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Keywords

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FIRST SALE DOCTRINE - *KIR TSAENG V. JOHN WILEY & SONS* by Alison Keeley

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Almost all students have sold a used textbook, either online, to a classmate, or to the bookstore. However, if that textbook is a foreign edition, the seller may be violating copyright law. In April, the Supreme Court agreed to hear *Kirtsaeng v. John Wiley & Sons*, to determine whether the first sale doctrine (the rule that allows you to sell that used textbook without violating copyright law) applies to foreign purchased works.

The Second Circuit previously ruled on this issue in *John Wiley & Sons, Inc. v. Kirtsaeng*. Supap Kirtsaeng came to the United States from Thailand in 1997 to study at Cornell. Kirtsaeng financed his education in part by having relatives in Thailand purchase and ship textbooks to the United States. He would then sell the textbooks on eBay and other websites, repay his relatives in Thailand, and keep the profits. In 2008, Wiley sued Kirtsaeng for (among other things) copyright and trademark infringement. The crucial question was whether under the first sale doctrine (codified in 17 U.S.C. § 109(a)), which allows someone who is the owner of a particular copy “lawfully under this title,” a person owns a copy “lawfully under this title” when he or she bought a copy that was made in the U.S. or bought a copy that was imported into the U.S. with the manufacturer’s consent. The First Sale Doctrine provides that an individual who knowingly purchases a copy of a copyrighted work from the copyright holder receives the right to sell, display, or otherwise dispose of *that particular copy*, notwithstanding the interests of the copyright owner. The right to distribute ends, however, once the owner has sold *that particular copy*. See 17 U.S.C. § 109(a) & (c). If the person owns the product “lawfully under this title” then it may be resold.

The Second Circuit’s decision was narrower, stating that the first sale doctrine

“does not apply to goods produced outside of the United States.” The Second Circuit interpreted *Quality King*, a Supreme Court opinion from 1998, where a company manufactured products in the United States, and sold some of that product abroad. As the product was less expensive abroad, another company purchased it abroad and imported it back to the United States, and the Supreme Court held that this violated copyright. The Second Circuit extended this reasoning and held that the first sale doctrine does not apply to copies manufactured outside of the United States.

As The Atlantic pointed out, following the Second Circuit opinion strictly, someone could not resell their iPod without running afoul of copyright laws. So anything produced abroad would not be subject to this rule. This creates a circuit split between the Second and Ninth Circuits. The Ninth Circuit ruled (and was upheld by an evenly-split Supreme Court with a recused Justice Kagan) in *Costco Wholesale Corp. v. Omega, S.A.*, that it may not be resold in this country without the copyright-holder’s previous permission to sell in the United States. So because Wiley had not previously agreed to sell the textbooks in the United States, Kirtsaeng was not protected by the first sale doctrine. While not extending the first sale doctrine to foreign goods this could affect people like Kirtsaeng who profited from the fact that textbooks were cheaper in Thailand, it could also affect others who come to the United States, then attempt to sell some of the property that was brought with them.

The question presented by *Kirtsaeng* is similar, but not identical, to that presented in *Costco*. While the Supreme Court was evenly divided on *Costco*, it is possible that there will be a much clearer decision in *Kirtsaeng*, as far more products would not be covered by the

First Sale Doctrine as articulated by the Second Circuit than by the Ninth Circuit. Also, the fact that the Supreme Court was evenly split on *Costco* suggests that the Supreme Court may be considering a more sale-friendly version of the First Sale Doctrine. Finally, as Justice Kagan will likely not be recused for this case, the Supreme Court may be able to resolve this circuit split. Its decision could affect not only whether people can make money importing foreign textbooks but also whether they can sell that old iPad on eBay.