

High court upholds 'first-sale' doctrine

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The U.S. copyright law (Title 17 U.S.C.) protects copyrightable works. Examples of copyrightable works include books, computer programs (object code and source code), magazines, newspapers, e-books, art, music, plays, etc. This article discusses a recent U.S. Supreme Court case decision concerning the "first-sale" doctrine in copyright law and the impact of the decision on purchasers and sellers of copyright works.

In *Kirtsaeng, DBA Bluechristine99 vs. John Wiley & Sons Inc.* (2013), the court was presented with an academic textbook publisher, John Wiley & Sons Inc., that often assigns to its wholly owned foreign subsidiary, Wiley Asia, rights to publish, print and sell foreign editions of Wiley's English-language textbooks abroad. Wiley Asia's books state that they are not to be taken (without permission) into the United States.

When petitioner Supap Kirtsaeng moved from Thailand to the U.S. to study math, he asked friends and family to buy foreign editions of English-language textbooks in Thai book shops, where they sold at low prices and to mail them to him. Kirtsaeng sold the books, reimbursed his family and friends and kept the profit. Wiley sued, claiming that Kirtsaeng's unauthorized importation and resale of its books was an infringement of Wiley's copyright rights. Kirtsaeng replied that because his books were "lawfully made" (i.e., they were produced by the copyright owner or its authorized licensee) and acquired legitimately, Section 109(a)'s first-sale doctrine permitted importation and resale without Wiley's further permission. The court held that the first-sale doctrine applies to copies of a copyrighted work lawfully made abroad.

The first-sale doctrine has significant economic implications and acts as a limitation on the copyright owner's copyright rights. Exclusive rights include the right:

1. To reproduce the copyrighted work in copies or phonorecords.
2. To prepare derivative works based upon the copyrighted work.
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.
4. In the case of literary, musical, dramatic and choreographic works, pantomimes, motion pictures and other audiovisual works, to perform the copyrighted work publicly.
5. In the case of literary, musical, dramatic and choreographic works, pantomimes and pictorial, graphic or sculptural works — including the individual images of a motion picture or other audiovisual work — to display the copyrighted work publicly.
6. In the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

Although registration of a copyright with the U.S. Copyright Office is no longer mandatory for a copyright right to come into existence, registration does have very important advantages. Remedies for copyright infringement can be substantial, particularly when the work is registered. For example, infringement of a registered work which a court finds to be willful infringement for a commercial advantage can result in statutory damages of \$150,000 per infringing work, plus attorney fees and court costs.

While there are several exceptions to the copyright owner's rights under U.S. copyright law (e.g., fair use), the first-sale doctrine highlights the differences between the contents of a work as opposed to a copy of a work. It concerns a distinction between a physical copy of a copyrighted work and the contents of the copyrighted work. The copyright law (Section 109) states: 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.

The first-sale doctrine provides that, for example, if you own a physical copy of a copyrighted book, you can do whatever you want with your copy of that book. You can give it to someone else for free or for a price, put it on your bookshelf or use it as a doorstop. What you cannot do concerns the content of that book. For instance, you cannot remove the copyright owner's name, put your name on it, reproduce the book and then distribute it.

Thus, but for the first-sale doctrine, when you purchase a physical copy of a book, you would not be able to loan that book to others, give it away to a charitable or public organization (e.g., a public library) or a family member. Such limitations on the book purchaser's rights may sound somewhat familiar to purchasers of e-books, in which the e-book seller puts limitations on what the purchaser can do with their copy of the e-book. However, a discussion of those issues is outside the scope of this article.

As mentioned, copyright infringement can result in substantial liability. However, the first-sale doctrine acts as a limitation on the copyright owner's rights, even when the copyrighted work is imported to the U.S. companies and those interacting with copyrighted works need to understand the limitations that may be imposed on their use of that work.