

Nos. 11-697 and 11-708

IN THE
Supreme Court of the United States

SUPAP KIRTSANG
D/B/A BLUECHRISTINE99,
Petitioner,

v.

JOHN WILEY & SONS, INC.,
Respondent.

GANGHUA LIU,
Petitioner,

v.

PEARSON EDUCATION, INC., ET AL.,
Respondents.

**On Petitions For Writs Of Certiorari
To The United States Court Of Appeals
For The Second Circuit**

BRIEF IN OPPOSITION

THEODORE B. OLSON
Counsel of Record
MATTHEW D. MCGILL
SCOTT P. MARTIN
GIBSON, DUNN & CRUTCHER LLP
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 955-8500
tolson@gibsondunn.com
Counsel for Respondents

QUESTION PRESENTED

Section 106(3) of the Copyright Act of 1976 provides that the “owner of copyright under this title has the exclusive righ[t]” to “distribute copies . . . of the copyrighted work to the public.” 17 U.S.C. § 106(3). Section 602(a)(1), in turn, provides that “[i]mportation into the United States, without the authority of the owner of copyright under this title, of copies . . . that have been acquired outside the United States is an infringement of the exclusive right to distribute copies . . . under section 106.” *Id.* § 602(a)(1).

These statutory limitations on distribution and importation are subject to the first-sale doctrine, an exception codified in Section 109(a) of the Copyright Act of 1976, which provides that “the owner of a particular copy . . . lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy.” 17 U.S.C. § 109(a).

The question presented is whether copies made outside the United States are “lawfully made under this title” within the meaning of Section 109(a).

RULE 29.6 STATEMENT

The parent company of Pearson Education, Inc. is Pearson plc, which is publicly traded. There is no other publicly held corporation that owns 10 percent or more of the stock of Pearson Education, Inc.

John Wiley & Sons, Inc. has no parent company, and no other publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

	Page
OPINIONS BELOW	1
JURISDICTION	1
STATUTORY PROVISIONS INVOLVED	2
STATEMENT	3
A. STATUTORY BACKGROUND	3
B. THE PRESENT CONTROVERSIES.....	5
REASONS FOR DENYING THE PETITIONS.....	12
I. THE DECISION BELOW DOES NOT IMPLICATE ANY SPLIT AMONG THE CIRCUITS.....	13
II. THE DECISION BELOW IS CONSISTENT WITH THE STATUTORY TEXT, THIS COURT’S OPINION IN <i>QUALITY KING</i> , AND THE PURPOSES OF THE COPYRIGHT ACT.....	18
III. THE COURT’S REVIEW IS UNNECESSARY AT THIS TIME	25
IV. IF THIS COURT DECIDES TO REVIEW THE QUESTION PRESENTED, IT SHOULD GRANT CERTIORARI ONLY IN <i>KIRTSÆNG</i>	29
CONCLUSION	33

TABLE OF AUTHORITIES

	Page(s)
CASES	
<i>BMG Music v. Perez</i> , 952 F.2d 318 (9th Cir. 1991).....	14, 17
<i>California v. Gordon</i> , 420 U.S. 938 (1975).....	32
<i>CBS Inc. v. Casino Record Distribs., Inc.</i> , 54 F. Supp. 677 (S.D. Fla. 1987).....	14
<i>CBS, Inc. v. Scorpio Music Distribs., Inc.</i> , 569 F. Supp. 47 (E.D. Pa. 1983)	14, 15, 16
<i>Coopers & Lybrand v. Livesay</i> , 437 U.S. 463 (1978).....	32
<i>Costco Wholesale Corp. v. Omega, S.A.</i> , 131 S. Ct. 565 (2010) (per curiam)	5, 17
<i>Denbicare U.S.A. Inc. v. Toys R Us, Inc.</i> , 84 F.3d 1143 (9th Cir. 1996).....	16, 17
<i>DTD Enters., Inc. v. Wells</i> , 130 S. Ct. 7 (2009).....	30
<i>Good Shot v. United States</i> , 179 U.S. 87 (1900).....	32
<i>Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.</i> , 240 U.S. 251 (1916).....	32
<i>Hearst Corp. v. Stark</i> , 639 F. Supp. 970 (N.D. Cal. 1986).....	14
<i>Hohn v. United States</i> , 524 U.S. 236 (1998).....	31

<i>Lasercomb Am., Inc. v. Reynolds,</i> 911 F.2d 970 (4th Cir. 1990).....	28
<i>Microsoft Corp. v. Big Boy Distrib. LLC,</i> 589 F. Supp. 2d 1308 (S.D. Fla. 2008).....	14
<i>Nintendo of Am., Inc. v. Elcon Indus., Inc.,</i> 564 F. Supp. 937 (E.D. Mich. 1982).....	14
<i>Nixon v. Fitzgerald,</i> 457 U.S. 731 (1982).....	30, 31
<i>Omega S.A. v. Costco Wholesale Corp.,</i> 41 F.3d 982 (9th Cir. 2008).....	16, 17, 19
<i>Original Appalachian Artworks, Inc. v.</i> <i>J.F. Reichert, Inc.,</i> 658 F. Supp. 458 (E.D. Pa. 1987)	14
<i>Parfums Givenchy, Inc. v. Drug</i> <i>Emporium, Inc.,</i> 38 F.3d 477 (9th Cir. 1994).....	16, 17
<i>Quality King Distribs., Inc. v. L'anza</i> <i>Research Int'l, Inc.,</i> 523 U.S. 135 (1998).....	<i>passim</i>
<i>Sebastian Int'l Inc. v. Consumer Contacts</i> <i>(Pty) Ltd.,</i> 847 F.2d 1093 (3d Cir. 1988)	12, 15, 16
<i>Selchow & Righter Co. v. Goldex Corp.,</i> 612 F. Supp. 19 (S.D. Fla. 1985).....	14
<i>Swatch S.A. v. New City Inc.,</i> 454 F. Supp. 2d 1245 (S.D. Fla. 2006).....	14, 24
<i>Tidewater Oil Co. v. United States,</i> 409 U.S. 151 (1972).....	30
<i>United Dictionary Co. v. G. & C. Merriam Co.,</i> 208 U.S. 260 (1908).....	19

<i>Wrotten v. New York</i> , 130 S. Ct. 2520 (2010).....	30
---	----

STATUTES

17 U.S.C. § 106 (1947).....	22
17 U.S.C. § 106	2, 3, 4
17 U.S.C. § 109	<i>passim</i>
17 U.S.C. § 504	7
17 U.S.C. § 602	<i>passim</i>
28 U.S.C. § 1254	2, 30, 31
28 U.S.C. § 1292	11, 29, 30, 31, 32

OTHER AUTHORITIES

Am. Bar Ass’n, Recommendation No. 109 (Feb. 2010).....	21
Scott E. Gant, <i>The Law of Unintended Consequences: Supreme Court Jurisdiction over Interlocutory Class Certification Rulings</i> , 6 J. App. Prac. & Process 249 (2004).....	30
House Comm. on the Judiciary, 88th Cong., 1st Sess., <i>Copyright Law Revision Pt. 2: Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law</i> (Comm. Print 1963)	23

House Comm. on the Judiciary, 88th Cong., 2d Sess., <i>Copyright Law Revision Pt. 4: Further Discussions and Comments on Preliminary Draft for Revised U.S. Copyright Law</i> (Comm. Print 1964).....	23
House Comm. on the Judiciary, 89th Cong., 1st Sess., <i>Copyright Law Revision Pt. 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law</i> (Comm. Print 1965)	4, 23
Melville B. Nimmer & David Nimmer, <i>Nimmer on Copyright</i> (2011)	14
William F. Patry, <i>Patry on Copyright</i> (2012)	15
Charles Alan Wright <i>et al.</i> , <i>Federal Practice & Procedure</i> (3d ed. 2007)	31

BRIEF IN OPPOSITION

Respondents John Wiley & Sons, Inc. and Pearson Education, Inc. respectfully submit that the petitions for writs of certiorari should be denied.

OPINIONS BELOW

The opinion of the court of appeals in No. 11-697 (Kirtsaeng Pet. App. 1a-43a) is reported at 654 F.3d 210.¹ The order of the district court (Kirtsaeng Pet. App. 44a-77a) is unpublished but is electronically reported at 2009 WL 3364037. The order of the court of appeals denying rehearing (Kirtsaeng Pet. App. 87a-88a) is unreported.

The order of the court of appeals denying permission to appeal in No. 11-708 (Liu Pet. App. 1a-2a) is unreported. The district court's opinion (*id.* at 3a-22a) is reported at 656 F. Supp. 2d 407. The district court's order granting permission to appeal (Liu Pet. App. 23a-28a) is unreported.

JURISDICTION

The judgment of the court of appeals in No. 11-697 was entered on August 15, 2011, and a petition for rehearing was denied on October 13, 2011. The petition for a writ of certiorari was filed on December 5, 2011.

The judgment of the court of appeals in No. 11-708 was entered on November 18, 2011. The petition for a writ of certiorari was filed on December 8, 2011.

¹ References to "Kirtsaeng Pet." and "Kirtsaeng Pet. App." are to the petition for a writ of certiorari and appendix in No. 11-697; references to "Liu Pet." and "Liu Pet. App." are to the petition for a writ of certiorari and appendix in No. 11-708.

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Section 106 of the Copyright Act of 1976, as amended, 17 U.S.C. § 106, provides in relevant part:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

* * *

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending

Section 109(a) of the Copyright Act of 1976, as amended, 17 U.S.C. § 109(a), provides in relevant part:

Notwithstanding 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.

Section 602(a)(1) of the Copyright Act of 1976, as amended, 17 U.S.C. § 602(a)(1), provides:

Importation 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 is an infringement of the exclusive

right to distribute copies or phonorecords under section 106, actionable under section 501.

STATEMENT

Respondents publish academic textbooks that are protected under the copyright laws of the United States and other countries. Under the Copyright Act of 1976, Respondents have the exclusive right to distribute copies of those textbooks in the United States. Respondents also exercise their rights under the laws of other countries to publish modified versions of the textbooks for distribution exclusively in those countries or in specified geographic territories outside the United States.

Without obtaining permission from Respondents, Petitioners imported foreign-manufactured copies of Respondents' textbooks into the United States and sold them at a profit. When Respondents sued for copyright infringement, Petitioners argued that the importation and sales were permissible under the first-sale doctrine codified in Section 109(a) of the Copyright Act, which permits the owner of a copy "lawfully made under this title" to sell that copy. 17 U.S.C. § 109(a). The Second Circuit below held that Section 109(a) is inapplicable because the statutory language "refers specifically and exclusively to works that are made in territories in which the Copyright Act is law, and not to foreign-manufactured works." *Kirtsaeng Pet. App.* 27a-28a.

A. STATUTORY BACKGROUND

Section 106(3) of the Copyright Act of 1976 provides that the "owner of copyright under this title has the exclusive righ[t]" to "distribute copies . . . of the copyrighted work to the public." 17 U.S.C. § 106(3). Section 602(a)(1), in turn, provides that

“[i]mportation into the United States, without the authority of the owner of copyright under this title, of copies . . . that have been acquired outside the United States is an infringement of the exclusive right to distribute copies . . . under section 106.” *Id.* § 602(a)(1). This provision was designed to prohibit importation where, as in this case, “the copyright owner had authorized the making of copies in a foreign country for distribution only in that country.” House Comm. on the Judiciary, 89th Cong., 1st Sess., *Copyright Law Revision Pt. 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* 150 (Comm. Print 1965).

The distribution right in Section 106(3) is subject to the first-sale doctrine now codified in Section 109(a), which provides that, “[n]otwithstanding the provisions of section 106(3), the owner of a particular copy . . . lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy.” 17 U.S.C. § 109(a). In *Quality King Distributors, Inc. v. L’anza Research International, Inc.*, 523 U.S. 135 (1998), this Court held that the right to prohibit unauthorized importation granted by Section 602(a) is similarly limited by Section 109(a).

The Court noted in *Quality King* that, “[a]fter the first sale of a copyrighted item ‘lawfully made under this title,’ any subsequent purchaser, whether from a domestic or from a foreign reseller, is obviously an ‘owner’ of that item” for purposes of Section 109(a). 523 U.S. at 145 (quoting 17 U.S.C. § 109(a)). “[S]ince [Section] 602(a) merely provides that unauthorized importation is an infringement of an exclusive right ‘under section 106,’” the Court emphasized, “the literal text of [Section] 602(a)” is therefore “inapplica-

ble to both domestic and foreign owners” of copies subject to the first-sale doctrine “who decide to import them and resell them in the United States.” *Ibid.*

The imported copies in *Quality King* had been manufactured in the United States and exported by the copyright owner, after which they “found their way back to the United States” without the copyright owner’s permission. 523 U.S. at 139. Because that case involved a “round trip’ journey,” the Court’s opinion in *Quality King* did not “resolve cases in which the allegedly infringing imports were manufactured abroad.” *Id.* at 154 (Ginsburg, J., concurring).²

B. THE PRESENT CONTROVERSIES

1. *Kirtsaeng* (No. 11-697)

Petitioner Supap Kirtsaeng “subsidize[d] the cost of his education” by arranging for family and friends to purchase and ship him “foreign edition textbooks printed abroad” by a Wiley subsidiary, which he then sold at a profit in the United States. *Kirtsaeng Pet.*

² This Court subsequently granted review in *Costco Wholesale Corp. v. Omega, S.A.*, No. 08-1423, which presented the issue reserved in *Quality King*. The Court affirmed in *Costco* by an evenly divided Court, with Justice Kagan recused. *See Costco Wholesale Corp. v. Omega, S.A.*, 131 S. Ct. 565 (2010) (per curiam). While Solicitor General, Justice Kagan was counsel of record on an invitation brief advancing the government’s position in *Costco* that Section 109(a) is inapplicable to copies made abroad. *See* U.S. Cert. Br. 9-10. The brief also states that the “same question” on which the government opined was presented in both of the cases now before the Court. *Id.* at 6 n.3 (discussing *Kirtsaeng* and a premature notice of appeal in *Liu*, which was held in abeyance pending resolution of the petition for permission to appeal).

App. 6a. Following a trial, a jury found Kirtsaeng liable for willful copyright infringement. *Id.* at 12a.

a. Wiley publishes academic, scientific, and educational books, including textbooks, for sale both domestically and internationally. Kirtsaeng Pet. App. 5a. Textbooks “intended for international markets can differ from the domestic version in design, supplemental content . . . , and the type and quality of materials used for printing.” *Ibid.* In addition, “[t]he foreign editions . . . are marked with a legend to designate that they are to be sold only in a particular country or geographic region.” *Id.* at 5a-6a. For example, one such designation stated:

“This book is authorized for sale in Europe, Asia, Africa and the Middle East only [and] 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. at 6a (quoting C.A. J.A. 406).

b. Wiley brought suit against Kirtsaeng in the Southern District of New York, alleging (as relevant here) that his sale of Wiley’s textbooks constituted copyright infringement. Kirtsaeng Pet. App. 7a. Wiley maintained that the “sale of the foreign editions in the United States” infringed the “U.S. copyrights held by Wiley on its American editions.” *Id.* at 8a n.7.

Kirtsaeng sought to defend himself at trial by arguing that his sales were protected by the first-sale doctrine codified in 17 U.S.C. § 109(a). The district court, however, concluded that Section 109(a) is “unavailable to the goods manufactured in a foreign country.” Kirtsaeng Pet. App. 59a. Because “[t]here is no indication that the imported books . . . were manufactured pursuant to the U.S. Copyright Act,” and indeed “the textbooks introduced as evidence purport, on their face, to have been published outside of the United States,” the district court barred Kirtsaeng from asserting a defense under Section 109(a). *Id.* at 73a.

The jury found Kirtsaeng liable for infringing each of the works at issue. Kirtsaeng Pet. App. 12a. It further determined that Kirtsaeng’s infringement had been willful. *Ibid.* Pursuant to 17 U.S.C. § 504(c), the jury awarded statutory damages of \$75,000 for each of the works. *Ibid.*; *see also* 17 U.S.C. § 504(c)(2) (permitting up to \$150,000 in statutory damages for willful infringement).

c. The Second Circuit affirmed. It acknowledged, at the outset, that Wiley’s reading of Section 109(a), which “interpret[s] ‘lawfully made under this title’ to mean ‘lawfully made in the United States,’” is “certainly consistent with the text of [Section] 109(a).” Kirtsaeng Pet. App. 21a. But the court nonetheless believed that a “textual analysis alone is not sufficient” because, in its view, the text “could plausibly be interpreted to mean any number of things,” including “any work made that is subject to protection under this title” and “lawfully made under this title had this title been applicable.” *Id.* at 22a-24a.

The Second Circuit therefore turned to the “structure of Title 17 as well as [this Court’s] opinion in *Quality King*.” Kirtsaeng Pet. App. 28a. The court noted that Section 602(a)(1) of the Copyright Act, which prohibits unauthorized importation of copyrighted works acquired abroad, is “obviously intended to give copyright holders some flexibility to divide or treat differently the international and domestic markets for the particular copyrighted item.” *Id.* at 24a-25a.

“If the first sale doctrine codified in [Section] 109(a) only applie[d] to copyrighted copies manufactured domestically,” the Second Circuit explained, then copyright holders could still “control the circumstances in which copies manufactured abroad could be legally imported into the United States.” Kirtsaeng Pet. App. 25a. By contrast, “the mandate of [Section] 602(a)(1)” would “have no force in the vast majority of cases if the first sale doctrine was interpreted to apply to every work manufactured abroad that was either made ‘subject to protection under Title 17,’ or ‘consistent with the requirements of Title 17 had Title 17 been applicable.’” *Ibid.*

“[I]n light of its necessary interplay” with Section 602(a)(1), the Second Circuit held, Section 109(a) is “best interpreted as applying only to works manufactured domestically.” Kirtsaeng Pet. App. 26a. The court emphasized that it was “comforted” in reaching this conclusion “by the fact that [its] interpretation of [Section] 109(a) is one that [this Court] appear[s] to have had in mind when deciding *Quality King*.” *Ibid.*

The Second Circuit noted that, in *Quality King*, this Court stated that Section 602(a)(1) “applies to a category of copies that are neither piratical nor ‘lawfully made under this title,’” which “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 (quoting 17 U.S.C. § 109(a)). “This last sentence indicates that, in the Court’s view, works ‘lawfully made’ under the laws of a foreign country—though perhaps not produced *in violation* of any United States laws—are not necessarily ‘lawfully made’ insofar as that phrase is used in [Section] 109(a).” *Kirtsaeng* Pet. App. 27a.

Because “all the books in question were manufactured outside of the United States,” the district court “correctly decided that *Kirtsaeng* could not avail himself of the first sale doctrine codified in [Section] 109(a).” *Kirtsaeng* Pet. App. 27a. Accordingly, the Second Circuit affirmed the judgment below. *Id.* at 33a.

District Judge Murtha, sitting by designation, dissented. He would have held that “the first sale defense should apply to a copy of a work that enjoys United States copyright protection wherever manufactured.” *Kirtsaeng* Pet. App. 34a.

2. *Liu* (No. 11-708)

Petitioner Ganghua Liu is an “internet entrepreneur[r]” who “purchase[s] [Respondents’] low-priced foreign editions abroad, import[s] them into the United States, and then sell[s] them to U.S. customers using websites maintained by third parties.” *Liu* Pet. App. 5a. Respondents brought suit against Liu in the Southern District of New York, seeking an injunction to prevent him from importing and selling foreign editions of their copyrighted works, as well as damages and attorneys’ fees. *Ibid.*

As in *Kirtsaeng*, the textbooks published by Respondents are “customized for the geographic mar-

kets in which they are sold.” Liu Pet. App. 4a. “Editions authorized for sale in the United States are of the highest quality, and are printed with strong, hard-cover bindings with glossy protective coatings,” whereas “[e]ditions authorized for sale outside of the United States . . . have thinner paper, different bindings, different cover and jacket designs, fewer ink colors, and lower-quality photographs and graphics.” *Ibid.* “The cover of a foreign edition,” moreover, “may include a legend indicating that the book is a ‘Low Price Edition’ or only authorized for sale in a particular country or geographic region.” *Id.* at 4a-5a.

a. Liu moved to dismiss the complaint, arguing that his “importation and sale of [Respondents’] foreign editions does not infringe [their] copyrights, because [his] actions are protected by the first-sale doctrine.” Liu Pet. App. 5a-6a. Noting that “[t]he foreign editions are uniformly manufactured outside the United States,” *id.* at 5a, the district court characterized the “narrow” issue before it as whether the first-sale doctrine is “applicable when a copy of a copyrighted work is manufactured abroad and imported into the United States,” *id.* at 11a.

According to the district court, it might have concluded that the first-sale doctrine’s limitation to copies “lawfully made under this title’ refers not to the *place* a copy is manufactured, but to the *lawfulness* of its manufacture as a function of U.S. copyright law.” Liu Pet. App. 12a (quoting 17 U.S.C. § 109(a)). The court emphasized, however, that such a holding would “overloo[k] an important piece of data”—namely, this Court’s decision in *Quality King*. *Id.* at 18a.

As the district court recognized, this Court “noted [in *Quality King*] that [Section] 602(a) gives a copyright owner the power to prohibit the importation of copies manufactured abroad with the U.S. rightsholder’s authorization.” Liu Pet. App. 19a. The Court “specifically considered the fact pattern presented by this case” and determined that “the U.S. copyright holder is entitled to maintain an infringement action against the importer under [Section] 602(a).” *Id.* at 20a. Thus, the district court held, the first-sale doctrine cannot be “appl[ie]d to copies of a copyrighted work manufactured abroad.” *Id.* at 21a.

“Because the foreign editions” purchased by Liu “were manufactured abroad,” Liu “did not acquire ownership of copies ‘lawfully made under this title.’” Liu Pet. App. 21a (quoting 17 U.S.C. § 109(a)). The first-sale doctrine therefore does not apply, and Liu’s importation and sale of Respondents’ foreign editions is “actionable under . . . the [Copyright] Act.” *Ibid.* The district court accordingly denied Liu’s motion to dismiss. *Ibid.*

b. The district court subsequently certified its order on Liu’s motion to dismiss for interlocutory appeal under 28 U.S.C. § 1292(b). The court reasoned that “the question of whether 17 U.S.C. § 109(a) entitles [Liu] to sell the ‘grey market’ books without [Respondents’] consent is a question of law that essentially controlled the disposition of [Liu’s] motion to dismiss.” Liu Pet. App. 25a. The district court also believed that there were “substantial grounds for differences of opinion . . . on that issue,” noting that, in an opinion decided before *Quality King*, the Third Circuit had expressed “some uneasiness” with holding that the first-sale doctrine is inapplicable to cop-

ies manufactured abroad. *Ibid.* (quoting *Sebastian Int'l Inc. v. Consumer Contacts (Pty) Ltd.*, 847 F.2d 1093, 1098 n.1 (3d Cir. 1988)).

c. The Second Circuit denied Liu's request for interlocutory review. Citing its decision in *Kirtsaeng*, the Second Circuit concluded, without further explanation, that "an immediate appeal is unwarranted." Liu Pet. App. 2a.

REASONS FOR DENYING THE PETITIONS

The Second Circuit held that the first-sale doctrine codified in 17 U.S.C. § 109(a), which applies only to copies "lawfully made under this title," is inapplicable to copies made under the laws of foreign countries. Petitioners claim that there is a circuit split on this issue, but they have not identified any court of appeals that has *ever* applied the first-sale doctrine to foreign-made copies where, as here, the copyright holder has not authorized their sale in the United States. And while Petitioners insist that the Ninth Circuit would apply the first-sale doctrine to foreign copies given such authorization, purportedly unlike the Second Circuit below, the Ninth Circuit has specifically reserved the question whether that approach is still good law in the circuit; in any event, the decision below does not implicate this supposed disagreement because it is undisputed that Respondents did not authorize the domestic sale of any foreign-manufactured textbooks.

The Second Circuit's approach is consistent, moreover, with the text of the statute, this Court's decision in *Quality King Distributors, Inc. v. L'anza Research International, Inc.*, 523 U.S. 135 (1998), and the purposes of the Copyright Act. The statutory phrase "lawfully made under this title" is best read as referring only to copies made where the Cop-

yright Act is applicable; because the Copyright Act does not have extraterritorial effect, it makes little sense to claim that a copy made in a foreign country, pursuant to that country's copyright laws, was "lawfully made under this title." Indeed, this Court in *Quality King* recognized that copies made by a foreign distributor would not be made "under" the Copyright Act. That interpretation preserves the congressional purpose in enacting an import limitation designed to permit copyright holders to treat international and domestic markets differently with respect to a particular copyrighted item, *see* 17 U.S.C. § 602(a)(1), which is precisely what Petitioners are seeking to prevent through their invocation of Section 109(a) in this case.

Even if this Court were to conclude, however, that its review of the question presented is warranted, it should grant review only in *Kirtsaeng*, No. 11-697, and either deny the petition for a writ of certiorari in *Liu*, No. 11-708, or hold that petition pending resolution of *Kirtsaeng*. The procedural posture in *Liu*, where the Second Circuit denied a petition for permission to appeal, raises antecedent jurisdictional issues that would only complicate, and perhaps preclude, this Court's consideration of the question presented in that case.

I. THE DECISION BELOW DOES NOT IMPLICATE ANY SPLIT AMONG THE CIRCUITS.

Every court of appeals to decide the issue has agreed that the first-sale doctrine in Section 109(a) does not apply to copies manufactured abroad, at least where (as here) the copy at issue has not been subject to any domestic sale authorized by the copyright holder. That has been the consensus view of courts and commentators for almost 30 years. Peti-

tioners have not identified any disagreement among the circuits, let alone one that would be implicated in this case.

A. In 1983, the Eastern District of Pennsylvania held that Section 109(a) does not “gran[t] first sale protection” to “purchasers of imports.” *CBS, Inc. v. Scorpio Music Distribs., Inc.*, 569 F. Supp. 47, 49 (E.D. Pa. 1983), *aff’d*, 738 F.2d 421, 424 (3d Cir. 1984). Since that time, numerous other courts—including the only two courts of appeals to address the question—have endorsed this view. *See BMG Music v. Perez*, 952 F.2d 318, 319-20 (9th Cir. 1991) (citing *Scorpio* with approval); *Kirtsaeng Pet. App. 26a*.³ Although Liu attempts to dismiss this long line of authority as a product of “[g]roupthink,” Liu Pet. 26, the consistent outcome in these cases cannot be reconciled with Petitioners’ suggestion that the lower-court decisions evidence “uncertainty” that warrants review by this Court.

The consensus view of the lower courts is shared by commentators. As a leading copyright treatise explains, the Copyright Act should be “interpreted to bar the importation of gray market goods that have been manufactured abroad.” 2 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*

³ *See also, e.g., Microsoft Corp. v. Big Boy Distrib. LLC*, 589 F. Supp. 2d 1308, 1317 (S.D. Fla. 2008); *Swatch S.A. v. New City Inc.*, 454 F. Supp. 2d 1245, 1254 (S.D. Fla. 2006); *Original Appalachian Artworks, Inc. v. J.F. Reichert, Inc.*, 658 F. Supp. 458, 463 (E.D. Pa. 1987); *CBS Inc. v. Casino Record Distribs., Inc.*, 654 F. Supp. 677, 678 (S.D. Fla. 1987); *Hearst Corp. v. Stark*, 639 F. Supp. 970, 976-77 (N.D. Cal. 1986); *Selchow & Righter Co. v. Goldex Corp.*, 612 F. Supp. 19, 25 (S.D. Fla. 1985); *Nintendo of Am., Inc. v. Elcon Indus., Inc.*, 564 F. Supp. 937, 943-44 (E.D. Mich. 1982).

§ 8.12[B][6][c] (2011). Another leading commentator similarly notes that the Copyright Act prohibits the importation of copies that “were not ‘lawfully made under this title,’ *i.e.*, were not made in the United States.” 4 William F. Patry, *Patry on Copyright* § 13:44 (2012).

B. Notwithstanding this broad consensus, Petitioners assert that there is a circuit split among the Second, Third, and Ninth Circuits. They are incorrect.

1. Third Circuit. Petitioners claim that the decision below conflicts with the Third Circuit’s opinion in *Sebastian International, Inc. v. Consumer Contacts (Pty) Ltd.*, 847 F.2d 1093 (3d Cir. 1988). Because the copies at issue in *Sebastian* had been produced in the United States, however, the Third Circuit “specifically [did] not pass upon” whether the first-sale doctrine would apply to copies manufactured abroad. *Id.* at 1098.

Like *Quality King*, *Sebastian* involved the importation of hair-care products containing “labels printed in this country by the copyright owner.” 847 F.2d at 1098. Anticipating this Court’s decision in *Quality King*, the Third Circuit held that, “[b]ecause th[e] exclusive right [to prevent importation under Section 602(a)(1)] is specifically limited by the first sale provisions of [Section] 109(a), it necessarily follows that once transfer of ownership has cancelled the distribution right to a copy, the right does not survive so as to be infringed by importation.” *Id.* at 1099.

The Third Circuit distinguished cases like *Scorpio* on the ground that they involved foreign-made copies. 847 F.2d at 1098. In a footnote, the Third Circuit expressed “some uneasiness” with interpreting Section 109(a) to apply only to domestic copies, as

Scorpio and the other cases had done. *Id.* at 1098 n.1. But the court nonetheless declined to resolve that issue, which was not before it. *Ibid.* The Third Circuit’s “uneasiness” is thus not only *dictum*, as Kirtsaeng concedes (at 7), but *dictum* that did not even *purport* to resolve the question presented. There is no basis for Petitioners to claim that *Sebastian* establishes, or even touches upon, a circuit split.⁴

2. Ninth Circuit. Petitioners are similarly incorrect that the Second Circuit’s decision creates a conflict with the Ninth Circuit. As Petitioners note, the Ninth Circuit indicated in several cases decided before *Quality King* that Section 109(a) might be applied even to copies made abroad if the foreign copies had been sold in the United States by authority of the copyright holder. *See* Kirtsaeng Pet. 8 (citing *Parfums Givenchy, Inc. v. Drug Emporium, Inc.*, 38 F.3d 477, 481 (9th Cir. 1994), and *Denbicare U.S.A. Inc. v. Toys R Us, Inc.*, 84 F.3d 1143, 1149-50 (9th Cir. 1996)). Although Petitioners never acknowledge as much, the Ninth Circuit has expressly *declined* to address whether these decisions remain good law following *Quality King*.

In *Omega S.A. v. Costco Wholesale Corp.*, the Ninth Circuit held that its “general rule that [Section] 109(a) refers ‘only to copies legally made . . . in the United States’ . . . remains binding precedent” after *Quality King*. 541 F.3d 982, 990 (9th Cir. 2008)

⁴ It is also significant that *Sebastian* was decided before *Quality King*. Whatever “uneasiness” the Third Circuit might have perceived should be eliminated by *Quality King*’s indication that Section 109(a) is inapplicable to foreign-made copies. *See infra* Part II.B.

(quoting *BMG Music*, 952 F.2d at 319), *aff'd by an equally divided Court*, 131 S. Ct. 565 (2010). The Court explained, however, that it did not need to “decide whether *Drug Emporium’s* and *Dembicare’s* exception to the rule in *BMG Music* also survives *Quality King*” because “[t]here is no genuine dispute that the copies” at issue “were sold in the United States without [the copyright holder’s] authority.” *Ibid.*

The Ninth Circuit’s refusal to address the “continuing viability” of its pre-*Quality King* caselaw (541 F.3d at 990) precludes any assertion that there is now a relevant disagreement among the circuits. Instead, the question whether Section 109(a) applies to foreign copies after an authorized domestic sale has not been definitively resolved in the Ninth Circuit.

In any event, the Second Circuit below had no occasion to address whether it might adopt a similar exception. Petitioners seize on the Second Circuit’s statement that the Ninth Circuit’s approach, under which the first-sale doctrine applies even to foreign-made copies following an authorized domestic sale, has “not [been] adopted by other courts of appeals.” *Kirtsaeng* Pet. App. 26a. This statement is certainly true: Before the decisions below, the Ninth Circuit was the *only* court of appeals to decide whether the first-sale doctrine applies to foreign-made copies, whether subject to an authorized domestic sale or otherwise. But it is also a far cry from holding that foreign-made copies are *never* subject to Section 109(a).

Because *Kirtsaeng’s* and *Liu’s* sales were indisputably not authorized by Respondents, there was no need for the Second Circuit to resolve the issue whether the first-sale doctrine would apply to for-

eign-made copies after an authorized domestic sale. Thus, even if this Court were interested in the issue, it is not implicated here.

II. THE DECISION BELOW IS CONSISTENT WITH THE STATUTORY TEXT, THIS COURT’S OPINION IN *QUALITY KING*, AND THE PURPOSES OF THE COPYRIGHT ACT.

Implicitly acknowledging that their claim of a circuit split is insubstantial, Petitioners devote the majority of their discussion to arguing that the decision below is incorrect. Petitioners’ position on the merits is hardly a compelling basis for this Court to grant review of an issue that has so consistently been resolved against that position. And, as the consensus view of courts and commentators suggests, Petitioners are incorrect in any event. The Second Circuit’s conclusion that Section 109(a) does not apply to sales of copies made outside the United States is consistent with the text of the statute, this Court’s opinion in *Quality King*, and the purposes of the Copyright Act.

A. Section 109(a) provides that “the owner of a particular copy . . . *lawfully made under this title*” is “entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy.” 17 U.S.C. § 109(a) (emphasis added). The phrase “lawfully made under this title” is most naturally understood as referring only to copies made in conformance with the Copyright Act *where the Copyright Act is applicable*. It makes little sense, in contrast, to say that conduct occurred “under this title” where Title 17 does not apply at all.

It has long been established that the Copyright Act does not apply outside the United States, and thus the foreign production of a copy for distribution

exclusively abroad does not implicate any of the exclusive rights granted by the Copyright Act. *See, e.g., United Dictionary Co. v. G. & C. Merriam Co.*, 208 U.S. 260, 264 (1908). There is, accordingly, no basis for “ascrib[ing] legality under the Copyright Act to conduct that occurs entirely outside the United States.” *Costco*, 541 F.3d at 988. Instead, the legality of a copy produced in a foreign country is governed by that country’s own copyright laws; a foreign copy is either lawfully or unlawfully made *under the law of the particular foreign country*.

Petitioners claim that “a copy is ‘lawfully made under’ a statute” if it was “made in compliance with the legal principles articulated in the statute.” *Kirtsaeng* Pet. 21; *see also* *Liu* Pet. 18 (“according to the Copyright Act” (emphasis omitted)). Not only does this ignore the statutory term “under,” Petitioners never explain how a foreign copy could be “made in compliance with” a statute that does not have any extraterritorial application; in those circumstances, there is nothing to “compl[y] with.” As the Second Circuit recognized, Petitioners’ position must be that the relevant inquiry is whether the copy was “lawfully made under this title *had this title been applicable*.” *Kirtsaeng* Pet. App. 24a (emphasis added). The text of Section 109(a), however, does not envision this counterfactual inquiry. And that is particularly telling since a different provision of the Copyright Act—the prohibition on importing piratical copies—expressly turns on whether “the making of the copies . . . would have constituted an infringement of copyright *if this title had been applicable*.” 17 U.S.C. § 602(b) (emphasis added); *see also id.* § 602(a)(2) (same).

The fact that Congress “explicitly employed” Petitioners’ preferred interpretation of the statute “elsewhere in Title 17” (Kirtsaeng Pet. App. 24a n.38) also undermines their argument that Congress “use[d] the phrase ‘manufactured in the United States’ when that is what was intended.” Kirtsaeng Pet. 23. As the Second Circuit noted, *each* of the three “possible” interpretations of Section 109(a) that it considered had been employed by Congress in other statutory provisions. *See* Kirtsaeng Pet. App. 24a n.38. In any event, that Congress might have worded the statute differently does not change the fact that the enacted language cannot reasonably be stretched to cover copies made where the Copyright Act is inapplicable.

B. The Second Circuit’s interpretation of Section 109(a) also “best comports” with the other sources bearing on the issue, including this Court’s opinion in *Quality King*. Kirtsaeng Pet. App. 24a.

In *Quality King*, this Court rejected the argument that, “because importation nearly always implies a first sale,” Section 602(a)(1) would be rendered “superfluous” unless it reaches “nonpiratical (‘lawfully made’) copies sold by the copyright owner” without regard to the first-sale defense. 523 U.S. at 146. Among other things, the Court explained, Section 602(a)(1) “applies to a category of copies that are neither piratical nor ‘lawfully made under this title.’” *Id.* at 147. “That category,” the Court noted, “encompasses copies that were ‘lawfully made’ not under the United States Copyright Act, but instead, under the law of some other country.” *Ibid.*

This Court’s opinion recognized that copies may be made either “under the United States Copyright Act,” or “under the law of some other country,” but

not “under” both. 523 U.S. at 147; *see also id.* at 148 (noting that Section 602(a)(1) “encompasses copies that are not subject to the first sale doctrine—*e.g.*, copies that are lawfully made under the law of another country”). Petitioners, in contrast, must argue that the textbooks at issue here were simultaneously “lawfully made under” *both* the Copyright Act *and* foreign law.

The Court illustrated its conclusion in *Quality King* by invoking “one example” involving market allocation agreements drawn from the “deliberations that led to the enactment of the 1976 Act.” 523 U.S. at 147. The Court explained that, “[e]ven in the absence of a market allocation agreement” between “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. In contrast:

If 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 . . . , 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. (footnote omitted). This passage necessarily means that the copyright owner may grant distribution rights limited to foreign markets, and that the foreign-made copies produced for those markets are not “lawfully made under” the Copyright Act. *See, e.g.*, Am. Bar Ass’n, Recommendation No. 109, at 8-9 (Feb. 2010) (“[I]t is apparent from the Supreme Court’s decision in *Quality King* that a copyright

owner may, pursuant to [Section] 602(a), prevent the importation of certain copyrighted works lawfully made under the law of another country.”)⁵

C. Finally, the Second Circuit’s interpretation of Section 109(a) comports with the purposes of the Copyright Act. In particular, although the Copyright Act was amended in 1976 to “allow copyright holders some flexibility to divide or treat differently the international and domestic markets for the particular copyrighted item,” interpreting the first-sale doctrine to apply even to copies manufactured abroad would render this statutory amendment meaningless “in the vast majority of cases.” *Kirtsaeng* Pet. App. 24a-25a.

1. The Copyright Act of 1909 prohibited the importation only of “piratical copies of any work copyrighted in the United States.” 17 U.S.C. § 106 (1947). This “earlier prohibition is retained” in Section 602(b) of the Copyright Act of 1976, *Quality King*, 523 U.S. at 146, which prohibits 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(b). Under pre-1976

⁵ Petitioners try unsuccessfully to distinguish *Quality King*, arguing that “the example ‘makes no reference to the place of manufacture’” and that “‘there has been no first sale.’” *Liu* Pet. 26; *see also* *Kirtsaeng* Pet. 33. There is every reason to believe that this Court’s distinction between domestic and foreign distribution rights rested on the assumption that the “publisher of the British edition” would have manufactured the work abroad, particularly since the Court’s example was discussing possible liability for *importation*. And the fact that there has been no first sale in the example is irrelevant; the Court’s example simply illustrates the proper interpretation of the phrase “lawfully made under this title.”

law, therefore, a copyright holder could not prevent the importation of copies, such as the textbooks at issue here, that had been made in a foreign country by, or with the authorization of, the copyright holder. *See, e.g.*, House Comm. on the Judiciary, 88th Cong., 1st Sess., *Copyright Law Revision Pt. 2: Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* 193 (Comm. Print 1963).

In response to concerns that this approach unduly restricted the ability of copyright holders to enter into agreements to divide international markets, the Copyright Office endorsed, and Congress ultimately enacted, legislation to create an additional limitation on importation of “foreign copies that were made under proper authority.” House Comm. on the Judiciary, 88th Cong., 2d Sess., *Copyright Law Revision Pt. 4: Further Discussions and Comments on Preliminary Draft for Revised U.S. Copyright Law* 203 (Comm. Print 1964). In particular, the proposal was designed to prohibit importation where “the copyright owner had authorized the making of copies in a foreign country for distribution only in that country.” House Comm. on the Judiciary, 89th Cong., 1st Sess., *Copyright Law Revision Pt. 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law* 150 (Comm. Print 1965).

Consistent with its design, Section 602(a)(1) sweeps broadly to bar any “[i]mportation into the United States” of “copies . . . of a work that have been acquired outside the United States” unless the importer obtains “authority of the owner of copyright.” 17 U.S.C. § 602(a)(1). Under this provision, a copyright holder “ha[s] the right to prevent [foreign-made] products from entering the United States and

competing with the identical products authorized to be distributed here.” *Swatch S.A. v. New City Inc.*, 454 F. Supp. 2d 1245, 1254 (S.D. Fla. 2006). Kirtsaeng’s suggestion (at 30-31) that Congress nonetheless intended to allow “international markets” to “respon[d] to price discrimination the way markets routinely do” is untenable given the text and history of Section 602(a)(1).

2. For Section 602(a)(1) to have any real meaning, the first-sale doctrine in Section 109(a) cannot be read so broadly that it would encompass the “vast majority” of lawful copies. Kirtsaeng Pet. App. 25a. Otherwise, because “importation nearly always implies a first sale,” *Quality King*, 523 U.S. at 146, the copyright holder’s ability to limit importation of copies into the United States effectively would be eliminated. Petitioners strive mightily to identify *some* category of cases that would remain actionable under Section 602(a)(1) despite their interpretation of the first-sale statute, but they have failed to do so.

Kirtsaeng claims, for instance, that Section 602(a)(1) still could prohibit the holder of an exclusive foreign distribution right, but not the American distribution rights, from “exporting its copies and selling them directly into the U.S.” Kirtsaeng Pet. 31. Yet if the foreign distributor were “the owner of a particular copy . . . lawfully made under this title,” then it would be entitled “to sell or otherwise dispose of . . . that copy” notwithstanding Section 602(a)(1). 17 U.S.C. § 109(a). Moreover, Kirtsaeng ignores that the foreign distributor also could avoid liability, under Petitioners’ approach, simply by reversing the order of shipment and sale. By selling the copies abroad—whether to an individual purchaser or even to a separately incorporated distribu-

tor—the foreign distributor could avoid application of Section 602(a)(1) to its activities, and the domestic purchaser would then be able to invoke Section 109(a) as a basis for its importation.

Kirtsaeng also insists that Section 602(a)(1) “provides remedies against various forms of piracy.” Pet. 31. But the importation of piratical works is separately prohibited by Section 602(a)(2), which bars the 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.” 17 U.S.C. § 602(a)(2). Indeed, Section 602(a)(1) was enacted *precisely because* the existing ban on importation of piratical copies was deemed insufficient protection for copyright holders. *See supra* at 23.

Kirtsaeng’s remaining examples verge on the fanciful. That it may be possible to imagine unusual cases where “the importer is not the owner of the copies and there has not yet been a first sale” (Kirtsaeng Pet. 31) hardly means that the statute has any application in the “vast majority of cases.” Kirtsaeng Pet. App. 25a. It is, instead, clear that Petitioners’ sweeping interpretation of Section 109(a) would eviscerate Congress’s decision that copyright holders may restrict importation of foreign copies.

III. THE COURT’S REVIEW IS UNNECESSARY AT THIS TIME.

Petitioners and their *amici* claim that this Court’s review is “now more important than ever” (Kirtsaeng Pet. 5) because the decision below purportedly “makes it substantially easier for copyright

holders to *eliminate* secondary markets.” Liu Pet. 28. These concerns are unfounded.⁶

A. As an initial matter, the bulk of Petitioners’ arguments depend on their belief that the Second Circuit would refuse to apply the first-sale doctrine even if the copyright holder had authorized sale of the foreign-made copy in the United States. See Liu Pet. 28 (“This would be true *even where the copyright holder chose to sell the copy in the United States and was compensated for that sale.*”). Kirtsaeng’s speculation (at 28) that “big movie producers” could “demolish movie rental services” by “manufacturing DVDs in Mexico,” for instance, depends critically on his assumption that the subsequent authorized sale of those DVDs in the United States would not implicate the first-sale doctrine. The same is true of Liu’s argument (at 13) that the decision below creates “perverse incentive for U.S. copyright owners to reproduce copies of their copyrighted works outside the United States.”

As explained above, however, this case does not involve an authorized domestic sale, and the Second

⁶ Petitioners also rely heavily on this Court’s decision to grant review in *Costco*. When this Court did so, the Ninth Circuit was the only court of appeals to have addressed the scope of Section 109(a) following *Quality King*. The petition for certiorari in that case billed the decision as an “erroneous and unreasoned departur[e] from *Quality King*’s reasoning.” *Costco* Pet. 26. The Second Circuit’s decision in this case, however, confirms that the Ninth Circuit is not an outlier in its interpretation of Section 109(a). Moreover, it has now been almost three years since the petition for certiorari was filed in *Costco*, and almost two years since it was granted. Yet the supposedly adverse consequences of construing Section 109(a) to apply only to domestic copies, as claimed in *Costco*’s petition and repeated here, have yet to materialize. See *infra* at 27-28.

Circuit therefore had no occasion to decide whether to apply Section 109(a) in such a case. *See supra* at 17-18. If a court of appeals ever holds that the first-sale doctrine is inapplicable even though the copyright holder had authorized sale in the United States, this Court will have adequate opportunity to decide whether Petitioners' professed concerns about that hypothetical holding are sound.

B. Moreover, the arguments advanced by Petitioners ignore that the Second Circuit's decision below is consistent with the consensus view of courts and commentators for almost 30 years. If Petitioners were correct that the Second Circuit's interpretation of Section 109(a) will cause such dire consequences, those consequences should already have occurred in response to earlier decisions. Yet Petitioners cannot identify even a single example of a copyright holder locating its manufacturing operations overseas in an attempt to impose restrictions on resale in the domestic market, or indeed any of the other "perverse incentive[s]" (Liu Pet. 13) supposedly created by the decision below.

Kirtsaeng concedes that, given the complete absence of support for his imagined "parade of horrors," the "natural response" would be to "roll one's eyes." Kirtsaeng Pet. 15. He therefore resorts to rhetoric, breathlessly claiming that the potential for such adverse consequences is illustrated by the fact that "a major international publisher" chose to "doggedly pursue a graduate student who sold textbooks." *Ibid.* Kirtsaeng, who earned tens of thousands of dollars selling Wiley's copyrighted textbooks in direct violation of those copyrights and in contravention of the clear territorial restrictions placed by Wiley on its foreign-made textbooks, is hardly an ordinary

“graduate student who sold textbooks.” But in any event, Kirtsaeng never explains how Respondents’ decisions to pursue this litigation have any bearing on whether copyright holders will engage in the extreme behavior he identifies as potentially abusive—such as, for instance, attempting to impose resale restrictions in the United States after *authorizing* the domestic sale of a foreign-made copy.⁷

C. Finally, to the extent that Petitioners claim the Second Circuit’s decision warrants review because it permits retailers to “charge more” in the United States for “books with the same content as the ones they sell abroad,” Kirtsaeng Pet. 11, this is simply a consequence of *Congress’s* decision to “allow copyright holders some flexibility to divide or treat differently the international and domestic markets for the particular copyrighted item,” Kirtsaeng Pet. App. 24a-25a.

⁷ For similar reasons, Kirtsaeng is incorrect to speculate that “clever sellers” might seek to exploit the Second Circuit’s rule by “slap[ping] some sort of design” onto “products that are not ordinarily considered worthy of copyright protection.” Kirtsaeng Pet. 12. There is, of course, no allegation that any such conduct occurred in this case; rather, Kirtsaeng concedes that the textbooks at issue “lie at the heart of this nation’s carefully balanced copyright framework.” *Id.* at 17. Kirtsaeng’s argument is better addressed by considering, in an appropriate case, whether the copyright-misuse doctrine provides a basis for precluding enforcement of the copyright. See *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 973-77 (4th Cir. 1990). This is, indeed, precisely what happened on remand in *Costco*, where the district court granted summary judgment to Costco under the copyright-misuse doctrine. See D.E. 415, at 3, No. 2:04-cv-05443 (C.D. Cal. Nov. 9, 2011) (“Omega misused its copyright of the Omega Globe Design by leveraging its limited monopoly in being able to control the importation of that design to control the importation of its Seamaster watches.”).

Market segmentation creates many benefits for consumers and producers. Among other things, it permits the copyright holder to “license the printing of lower-priced editions in foreign countries,” including developing countries, without, “in effect, los[ing] U.S. copyright protection for, and profits on, their higher-priced U.S. works.” *Kirtsaeng* Pet. App. 69a. This, in turn, “encourage[s] . . . the broad publication of U.S.-copyrighted works.” *Id.* at 70a.

As this Court has recognized, whether it is “wise policy to provide statutory protection for . . . price discrimination” is an issue committed to Congress. *Quality King*, 523 U.S. at 153. That Congress decided in 1976 to permit market segmentation thus forecloses Petitioners’ argument that the lower prices of Respondents’ foreign textbooks somehow provides a basis for this Court’s review.

IV. IF THIS COURT DECIDES TO REVIEW THE QUESTION PRESENTED, IT SHOULD GRANT CERTIORARI ONLY IN *KIR TSAENG*.

The Second Circuit has issued only one published opinion addressing whether Section 109(a) applies to copies made abroad. *See Kirtsaeng* Pet. App. 1a-43a. If this Court were inclined to review the issue, it should grant review in that case—*Kirtsaeng*, No. 11-697—and either deny the later-filed petition for certiorari in *Liu*, No. 11-708, or hold that petition pending resolution of *Kirtsaeng*.

A. Unlike *Kirtsaeng*, *Liu* reaches this Court after the Second Circuit’s denial of a petition for permission to appeal under 28 U.S.C. § 1292(b). *Liu* Pet. App. 1a-2a. This procedural posture renders *Liu* an inappropriate vehicle for this Court’s review because the Court would be forced to consider and decide an antecedent jurisdictional issue—namely,

whether the Court has jurisdiction under 28 U.S.C. § 1254(1) when the court of appeals has denied permission to appeal under Section 1292(b). *See, e.g., DTD Enters., Inc. v. Wells*, 130 S. Ct. 7, 8 (2009) (statement of Kennedy, J., respecting denial of certiorari) (“If [the Court] were to grant the petition [it] would be required to . . . confront a procedural obstacle unrelated to the question presented.”); *Wrotten v. New York*, 130 S. Ct. 2520, 2520 (2010) (statement of Sotomayor, J., respecting denial of certiorari) (“Granting the petition for certiorari . . . would require [the Court] to resolve the threshold [jurisdictional] question . . .”).

The jurisdictional issue would require determining whether denials of petitions under Section 1292(b) are “[c]ases in the courts of appeals.” 28 U.S.C. § 1254(1). Although this Court has previously exercised its jurisdiction in these circumstances, *see Tidewater Oil Co. v. United States*, 409 U.S. 151 (1972), “the Court has never addressed its jurisdiction to review an issue certified by a district court under Section 1292(b) that the court of appeals declined to review,” Scott E. Gant, *The Law of Unintended Consequences: Supreme Court Jurisdiction over Interlocutory Class Certification Rulings*, 6 J. App. Prac. & Process 249, 262 n.49 (2004) (emphasis added).

According to Liu, this Court has jurisdiction under *Nixon v. Fitzgerald*, which resolved an issue of absolute immunity raised in an interlocutory appeal after the court of appeals had dismissed the appeal for lack of jurisdiction. 457 U.S. 731, 743 n.23 (1982). The court of appeals concluded that the order denying absolute immunity did not fall within the collateral-order doctrine because, in its view, the pe-

tioner “raised no ‘serious or unsettled question’ of law.” *Id.* at 743. Exercising its “power to review a court of appeals’ decision to dismiss for lack of jurisdiction,” this Court held that the petitioner “did present a ‘serious and unsettled’ and therefore appealable question to the Court of Appeals.” *Id.* at 743 & n.23. “It follows,” the Court explained, “that the case was ‘in’ the Court of Appeals under [Section] 1254 and properly within [the Court’s] certiorari jurisdiction.” *Id.* at 743.

Nixon is inapposite. The Second Circuit did not dismiss Liu’s appeal for lack of jurisdiction, so the fact that this Court may review such dismissals says nothing about whether it may similarly review denials of leave to appeal under Section 1292(b). And the fact that a case is “in” the court of appeals under Section 1254 even where the court of appeals erroneously concludes otherwise does not establish that a petition under Section 1292(b) is a “[c]as[e] in [a] cour[t] of appeals.” 28 U.S.C. § 1254(1).

To be sure, this Court has held that Section 1254(1) grants jurisdiction to review the denial of an application for a certificate of appealability. *Hohn v. United States*, 524 U.S. 236, 241 (1998), *cited in* Liu Pet. 31. Some commentators have concluded that *Hohn*’s reasoning should be extended to permit review “in any other case in which it is claimed that a court of appeals has improperly denied leave to proceed on appeal.” 17 Charles Alan Wright *et al.*, *Federal Practice & Procedure* § 4036, at 17 (3d ed. 2007). Such an extension might raise practical difficulties in determining the standard (if any) by which the decision to deny review should be evaluated. *See, e.g., id.* § 4036, at 17 n.24 (arguing that “the discretion to deny interlocutory appeal under 28 U.S.C. § 1292(b)”

is “so broad that Supreme Court reversal should never be available”).

There is no need for this Court to address *any* of these antecedent questions in *Liu* when, as *Liu* concedes, the “exact same question regarding the scope of the first-sale doctrine” is presented in *Kirtsaeng*, which reaches this Court following final judgment. *Liu* Pet. 32.

B. If this Court decides to grant review in *Kirtsaeng*, it would be unnecessary to hold *Liu*. The fact that *Liu* reaches this Court in an interlocutory posture “alone furnish[es] sufficient ground for the denial of the application.” *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 258 (1916). And it is precisely because of that interlocutory posture that *Liu* cannot claim prejudice from the denial of his petition for certiorari; the lower courts are more than capable of addressing any decision by this Court in the ordinary course.

Moreover, even if the Court were to hold *Liu*, it could not take any action other than denying the petition without addressing the antecedent jurisdictional issue. *See Good Shot v. United States*, 179 U.S. 87, 88-89 (1900) (holding that “the writ of certiorari cannot properly be issued” where the Court “has no jurisdiction for determination on the merits”); *see also, e.g., California v. Gordon*, 420 U.S. 938 (1975). Nor would it be appropriate to do so without considering the extent, if any, to which this Court may review the denial of an interlocutory appeal under Section 1292(b) *even if* the Court has jurisdiction to do so. *Cf. Coopers & Lybrand v. Livesay*, 437 U.S. 463, 475 (1978) (“The appellate court may deny the appeal for any reason . . .”).

At most, the Court should hold *Liu* if it decides to grant the petition for certiorari in *Kirtsaeng*. This Court should not complicate its consideration of a narrow issue of copyright law by injecting unrelated issues into the case.

CONCLUSION

The petitions for writs of certiorari should be denied. If the Court were to conclude that the question presented warrants review, however, it should grant the petition in No. 11-697 and either deny the petition in No. 11-708 or hold that petition pending disposition of No. 11-697.

Respectfully submitted.

THEODORE B. OLSON
Counsel of Record
MATTHEW D. MCGILL
SCOTT P. MARTIN
GIBSON, DUNN & CRUTCHER LLP
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 955-8500
tolson@gibsondunn.com
Counsel for Respondents

March 5, 2012