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April 8, 2011

By Hand

Hon. Catherine O'Hagan Wolfe, Clerk
United States Court of Appeals
for the Second Circuit
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, New York 10007

Re: John Wiley & Sons, Inc. v. Supap Kirtsaeng
09-4896-cv

Dear Clerk Wolfe:

We are attorneys for plaintiff-appellee John Wiley & Sons, Inc. ("Wiley") in the above appeal. We are writing to address the four questions set forth in the March 30, 2011, order of the Court.

Question 1

In what nation(s) were each of the eight textbooks at issue in this case manufactured?

Response to Question 1

The record does not conclusively indicate the nation or nations in which the eight foreign edition textbooks ("Foreign Editions") were manufactured.

Defendant-appellant Supap Kirtsaeng ("Kirtsaeng") testified that his brother purchased the Foreign Editions in Thailand. (JA 260) Each of the Foreign Editions provided it was "printed in Asia." (JA 78, 384-389) Kirtsaeng admitted that the Foreign Editions were, in fact, printed in Asia. (JA 258)

Without a specific request from the Court, Wiley will not offer evidence not in the record. See Sira v. Morton, 380 F.3d 57, 63 fn.6 (2d Cir. 2004)("However, since this letter was not part of the record in the district court, nor is it in the record on appeal, we do not consider it."); See Petitions of Rudder, 159 F.2d 695, 696 (2d Cir. 1947)("Since the material printed in the appendices has not been incorporated into the records on appeal, we shall not consider it in determining the merits of the appeals.").

The specific foreign nation in which the Foreign Editions were manufactured should be irrelevant. Wiley concedes that the Foreign Editions were "lawfully made" within the meaning of § 109(a), regardless

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of the nation of their manufacture. Moreover, the Foreign Editions could not be lawfully made "under this title" within the meaning of § 109(a) if they were manufactured in any foreign nation.

Question 2

The law of which nation(s) governed the manufacture and copyright of each of these works when they were first produced? Explain the relevant legal basis.

Response to Question 2

The law of the nation in which the Foreign Editions were first produced would govern the legality of their manufacture and copyright.¹

In addition, it is conceivable that another nation could assert that its laws would govern the legality of the manufacture and copyright of a book produced in another nation. We have not attempted to determine whether any nation seeks to regulate copyrights in this manner.

¹We understand that the word "works" in this question refers to the physical books that Kirtsaeng sold, which we have defined as Foreign Editions, rather than the copyright in the (i) Foreign Editions, or (ii) the United States Editions. If the Court is requesting that we identify the nations whose laws governed the existence of either group of copyrights at the time of the creation of the copyrights, the record does not provide evidence of those facts. The certificates of copyright registration for the United States Editions demonstrate that the United States Editions were first published in the United States, and except for Organic Chemistry, United States residents created the copyrights. (TX 1-8)

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However, United States law would not govern the legality of the manufacture of the Foreign Editions because they were produced in a another nation. As explained in response to Question 3 below, the Copyright Act does not apply extraterritorially.

Just as the specific foreign nation in which the goods were manufactured should be irrelevant, so the laws of the foreign nation that governed the manufacture of the Foreign Editions should be irrelevant. Wiley concedes that the Foreign Editions were “lawfully made” within the meaning of § 109(a). (The issue presented in this case is whether the goods were lawfully made “under this title.”) In the event that they were not “lawfully made,” despite Wiley’s consent, § 109(a) would not apply and Wiley would prevail.

Question 3

To what extent did Title 17 – or other American copyright law – protect or apply to the books in question *before* they were imported into the United States? Include a discussion of whether – and, if so, when – American copyright law attaches to a book “printed” abroad.

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Response to Question 3

Title 17 did not apply to the Foreign Editions before their importation into the United States.

Absent Congressional intent to the contrary, there is a presumption against the extraterritorial application of statutes. Morrison v. Nat'l Austl. Bank Ltd., ___ U.S. ___, ___, 130 S. Ct. 2869, 2877 (2010) (“It is a ‘longstanding principle of American law that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States. . . .’”) (quoting EEOC v. Arabian American Oil Co., 499 U.S. 244, 248, 111 S. Ct. 1227, 1230 (1991) (quoting Foley Bros., Inc. v. Filardo, 336 U.S. 281, 285, 69 S. Ct. 575, 577 (1949) (internal quotations omitted)); Microsoft Corp. v. AT&T Corp., 550 U.S. 437, 455, 127 S. Ct. 1746, 1758 (2007) (“As a principle of general application, moreover, we have stated that courts should ‘assume that legislators take account of the legitimate sovereign interests of other nations when they write American laws.’”) (quoting F. Hoffmann-La Roche Ltd v. Empagran S. A., 542 U.S. 155, 164, 124 S. Ct. 2359, 2366 (2004))).

This Court has held that the Copyright Act generally does not

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apply extraterritorially. Update Art, Inc. v. Modiin Pub., Ltd., 843 F.2d 67, 73 (2d Cir. 1988)(“It is well established that copyright laws generally do not have extraterritorial application.”); See The Robert Stigwood Group Ltd. v. O'Reilly, 530 F.2d 1096, 1101 (2d Cir. 1976)(“Copyright laws do not have extraterritorial operation.”).

Other Circuits have also held that the Copyright Act does not apply extraterritorially. Subafilms, Ltd. v. MGM-Pathe Communications Co., 24 F.3d 1088, 1098 (9th Cir. 1994)(en banc)(“Because the presumption has not been overcome, we reaffirm that the United States copyright laws do not reach acts of infringement that take place entirely abroad.”)(quoted by Litecubes, LLC v. N. Light Prods., 523 F.3d 1353, 1366 (Fed. Cir. 2008)(“It has long been established, however, that the Copyright Act does not ‘reach acts of infringement that take place entirely abroad.’”)).

The Patent Act provides a helpful analogy. The Supreme Court has held that the Patent Act does not apply extraterritorially. See Microsoft Corp., 550 U.S. at 454-455, 127 S. Ct. at 1758 (“The presumption that United States law governs domestically but does not rule the world applies with particular force in patent law.”). The patent rule may provide at least a starting point for the Supreme Court’s analysis of a copyright

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question. See MGM Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 936, 125 S. Ct. 2764, 2780 (2005) (“For the same reasons that *Sony* took the staple-article doctrine of patent law as a model for its copyright safe-harbor rule, the inducement rule, too, is a sensible one for copyright. We adopt it here. . .”).

In an analogous situation, the Copyright Act does not apply to an act in the United States that directs copying abroad. Subafilms, Ltd., 24 F.3d at 1090 (“Because we conclude that there can be no liability under the United States copyright laws for authorizing an act that *itself* could not constitute infringement of rights secured by those laws, and that wholly extraterritorial acts of infringement are not cognizable under the Copyright Act, we overrule *Peter Starr* insofar as it held that allegations of an authorization within the United States of infringing acts that take place entirely abroad state a claim for infringement under the Act.”)(cited by Well-Made Toy Mfg. Corp. v. Lotus Onda Indus. Co., 2003 U.S. Dist. LEXIS 68 at *15 (S.D.N.Y. Jan. 3, 2003) (“It is now generally accepted that there can be no liability under the Copyright Act for merely authorizing an act that could not itself constitute infringement of rights secured by United States law.”)).

Title 17 applied to the Foreign Editions upon their importation into the United States. The rights of the copyright owner under § 106 are, as explained above, limited to the United States. Section 602(a) teaches that this protection extends to the time at which the Foreign Editions are imported into the United States. Nothing in the text or structure of the Copyright Act suggests that it applies before the importation of the Foreign Editions.

The principal argument in response to this statutory interpretation that Wiley advocates is that if a United States copyright owner manufactures books outside of the United States, those books are not “lawfully made under this title” and that the United States copyright owner could therefore exercise perpetual control over them, because § 109(a) would never apply. (Brief for Appellant, p. 21)(“For instance, in keeping with the Lower Court’s ruling, the Plaintiff might elect to manufacture all its volumes overseas only to then ship them into the U.S. for domestic sales; in this way it stands to retain perpetual control over infinite instances of redistribution of its books, including by sale, trade, lending, charity, gifts or even inheritance.”).

However, limiting the application of § 109(a) to copies made in the United States would not grant the United States copyright owner perpetual control over the resale of a copy made abroad. To the contrary, regardless of § 109(a), if a United States copyright owner sells a book, in a transaction to which § 106(3) applies, the copyright owner has exhausted its rights under § 106(3). Section 109 post-dated Bobbs-Merrill v. Straus, 210 U.S. 339, 350, 28 S. Ct. 722, 726 (1908), but did not supplant it. If the first sale occurred outside of the United States, then § 106(3) would not apply to that sale, and would not exhaust the rights of the copyright owner.

The relationship between §§106(3) and 109(a) that Wiley advocates would not render either section superfluous. Section 106(3) would apply only if the United States copyright owner sold the books, or authorized them to be sold, in the United States, regardless of where the books were made. Section 109(a) would apply only if the books were lawfully made in the United States, regardless of where, or whether, they were sold. This result is faithful to the statutory text and structure, and achieves the necessary result of preventing the United States copyright owner from exercising perpetual control over books made outside of the United States.

Question 4

Why was Title 17 explicitly referenced in the copyright warnings of at least some of the textbooks even though they were all printed in "Asia" and apparently designed to be limited to an Asian market? (*See, e.g.,* JA 384-85, JA 386-87) Is it common to reference American copyright law on books printed and sold abroad?

Response to Question 4

The record does not demonstrate why the Foreign Editions referenced Title 17. The reference to Title 17 may have represented no more than the reproduction of boilerplate from the United States edition of the textbook. (Compare Trial Exhibit 23 with Trial Exhibit 24) Or, the reference to Title 17 may have represented an intent to license in foreign nations the copying of Foreign Editions insofar as that copying would represent a "fair use" as defined in Title 17.

In any event, there can be no genuine dispute that the reference to Title 17 did not authorize the sale of the Foreign Editions in the United States. The pages which contain the references to Title 17 also provide: "This book is authorized for sale in Asia only and may not be exported," (JA 385-387) or "This book is authorized for sale in Europe, Asia, Africa and the

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Middle East only and may not be exported out of these territories.” (J.A. 388-389) The front and/or back covers contain clear and unmistakable warnings that the book cannot be resold in the United States. (J.A. A-384, A-390)

The record contains no evidence as to whether or not it is common to reference American copyright law on books printed and sold abroad.

Respectfully submitted,



William Dunnegan

Cc: Sam P. Israel, Esq.
(By E-mail)