., Inc.* v. *L'anza Research Int'l, Inc.*, 523 U.S. 135, 140-141 (1998) (*Quality King*) (discussing *Bobbs-Merrill*). In *Quality King,* this Court held that Section 109(a) establishes an exception to Section 602(a)(1)'s general ban on unauthorized importation. See *id.* at 143-152. Because the imported copies at issue in *Quality King* were manufactured in the United States by the copyright owner, see *id.* at 138-139, the case did not present the question whether copies produced outside this country could be "lawfully made under this title" within the meaning of Section 109(a). See *id.* at 154 (Ginsburg, J., concurring).

2. Respondent publishes academic textbooks for sale in domestic and international markets. The textbook authors generally assign to respondent their reproduction and distribution rights under both United States and foreign copyrights. Respondent then assigns its rights under the foreign copyrights to a foreign corporate subsidiary and retains its rights under the U.S. copyright. Pet. App. 5a & n.6, 45a, 47a-48a & n.3; J.A. 33.

Pursuant to that arrangement, the foreign subsidiary printed and published "foreign editions" of the textbooks for sale in certain international markets. Pet. App. 5a, 47a. Markings on the foreign editions indicate that they were "printed in Asia," and the books' back covers state that they are authorized for sale only in specified regions outside the United States. *Id.* at 46a (citation omitted). The foreign editions caution that "[e]xportation 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." *Ibid.* (citation omitted).

Petitioner was a student in the United States. Pet. App. 6a. At petitioner's request, friends and family in Thailand shipped him more than 600 copies of eight different books, which he sold for a profit on commercial websites. See *id.* at 6a-7a, 48a-49a; J.A. 29, 34, 80, 201. The books contained the markings and notices described above. See J.A. 118-133, 178-188.

3. Respondent brought this suit for copyright infringement under 17 U.S.C. 106(3) and 602(a)(1). Pet. App. 7a, 49a-50a; J.A. 204-211. Petitioner invoked 17 U.S.C. 109(a) as a defense, but the district court concluded that Section 109(a) was inapplicable. Pet. App. 57a-73a. The court held that, because the textbooks appeared "to have been published outside of the United States," the books "could not have been manufactured 'under' Title 17." *Id.* at 73a. The jury found petitioner liable for willful copyright infringement. *Id.* at 12a.

4. The court of appeals affirmed. Pet. App. 1a-43a. As relevant here, the court held that Section 109(a) does not apply to copies manufactured outside the United States. *Id.* at 13a-28a. The court explained that Section 602(a)(1) was "obviously intended to allow copyright holders some flexibility to divide or treat differently the international and domestic markets for the particular copyrighted item." *Id.* at 24a-25a. The court further explained that this Court in *Quality King* had distinguished between copies lawfully made under Title 17 and copies lawfully made under foreign law. *Id.* at 26a-27a & n.42. The court concluded that "the phrase 'lawfully made under this Title' in [Section] 109(a) refers specifically and exclusively to works that are made in territories in which the Copyright Act is law, and not to foreign-manufactured works." *Id.* at 27a-28a. Judge Murtha dissented. *Id.* at 34a-43a.

SUMMARY OF ARGUMENT

1. In the Copyright Act of 1976, Congress enacted Section 602(a)(1), which broadened protections against unauthorized importation of copyrighted works to encompass copies that are lawfully made. That provision was intended to facilitate market-segmentation measures of the sort at issue in this case. To ensure that Section 602(a)(1) retains meaningful operative force, the phrase "lawfully made under this title" in Section 109(a) should be construed to mean "made subject to and in compliance with Title 17." Because Title 17 does not apply extraterritorially, a copy manufactured abroad is not made subject to Title 17 and therefore is not covered by Section 109(a).

2. Petitioner argues that Section 109(a) encompasses any copy made "in accordance with the Copyright Act," Br. 24, even if United States law does not govern its creation. That proposed construction of Section 109(a) would render Section 602(a)(1)'s importation ban essentially superfluous, and it ignores the *Quality King* Court's careful distinction between copies lawfully made under Title 17 and copies lawfully made under foreign law.

3. Petitioner argues that the application of Section 109(a) cannot turn on the place of manufacture because the phrase "lawfully made under this title" is used in other Title 17 provisions where it cannot reasonably be read to exclude foreign-made copies. But the principle that the same words should ordinarily be given the same meaning in different provisions of a given statute is simply an interpretive guide, not an inflexible command. In any event, the other Title 17 provisions would not be rendered absurd if they were read as limited to copies made in the United States.

4. Petitioner's observation that Section 109(a) narrows Section 602(a)(1)'s ban on unauthorized importation is not a new argument. That was the Court's holding in *Quality King*, and it fails to resolve the critical question of when Section 109(a) applies. And while Section 104 clarifies that works first published abroad are protected from unauthorized reproduction or sale within the United States, it has no bearing on the question presented here.

5. Petitioner's policy arguments provide no sound basis for adopting his reading of Section 109(a). Some of the impacts that petitioner identifies are an unavoidable consequence of Congress's decision in 1976 to expand the Copyright Act's ban on unauthorized importation beyond piratical copies. And, contrary to petitioner's contention, the court of appeals' construction of Section 109(a) would not allow copyright owners to exercise "eternal control" (Br. 4) over the downstream distribution of foreign-made goods.

ARGUMENT

SECTION 109(a) DOES NOT ENCOMPASS COPIES MADE OUTSIDE THE UNITED STATES

The question presented in this case requires interpretation of the phrase "lawfully made under this title" in 17 U.S.C. 109(a). Under the proper construction of that language, a copy is "made under" Title 17 if it is "made subject to" Title 17—*i.e.*, if Title 17 governs the copy's creation. Because the Copyright Act does not apply outside the United States, foreign-made copies are not "made under" Title 17. A copy is "*lawfully* made under this title" if Title 17 governs the copy's creation *and* the copy is made in compliance with Title 17's requirements.

The phrase "lawfully made under this title" is therefore best understood to mean "made subject to and in compliance with Title 17." That interpretation reflects the most natural reading of the statutory text; it gives content to this Court's distinction between copies "lawfully made under this title" and copies made "under the law of some other country," *Quality King Distribs., Inc.* v. *L'anza Research Int'l, Inc.*, 523 U.S. 135, 147 (1998); and it preserves Congress's effort to protect United States copyright owners against unauthorized importation of copyrighted works, see 17 U.S.C. 602(a)(1).

A. To Effectuate Congress's Purpose In Enacting Section 602(a)(1), The Phrase "Lawfully Made Under This Title" In Section 109(a) Is Best Understood To Mean "Made Subject To And In Compliance With Title 17"

1. Section 602(a)(1) represented a significant departure from Congress's prior treatment of imported works. The Copyright Act of 1909, as codified in 1947, directed the Customs Service to block the importation only of "piratical copies of any work copyrighted in the United States." Act of Mar. 4, 1909 (Copyright Act of 1909), ch. 320, § 30, 35 Stat. 1082; Act of July 30, 1947, ch. 391, § 106, 61 Stat. 663. Until the Copyright Act of 1976, the copyright laws did not constrain "gray-market" imports—lawfully made copies intended for distribution in foreign countries but imported into the United States without the authorization of the copyright owner. Cf. *K Mart Corp.* v. *Cartier, Inc.*, 486 U.S. 281, 285 (1988) (discussing gray-market trademarked goods).

When the copyright revision process commenced in 1961, the Register of Copyrights received an industry proposal to expand the Copyright Act's importation restrictions. See Staff of House Comm. on the Judiciary, 87th Cong., 1st Sess., *Copyright Law Revision: Report*

of the Register of Copyrights on the General Revision of the U.S. Copyright Law 125-126 (Comm. Print 1961). The proposal focused on agreements "to divide international markets," whereby a "foreign publisher agrees not to sell his [foreign] edition in the United States, and the U.S. publisher agrees not to sell his [United States] edition in certain foreign countries." *Id.* at 125. The general concern expressed was that foreign publishers bound by market-allocation agreements were lawfully reproducing and selling copies abroad, but that third-party wholesalers and jobbers, not bound by the agreements, were then importing the foreign-made copies into the United States. See Staff of House Comm. on the Judiciary, 88th Cong., 1st Sess., *Copyright Law Revision Part 2: Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* 212-214, 232, 275 (Comm. Print 1963) (*Copyright Law Revision Pt. 2*); Staff of House Comm. on the Judiciary, 88th Cong., 2d Sess., *Copyright Law Revision Part 4: Further Discussions and Comments on Preliminary Draft for Revised U.S. Copyright Law* 209, 260 (Comm. Print 1964) (*Copyright Law Revision Pt. 4*).

The Copyright Office ultimately endorsed legislation that would expand the importation restrictions to encompass "foreign copies that were made under proper authority." See *Copyright Law Revision Pt. 4*, at 203. The Register explained that the provision would bar importation if, "for example, * * * the copyright owner had authorized the making of copies in a foreign country for distribution only in that country." Staff of House Comm. on the Judiciary, 89th Cong., 1st Sess., *Copyright Law Revision Part 6: Supplementary Report of the Register of Copyrights on the General Revision of*

the U.S. Copyright Law 150 (Comm. Print 1965). The House and Senate reports accompanying the Copyright Act of 1976 discuss the expanded importation restrictions in the same terms. See H.R. Rep. No. 1476, 94th Cong., 2d Sess. 169 (1976) (*1976 House Report*) ("Section 602 * * * deals with * * * unauthorized importation of copies * * * that w[er]e lawfully made."); S. Rep. No. 473, 94th Cong., 2d Sess. 151 (1976) (*1976 Senate Report*) ("unauthorized importation is an infringement merely if the copies or phonorecords 'have been acquired abroad'").

2. In *Bobbs-Merrill Co.* v. *Straus*, 210 U.S. 339 (1908), this Court held that a copyright owner's exclusive right to "vend" a copyrighted book did not encompass the right to restrict the terms on which lawful purchasers could resell the books. *Id.* at 349-351; see *Quality King*, 523 U.S. at 140-141 & n.5. The following year, Congress confirmed that principle (often referred to as the "first sale doctrine" or copyright "exhaustion") by providing 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." Copyright Act of 1909, § 41, 35 Stat. 1084. That provision was added to "make it clear that there is no intention to enlarge in any way the construction to be given to the word 'vend' in the first section of the bill." H.R. Rep. No. 2222, 60th Cong., 2d Sess. 19 (1909) (*1909 House Report*). In 1976, at the same time Congress adopted the expanded importation restrictions in Section 602(a)(1), it enacted Section 109(a) in its current form. 17 U.S.C. 109(a). The legislative reports confirm in general terms Congress's intent to retain the first sale principle recognized in *Bobbs-Merrill*. See, *e.g.*, *1976 Senate Report* 71; *1976 House Report* 79.

3. The labels at issue in *Quality King* were manufactured in the United States, see 523 U.S. at 139; *id.* at 154 (Ginsburg, J., concurring), and the copyright owner (L'anza) did not dispute that they were "lawfully made under this title" within the meaning of Section 109(a), see *id.* at 143. Rather, L'anza argued that Section 602(a)(1)'s ban on unauthorized importation of copyrighted materials is not subject to Section 109(a). See *id.* at 143, 145. The Court rejected that contention. See *id.* at 144-145. Because the relevant copies were made within the United States, the Court had no occasion squarely to decide the issue presented here—*i.e.*, whether Section 109(a) encompasses copies made outside this country.

The Court's opinion in *Quality King* does, however, provide significant guidance as to the proper resolution of that issue. L'anza (supported by the United States as amicus curiae) argued that applying Section 109(a) to unauthorized imports would thwart Congress's intent in enacting Section 602(a)(1). See 523 U.S. at 145, 146 & n.17. In rejecting that contention, the Court explained that Section 602(a)(1) sweeps more broadly than Section 109(a) because, *inter alia*, Section 602(a)(1) "applies to a category of copies that are neither piratical nor 'lawfully made under this title.' That category encompasses copies that were 'lawfully made' not under the United States Copyright Act, but instead, under the law of some other country." *Id.* at 147; see *id.* at 148.[2]

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[2] Aside from Section 602(a)(1)'s application to copies lawfully made under foreign law, the Court in *Quality King* identified two additional functions that Section 602(a)(1) could serve notwithstanding Section 109(a). First, the Court observed that "even if [Section] 602(a) did apply only to piratical copies, it at least would provide the copyright holder with a private remedy against the importer, where-

In elaborating on that point, the Court discussed "one example" that was noted in the deliberations leading up to the 1976 Act. See *Quality King*, 523 U.S. at 147. The Court explained that "[e]ven 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." *Id.* at 148. The Court observed that "[i]f the author of the work gave the exclusive United States distribution rights * * * to the publisher of the United States edition and the exclusive British distribution rights to the publisher of the British edition," then "presumably only those made by the publisher of the United States edition would be 'lawfully made under this title' within the meaning of [Section] 109(a)." *Ibid.*

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as the enforcement of [Section] 602(b) is vested in the Customs Service." 523 U.S. at 146. In 2008, however, Congress enacted 17 U.S.C. 602(a)(2), which establishes a private civil action against unauthorized importation of copies "the making of which either constituted an infringement of copyright, or which would have constituted an infringement of copyright if this title had been applicable." If Section 602(a)(1) were limited to the same class of copies described in Section 602(a)(2), the existence of a private right of action for violations of Section 602(a)(1) would no longer add anything of substance to the protections afforded copyright owners by neighboring Copyright Act provisions. Second, the Court noted that Section 109(a) would not bar a suit under Section 602(a)(1) "against any nonowner such as a bailee, a licensee, a consignee, or one whose possession of the copy was unlawful." *Quality King*, 523 U.S. at 146-147 & n.19. The broad statutory text and a fair reading of the legislative history make clear, however, that this was not Congress's principal concern. See 2 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 8.12[B][6][c] at 8-184.31 n.432 (Matthew Bender rev. ed. 2012) (suggesting that the number of importation cases involving consignees and the like is likely to be extremely small).

The Court did not further explain its conclusion that copies made with the author's consent by the "publisher of the British edition" would not be "lawfully made under this title" for purposes of Section 109(a). *Quality King*, 523 U.S. at 148. It is well established, however, that the Copyright Act does not apply outside the United States. See *United Dictionary Co.* v. *G. & C. Merriam Co.*, 208 U.S. 260, 264-265 (1908); 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 17.02, at 17-18 (Matthew Bender rev. ed. 2012) (*Nimmer on Copyright*). In light of that settled background understanding, the most natural explanation of this Court's discussion is that copies made by the "publisher of the British edition" would not be "lawfully made under" Title 17 because they would be produced in a place where Title 17 does not apply.

That inference is strongly supported by the Court's assumption in *Quality King* that a particular copy may be made *either* "under" Title 17 *or* "under" the law of another country, but not "under" both. The Court stated, for example, that Section 602(a)(1) "encompasses copies that were 'lawfully made' not under the United States Copyright Act, but instead, under the law of some other country." 523 U.S. at 147. If the phrase "lawfully made under" means "made subject to and in compliance with" a particular body of law, the Court's "either-or" approach makes perfect sense: the legality of a copy's creation depends only on the law of the place where the copy is made. But if (as petitioner contends) the phrase "lawfully made under" means made in a manner consistent with the substantive requirements of the relevant law, regardless of the place of manufacture, that approach would be unfounded, since the creation of a

particular copy could easily comply with the substantive requirements imposed by many different countries.[3]

B. Petitioner's Alternative Construction Of Section 109(a) Is Not Persuasive

1. Petitioner argues that Section 109(a) encompasses any copy made "in accordance with the Copyright Act," Br. 24, such as a copy made with the United States copyright holder's authorization, even if United States law does not govern the copy's creation. In *Quality King*, the United States as amicus curiae advocated essentially that reading, arguing that the application of Section 109(a) does not turn on the place of manufacture, see Gov't Br. at 29-30, *Quality King, supra* (No. 96-1470), but that Section 109(a) instead encompasses "any copy made with the authorization of the copyright owner as required by Title 17, or otherwise authorized by specific provisions of Title 17," *id.* at 30 n.18 (citation omitted).

In light of this Court's decision in *Quality King*, however, that construction of Section 109(a) is no longer tenable. As explained above, the Court in *Quality King*

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[3] The leading commentators on copyright law have understood *Quality King* in the same manner as the United States. See 2 *Nimmer on Copyright* § 8.12[B][6][c] at 8-134.34 to 8-134.35 (discussing *Quality King* and concluding that the Copyright Act "should still be interpreted to bar the importation of gray market goods that have been manufactured abroad") (footnote omitted); 4 William F. Patry, *Patry on Copyright* § 13:44, at 13-98 (2012) (The Copyright Act "bars only the importation of copies that were acquired outside the United States and that were not 'lawfully made under this title,' i.e., were not made in the United States."); 2 Paul Goldstein, *Goldstein on Copyright* § 7.6.1, at 7:144 (3d ed. Supp. 2012) (concluding that, under *Quality King*, "the first sale defense is unavailable to importers who acquire ownership of gray market goods made abroad").

drew a sharp distinction between copies "made under" Title 17 and copies "made under" foreign law, and it assumed that any particular copy would be "made under" only one legal regime. That analysis makes sense only if the phrase "made under this title" refers to copies whose creation is *governed* by Title 17—*i.e.*, copies made in the United States.

In addition, because the construction of an ambiguous statutory provision may depend in part upon the larger statutory context, the *Quality King* Court's holding that Section 109(a) limits Section 602(a)(1) bears directly on the proper reading of Section 109(a) itself. If the Court in *Quality King* had agreed with L'anza and the United States, and had held that Section 109(a) does not limit a copyright owner's authority to restrict importation of copyrighted goods (see p. 10, *supra*), petitioner's expansive reading of Section 109(a) could be adopted without subverting Section 602(a)(1)'s ban on unauthorized importation. But given the Court's holding that Section 109(a) (where it applies) provides an exception to Section 602(a)(1), see 523 U.S. at 145-152, construing Section 109(a) in the manner petitioner advocates would largely negate Congress's decision to extend the importation ban beyond piratical copies. Settled principles of statutory construction counsel that such a reading should be rejected, and that the Copyright Act should be construed to give effect to all of its provisions. See, *e.g.*, *United States ex rel. Eisenstein* v. *City of New York*, 556 U.S. 928, 933 (2009).

2. Petitioner acknowledges this Court's conclusion in *Quality King* that "[t]he 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 [Section] 602(a)." Br. 41 (quoting 523 U.S.

at 148) (brackets in original). Petitioner also recognizes that Section 602(a)(1) was "obviously intended to allow copyright holders some flexibility to divide . . . international and domestic markets for the particular copyrighted item." Br. 43 (quoting Pet. App. 24a-25a). In petitioner's view, however, his own circumstances are different because his friends and relatives in Thailand, unlike the hypothetical foreign publisher in *Quality King*, purchased the books before importing them into the United States. Petitioner argues that it is the absence of any authorized first sale, not the location of manufacture, that prevents the hypothetical foreign publisher from invoking Section 109(a)'s protections. See Br. 41, 43. That is wrong for three basic reasons.

First, petitioner's argument has no grounding in the statutory text. Although Section 109(a) is often described as a codification of the first sale doctrine, the provision is not triggered by an actual "sale." Rather, Section 109(a) provides that the "owner" of a copy "lawfully made under this title * * * is entitled * * * to sell or otherwise dispose of" that copy without the authority of the copyright owner. 17 U.S.C. 109(a); see *Bourne* v. *Walt Disney Co.*, 68 F.3d 621, 632 (2d Cir. 1995), cert. denied, 517 U.S. 1240 (1996). In the *Quality King* hypothetical, the authorized publisher of the British edition presumably would be the "owner" of the copies at the time they are made. If petitioner's construction of the phrase "lawfully made under this title" were correct, the publisher could legally import the copies into the United States without the copyright holder's authorization, notwithstanding this Court's statement that Section 602(a)(1) would prevent that

result. See 2 *Nimmer on Copyright* § 8.12 [B][3][c] at 8-184.15.[4]

Second, the Court in *Quality King* did not draw the distinction petitioner advocates. In concluding that Section 109(a) would not provide the British publisher a defense to infringement if it distributed the British edition in the United States, the Court ascribed no significance to the presence (or absence) of a first sale. Instead, the Court explained that Section 109(a) would be inapplicable because the relevant copies would not be "'lawfully made under this title' within the meaning of [Section] 109(a)." 523 U.S. at 148; see *id.* at 147.

Third, the practical effect of petitioner's approach, under which Section 602(a)(1) would restrict importation by the publisher of the British edition but not by persons to whom the publisher sells those books overseas, would be to render Section 602(a)(1) inapplicable precisely where it is most valuable to copyright holders. Contrary to petitioner's suggestion (Br. 44), "rogue" publishers who violate territorial restrictions were not the principal source of congressional concern, since unauthorized importation by the publisher itself could typically be addressed through contractual remedies. Rather, the "troublesome problem" discussed in the legislative history and relied on by this Court in *Quality King* (523 U.S. at 148 & n.20) was that the territorial

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[4] As petitioner observes (Br. 53), Section 109(a) in its current form was intended in part to encompass copies lawfully made pursuant to the compulsory-licensing provisions of Section 115. The language of Section 109(a) accomplishes that result, since a person who makes copies pursuant to a compulsory license is the "owner" of those copies. Such a person would fall outside Section 109(a), however, if a "first sale" requirement were engrafted onto the provision.

restrictions could not effectively be enforced against persons to whom the publishers sold books:

> A grant is made to a U.S. publisher by a foreign publisher of the exclusive right to publish a book in the United States. In contravention of that agreement the book suddenly turns up for sale in substantial quantities at one or more places in the United States. The U.S. publisher says to the foreign publisher, "How come?" And the foreign publisher says, "So sorry. This sale has been made by one of several jobbers but we don't know which."

Copyright Law Revision Pt. 4, at 209; see *id.* at 260; *Copyright Law Revision Pt. 2*, at 213. A copyright remedy was viewed as important precisely because, unlike the foreign publisher with whom the U.S. copyright owner was in privity, downstream distributors were not subject to contractual remedies.

3. Petitioner explains (Br. 45-46) that his construction of Section 109(a) would exclude copies made abroad in accordance with provisions of foreign law that have no U.S. analogues. Petitioner views those situations as examples of copies that are not "lawfully made under this title" (since their creation would violate Title 17 if the copies were made in the United States) but that are lawfully made "under the law of some other country." Br. 45 (quoting *Quality King*, 523 U.S. at 147). Petitioner suggests that those potential fact patterns ensure that Section 109(a) does not render Section 602(a)(1) ineffective.

Petitioner's argument ignores the statutory context in which Sections 109(a) and 602(a)(1) appear. Section 602(b), which was enacted contemporaneously with Section 109(a) in 1976, prohibits the importation of copies that "would have constituted an infringement of

copyright if this title had been applicable." 17 U.S.C. 602(b). And in 2008, Congress amended Section 602(a) to define as an act of infringement the importation of copies "the making of which * * * would have constituted an infringement of copyright if this title had been applicable." 17 U.S.C. 602(a)(2); see notes 1, 2, *supra*. Under petitioner's proposed interpretation of the phrase "lawfully made under this title," the application of Section 109(a) will turn on the same counterfactual inquiry (whether the making of the relevant copies would have been lawful if it had occurred in the United States) that Congress expressly mandated in Section 602(a)(2) and (b). Congress could have used similar language in Section 109(a) itself if it had intended that result. And Section 602(a)(1) will do no meaningful work if it restricts the importation only of copies that are separately covered by neighboring Copyright Act provisions.

C. Other Copyright Act Provisions Are Consistent With The Conclusion That Section 109(a) Does Not Cover Foreign-Made Copies

1. The phrase "lawfully made under this title" is most naturally read to refer to copies made subject to and in compliance with Title 17. See *American Heritage Dictionary of the English Language* 1395 (new coll. ed. 1976) (defining "under" as "[s]ubject to the authority * * * of"). In *Ardestani* v. *I.N.S.*, 502 U.S. 129 (1991), the Court construed a provision of the Equal Access to Justice Act (EAJA), Pub. L. No. 96-481, Tit. II, 94 Stat. 2325, that authorized fee awards for agency "adjudication[s] under section 554 of" Title 5. See 502 U.S. at 132. The Court held that the provision did not authorize fee-shifting in deportation proceedings because Section 554 does not apply to immigration proceedings. See *id.*

at 132-138. The Court explained that "the most natural reading of the EAJA's applicability to adjudications 'under section 554' is that those proceedings must be 'subject to' or 'governed by' § 554." *Id.* at 135. To be sure, because "[t]he word 'under' is chameleon" with "many dictionary definitions," it "must draw its meaning from its context." *Kucana* v. *Holder*, 130 S. Ct. 827, 835 (2010) (internal quotation marks and citation omitted). For the reasons set forth above, Section 109(a)'s role within the overall statutory scheme, and (in particular) its relationship to Section 602(a)(1), confirm that "lawfully made under this title" should be read as "made subject to and in compliance with Title 17."

2. Petitioner observes (Br. 33-37) that the words "lawfully made under this title" appear in five other Copyright Act provisions. Petitioner contends that the phrase must be given the same meaning in every Title 17 provision where it appears, and that reading the other provisions to exclude foreign-made copies would produce absurd results. Those arguments lack merit.

a. Although "there is a natural presumption that identical words used in different parts of the same act are intended to have the same meaning," that "presumption is not rigid and readily yields whenever there is such variation in the connection in which the words are used as reasonably to warrant the conclusion that they were employed in different parts of the act with different intent." *Atlantic Cleaners & Dyers, Inc.* v. *United States*, 286 U.S. 427, 433 (1932) (citation omitted); see *Barber* v. *Thomas*, 130 S. Ct. 2499, 2506 (2010) (interpreting "term of imprisonment" to mean different things in same statute). Section 109(a)'s place within the overall statutory scheme strongly indicates that it does not cover foreign-made copies. If (as petitioner con-

tends) analogous contextual clues made it apparent that other provisions of Title 17 *do* cover such copies, it would be perfectly appropriate to give the phrase "lawfully made under this title" different meanings in different Title 17 provisions.

b. In any event, it would not be illogical to interpret the cited provisions to apply only to U.S.-made copies.

i. Under the Audio Home Recording Act of 1992 (AHRA), 17 U.S.C. 1001 *et seq.*, persons who distribute blank digital audio recording media within the United States must pay royalties into a fund managed by the Register of Copyrights. See 17 U.S.C. 1003, 1004(b). The proceeds are then paid to recording artists and composers whose works were embodied in musical recordings that were "lawfully made under this title" and distributed within the United States during the relevant period. 17 U.S.C. 1006(a)(1)(A). The rationale for the royalty program is that, because blank recording media are often used by consumers to record copyrighted music, persons whose works may be copied should receive compensation from those who distribute the recording media. See S. Rep. No. 294, 102d Cong., 2d Sess. 30 (1992).

Petitioner argues (Br. 35-36) that, if the phrase "lawfully made under this title" in Section 1006(a)(1)(A) is limited to recordings made within the United States, the provision will conflict with Section 1004(b), which encompasses recording media manufactured abroad and imported into the United States. That is a non sequitur. Section 1004(b) deals with blank audio recording *media* (*e.g.*, a blank cassette), see 17 U.S.C. 1001(4) (definition of "digital audio recording medium"), and defines the obligations of persons who must pay royalties *into* the fund; Section 1006 deals with finished musical *record-*

ings and identifies the persons who may *receive* payments. There would be nothing absurd or illogical in requiring royalties to be paid into the fund on all blank recording media distributed within the United States, including media manufactured abroad, while paying benefits only to artists and composers whose works were embodied in recordings made in the United States.

ii. Section 109(c) provides "the owner of a particular copy lawfully made under this title" with the right "to display that copy publicly." 17 U.S.C. 109(c). Limiting that provision to U.S.-made copies would not, as petitioner suggests (Br. 34), mean that foreign-made copies could not lawfully be displayed within this country. Foreign-made copies could still be publicly displayed independent of Section 109(c) with the explicit or implicit authorization of the copyright owner. For example, the sale of an original work of art to a United States museum may often carry with it an implied, nonexclusive license to publicly display that copy. See 3 *Nimmer on Copyright* § 10.03[A][7] at 10-53 ("[N]onexclusive licenses may * * * be implied from conduct."). Certain exhibitions incorporating foreign works could be considered fair use. 17 U.S.C. 107. And many older works created outside the United States are already in the public domain and can be freely displayed, sold, and lent. 17 U.S.C. 104A, 301-305.

iii. Section 109(e), which was in effect from 1990 to 1995, authorized the owner of a copy of an arcade game "lawfully made under this title * * * to publicly perform or display that game in coin-operated equipment." See Computer Software Rental Amendments Act of 1990, Pub. L. No. 101-650, §§ 803, 804(c), 104 Stat. 5135, 5136. As petitioner explains (Br. 36-37), that provision was intended to overrule the Fourth Circuit's decision in

Red Baron–Franklin Park, Inc. v. *Taito Corp.*, 883 F.2d 275 (1989) (*Red Baron*), cert. denied, 493 U.S. 1058 (1990), which held that a U.S. purchaser of video-game circuit boards could not install the game at its arcades for play by the public. Section 109(e) was enacted to remedy "an anomaly in existing copyright law that prevents certain coin-operated equipment from being used for their intended purpose." H.R. Rep. No. 735, 101st Cong., 2d Sess. 9 (1990) (*1990 House Report*).

Although the circuit boards at issue in *Red Baron* were made in Japan, that fact had nothing to do with the anomaly at which Section 109(e) was directed. The video-game manufacturer did not contest Section 109(a)'s application to the foreign-made copies on appeal, *Red Baron*, 883 F.3d at 278, and the House Report noted that concession, *1990 House Report* 9. The problem Section 109(e) was intended to address—*i.e.*, that an arcade-game operator who had lawfully purchased circuit boards could not use them for their only intended purpose—could equally have arisen in a case involving circuit boards manufactured within the United States. Cf. *Hearing on Computer Software Rental Amendments Act Before the House Subcomm. on Courts, Intellectual Property, and the Admin. of Justice of the House Comm. on the Judiciary,* 101st Cong., 2d Sess. 228 (1990) (letter from the Register of Copyrights suggesting that court of appeals should have resolved the anomaly by finding an implicit license where the only intended use entailed public performance).

iv. Section 110 of Title 17 exempts certain educational activities from copyright infringement liability but provides that, for motion pictures and other audiovisual works and phonorecords, no exemption shall apply to a copy "not lawfully made under this title" if the instruc-

tor "knew or had reason to believe [it] was not lawfully made." 17 U.S.C. 110(1). Petitioner argues (Br. 34-35) that, if the phrase "made under this title" is limited to copies created in the United States, the result would be "absurd." But it would not be irrational to limit the safe harbor to copies made in the United States. Cf. 17 U.S.C. 602(a)(3)(A) (expressly excluding schools from government exception to general ban on unauthorized importation). And Section 110(1)'s scienter requirement reduces the danger of over-expansive liability.

3. Petitioner also contends (Br. 27-29, 36) that, if Congress had intended the application of Section 109(a) to depend on the location of manufacture, it would have expressed that intent directly, as it did in other provisions of Title 17 and the U.S. Code. Under the government's interpretation, however, the phrase "lawfully made under this title" is not precisely synonymous with "lawfully made in the United States." A copy made in the United States in compliance with Title 17, but in a manner violative of some other statutory or contractual requirement, would be encompassed by the first formulation but not by the second; and there is no sound reason that the resale or other disposition of such a copy should be treated as an act of infringement. By using the phrase "lawfully made under this title" (rather than "lawfully made in the United States"), Congress ensured that Section 109(a) would cover all copies made subject to and in compliance with Title 17, even if their creation violated some other law. In any event, if (as petitioner contends) Congress had intended Section 109(a)'s coverage to turn on whether a copy's creation would have complied with Title 17 *if* Title 17 applied, it could have used the same counterfactual formulation that it used in Section 602(a)(2) and (b). See pp. 17-18, *supra*.

D. Petitioner's "New" Arguments Lack Merit

Petitioner makes additional arguments that, he contends, were neither raised nor considered in *Costco Wholesale Corp.* v. *Omega, S.A.*, 131 S. Ct. 565 (2010) (*Costco*), where the Court divided 4-4 on the question presented here. Those arguments lack merit.

1. Petitioner observes (Br. 21-22) that, because Section 602(a)(1) defines unauthorized importation as an infringement of the copyright owner's exclusive distribution right under Section 106, Section 602(a)(1) is subject to the various exceptions to which the distribution right is generally subject. That observation is not new; it is this Court's holding in *Quality King*. In *Costco*, the parties and the government agreed that, where Section 109(a) applies, it supersedes the Section 602(a)(1) ban on unauthorized importation. As in this case, the subject of disagreement was whether Section 109(a) encompasses foreign-made copies.

2. Petitioner is likewise wrong in suggesting (Br. 19-23) that, if the court of appeals' judgment is affirmed, the other exceptions to the exclusive distribution right (see 17 U.S.C. 107-122) will be categorically inapplicable to foreign-made copies. This Court's decision may affect the application of the few other provisions that contain the phrase "lawfully made under this title." See pp. 20-23, *supra*. But the great majority of the provisions within Sections 107-122 do not contain that language and will continue to apply to foreign-made copies within the United States.

3. Petitioner's reliance (Br. 29-32) on 17 U.S.C. 104 is also misplaced. Section 104 clarifies that the unauthorized reproduction or distribution of a copyrighted work may violate Title 17 even if the work was created or first published abroad. Although Sections 104 and 109(a)

both contain the phrase "under this title," the provisions are otherwise dissimilar. Section 109(a) refers to *copies* "lawfully *made* under this title," while Section 104 identifies which *works* "are subject to *protection* under this title." 17 U.S.C. 104(a) and (b) (emphasis added).

Petitioner construes the phrase "lawfully made under this title" in Section 109(a) to encompass foreign-made copies whose creation would comply with Title 17 if U.S. law applied. Section 104 does not support that argument even by analogy, since Section 104 does not use the phrase "protection under this title" to refer either to protection abroad or to the hypothetical application of U.S. law. Rather, the "protection under this title" that Section 104 confers is protection from infringing conduct *within the United States*, where the Copyright Act applies, pursuant to the substantive provisions of the Copyright Act itself.

E. Petitioner's Policy Arguments Do Not Support His Reading Of Section 109(a)

Petitioner and his amici contend that the court of appeals' decision will mark the end of secondary markets, turn downstream consumers into unwitting copyright infringers, and encourage companies to move manufacturing overseas. Those concerns provide no sound reason to adopt petitioner's proposed construction of Section 109(a).

1. Some of the potential policy effects petitioner identifies are an inherent consequence of Congress's decision in 1976 to expand the ban on unauthorized importation beyond piratical copies. Petitioner and his amici argue that the court of appeals' interpretation will impede secondary markets. *E.g.*, Br. 57-58. Section 602(a)(1), however, reflects Congress's determination that the benefits of allowing international market seg-

mentation in copyrighted goods outweigh those disadvantages. See pp. 7-9, *supra*.

This case exemplifies one potential benefit of allowing such market segmentation. Book publishers, like respondent, often offer cheaper editions of their works in other (particularly less-developed) countries to consumers who might otherwise be unable to afford them. See Knowledge Ecology Int'l Amicus Br. 3, 18-19. Publishers' willingness to continue that practice might be reduced if the foreign editions could be imported into this country and resold in competition with the publisher's U.S. editions. Petitioner notes (Br. 4, 57-58) that the court of appeals' holding would apply equally to ordinary consumer products, such as the watches at issue in *Costco*, to which copyrighted material is gratuitously affixed. But the application of Section 602(a)(1) to such goods raises distinct policy concerns that are best addressed under legal theories, such as the doctrine of copyright misuse, that are specifically targeted at that alleged abuse. See *Omega S.A.* v. *Costco Wholesale Corp.*, No. 04-05443, 2011 WL 8492716 (C.D. Cal. Nov. 9, 2011).

2. Petitioner argues that, if Section 109(a) does not apply to copies made outside the United States, a copyright owner could exercise "eternal" downstream control over the manner in which the copies are resold. Br. 3-4, 57-58. Petitioner identifies no instance in which a copyright owner has actually sought to exercise such control, even though the Second Circuit's decision in this case was consistent with the prevailing understanding that Section 109(a) does not encompass foreign-made goods. In any event, petitioner's argument reflects a misunderstanding of Section 109(a)'s place in the overall statutory scheme.

a. Petitioner's argument assumes that, if Section 109(a) is inapplicable, a copyright owner could make copies abroad, import them into the United States and sell them subject to onerous restrictions on resale, and then obtain copyright remedies from buyers who disregard those restrictions. Petitioner's hypothetical plaintiff presumably would contend that the unauthorized resale infringed its exclusive right under 17 U.S.C. 106(3) to "distribute" copies of the copyrighted work. More than 100 years ago, however, the Court in *Bobbs-Merrill* held that a copyright owner's exclusive statutory right to "vend" the copyrighted work did *not* include a right to dictate the terms on which the goods would be resold. 210 U.S. at 349-351. Although the *Bobbs-Merrill* opinion included analysis of background common-law principles, the Court framed its holding as an interpretation of the Copyright Act in its then-current form. See *id.* at 350 (noting that issue of post-sale restrictions was "purely a question of statutory construction").

The Court in *Bobbs-Merrill* reached that conclusion in 1908, the year before Congress enacted Section 109(a)'s statutory antecedent. See pp. 2-3, 9, *supra*. If Congress had never enacted Section 109(a) or its predecessor, a straightforward application of *Bobbs-Merrill* would indicate that a copyright owner who authorized the importation of foreign-made copies into the United States, and/or authorized a first sale of the copies within this country, had "exhausted his exclusive statutory right to control [the] distribution." *Quality King*, 523 U.S. at 152. To hold that a copyright owner in that circumstance continues to possess exclusive distribution rights under Section 106(3), it would not be sufficient for a court simply to conclude that Section 109(a) is limited

to copies made in the United States. Rather, the court would be required to conclude in addition that, by codifying the first sale doctrine in a way that does not encompass foreign-made copies, Congress had implicitly *expanded* the copyright owner's exclusive right to "vend" or "distribute" those copies. There is no reason to draw that inference. Cf. *1909 House Report* 19 (explaining that express codification of the first sale principle in the Copyright Act of 1909 was intended to "make it clear that there is no intention to enlarge in any way the construction to be given to the word 'vend' in the first section of the bill"); *Parfums Givenchy, Inc.* v. *Drug Emporium, Inc.*, 38 F.3d 477, 482 n.8 (9th Cir. 1994) (rejecting as "untenable" the suggestion that a "copyright holder would retain control over the distribution of the foreign manufactured copies even after the copies have been lawfully sold in the United States"), cert. denied, 514 U.S. 1004 (1995).

Thus, when a copyright holder has authorized goods to be imported into the United States and/or sold within this country, applying a "first sale" or "exhaustion" principle as an implicit limitation on the copyright holder's exclusive right to "distribute" would be consistent with the current text of the Copyright Act and faithful to the doctrine's historical underpinnings.[5] By

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[5] Where it applies, Section 109(a) supersedes Section 106(3) and therefore obviates the need to determine whether particular conduct would otherwise infringe the copyright owner's exclusive distribution right. The argument in the text suggests that most of the conduct protected by Section 109(a) would be lawful in any event, since it would not infringe any exclusive right of the copyright holder. That conclusion should not be surprising, however, since Section 109(a)'s earliest historical antecedent was enacted simply to confirm Congress's adherence to a "first sale" or "exhaustion" principle that the

contrast, Congress enacted Section 602(a)(1) to ensure that an authorized sale *outside* the United States does *not* exhaust the copyright holder's right to control subsequent importation. See pp. 16-17, *supra* (discussing history of unauthorized importation by downstream wholesalers and jobbers, who ordinarily acquire ownership of copyrighted works only after an authorized first sale has taken place). With respect to the copies at issue here, moreover, respondent has never exercised *any* of the exclusive rights conferred by the Copyright Act, since the Act does not apply outside the United States and both the manufacture and the authorized first sales of the textbooks occurred abroad.

b. The asserted difficulty for downstream distributors and consumers to ascertain the provenance of a particular copy of a copyrighted work also provides no sound reason to prefer petitioner's interpretation of Section 109(a) to that of the court of appeals. With limited exceptions, federal law requires every article of foreign origin imported into the United States (or its container) to be marked to identify the country of origin. See 19 U.S.C. 1304(a); 19 C.F.R. 134.0-134.55. Copyright owners who seek to accomplish market segmentation have an additional incentive to inform buyers of the goods' place of origin and the restrictions on importation. In this case, for example, respondent's foreign editions stated that they were "Printed in Asia" and that export and sale outside certain foreign territories was prohibited. J.A. 118-133, 178-188. Under petitioner's own interpretation of Section 109(a), moreover, the legality of importation and subsequent resale of a foreign-made copy depends on whether the copy's

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Court in *Bobbs-Merrill* had *already* found to be implicit in the Copyright Act's delineation of exclusive rights. See p. 9, *supra*.

creation *would have* been lawful if it had occurred in the United States. It will typically be far more difficult to answer that question than to determine where a copy was made.[6]

3. *Quality King* makes clear that, if the books at issue in this case had been produced by respondent in the United States and then exported to Thailand, Section 602(a)(1) would not have barred petitioner from bringing them back into this country. Petitioner argues (Br. 60, 61) that Congress could have had no plausible reason to differentiate for this purpose between U.S.-made books and books manufactured with respondent's authorization abroad. At least in the bulk of its applications, however, Section 602(a)(1) serves to protect a particular category of domestic goods from a specific type of foreign competition. Given the protectionist thrust of the provision, Congress could reasonably have decided that the importation restriction should apply only to copies made abroad, since application of Section 602(a)(1) to U.S.-made copies would simply be protecting domestic goods from competition from other domestic goods. Cf. *K Mart*, 486 U.S. at 287-288 (discussing since-repealed Tariff Act provision, limited to "mer-

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[6] Some of the more specific policy concerns raised by petitioner and his amici are addressed by other provisions of the Copyright Act. For example, the library association amici contend that the court of appeals' decision could interfere with library lending. Am. Library Ass'n et al. (ALA) Amicus Br. 15-27. The United States agrees, however, that Section 602(a)(3)(C) is fairly (and best) read as implicitly authorizing lending, in addition to importation, of all works other than audiovisual works. See *id.* at 20, 37. Applying the first sale doctrine as a limiting construction of the term "distribute" in Section 106(3), see pp. 27-29, *supra*, and invoking implied license and fair use where appropriate, would also significantly mitigate a number of the amici's concerns.

chandise of foreign manufacture," that barred unauthorized importation of trademarked goods).

Petitioner also expresses concern (Br. 59) that, if the applicability of Section 109(a) turns on the location of a copy's manufacture, the provision could create an artificial incentive for outsourcing. To the extent that the differential treatment described above actually influences copyright holders' decisions about where copies will be produced, Congress presumably would not have viewed manufacture abroad as desirable for its own sake. The mere possibility of such an incentive effect, however, is not a sufficient reason to construe Section 109(a) as effectively nullifying Congress's clear policy choice (see 17 U.S.C. 602(a)(1)) that market segmentation be permitted.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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