ASSOCIATION OF RESEARCH LIBRARIES

Justice Breyer, Copyright, and Libraries

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Associate Justice Stephen Breyer's announcement that he will retire at the end of this Supreme Court term provides an opportunity for reflection on his impact on the application of copyright law to libraries. This impact was most direct in his opinion for the Court in *Kirtsaeng v. Wiley* in 2013, which clarified that the first sale doctrine applied to copies manufactured abroad. In an amicus brief submitted to the Court, libraries argued that if the first sale doctrine did not apply to copies manufactured abroad, their ability to circulate books could be threatened. In his opinion, Justice Breyer relied on the libraries' amicus brief to justify his conclusion. Justice Breyer also relied heavily on an amicus brief joined by library associations in his dissent in *Golan v. Holder*. The dissent provided a vigorous articulation of the "orphan works" problem.

I. *Kirtsaeng v. Wiley*

A. Background

Section 106(3) of the Copyright Act grants the copyright owner the exclusive right "to distribute copies or phonorecords of the copyrighted work to the public by … lending."[1] However, the first sale doctrine, codified at section 109(a) of the Copyright Act, terminates the copyright owner's distribution right in a particular copy "lawfully made under this title" after the first sale of that copy.[2] The House Judiciary Committee Report on the 1976 Copyright Act explained that under section 109(a), "[a] library that has acquired ownership of a copy is entitled to lend it under any conditions it chooses to impose."[3] The first sale doctrine thus is critical to the operation of libraries: "[w]ithout this

1. 17 U.S.C. § 106(3).
2. 17 U.S.C. § 109(a).
3. H.R. Rep. No. 94-1476, § 109, at 79 (1976), *as reprinted in* 1976 U.S.C.C.A.N. 5659, 5693.

exemption, libraries would be unable to lend books, CDs, videos, or other materials to patrons."[4]

Prior to the *Kirtsaeng* decision, there had been extensive litigation over the meaning of the phrase "lawfully made under this title" in section 109(a). Rights holders had generally argued that "lawfully made under this title" meant "lawfully made in the United States." This interpretation would allow the rights holder to prohibit some "parallel imports" or "gray market goods"—that is, the rights holder could prevent a third party from importing legal but less expensive foreign-made copies. Conceivably, this interpretation would also allow the rights holder to prohibit the resale of foreign-made goods sold in the United States with the rights holder's authorization.

In 2010, this issue was before the Supreme Court in a case involving Costco, the discount retailer, and the Swiss watch company Omega. Omega engraved a design of a globe on the back of its watches and registered the design with the Copyright Office. When Costco imported watches engraved with the design, Omega sued Costco for infringing its importation and distribution right in the design. The Ninth Circuit agreed with Omega, holding that copies "lawfully made under this title" meant copies lawfully manufactured in the United States. Costco, therefore, was not allowed to import and sell the watches without Omega's authorization.

The Supreme Court agreed to review the Ninth Circuit's holding. Justice Kagan recused herself, presumably because she had filed a brief in support of Costco in an earlier phase of the case when she was still the Solicitor General. With Justice Kagan recused, the Court reached a 4-4 tie. The Court's decision was a one sentence order which contained no explanation of how each of the eight participating justices voted. The 4-4 tie left in place the Ninth Circuit's decision, but was not

4. Carrie Russell, *Complete Copyright: An Everyday Guide For Librarians* 43 (2004).

binding on courts outside of the Ninth Circuit. This set the stage for the *Kirtsaeng* case.

B. The *Kirtsaeng* Litigation

Supap Kirtsaeng moved from Thailand to the United States for graduate studies. When he realized that publishers sold Asian editions of their textbooks at significantly lower prices than in the United States, Kirtsaeng arranged for family members in Thailand to purchase Asian editions of textbooks and send them to him in the United States. He then sold the books at a profit on eBay. One of the publishers, John Wiley & Sons, sued Kirtsaeng for infringement, alleging that he infringed its exclusive right to import and distribute its textbooks. Kirtsaeng argued that because the copies he sold were made by Wiley, the first sale doctrine applied and he did not infringe copyright. The district court ruled, however, that the copies were not made in the United States, and thus were not "lawfully made under this title" as required by section 109(a). The jury then imposed $600,000 in statutory damages. Kirtsaeng appealed to the U.S. Court of Appeals for the Second Circuit, which affirmed the trial court. Kirtsaeng then appealed to the Supreme Court.

The Supreme Court was presented with three choices as to the applicability of the first sale doctrine to foreign made copies. First, Wiley argued that the Second Circuit had correctly interpreted the phrase "lawfully made under this title" as meaning lawfully made in the United States. Second, Kirtsaeng argued that the phrase meant made in accordance with U.S. copyright law, that is, was made without infringing copyright. Third, the Solicitor General (SG) offered a compromise approach. The SG agreed with the Second Circuit that "lawfully made under this title" in section 109(a) meant lawfully made in the United States, but asserted that the common law first sale doctrine applied more broadly to foreign made copies sold in the U.S. with the rights holder's authorization. In other words, the SG argued that the common law first sale doctrine articulated by the Supreme Court in *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1908), survived its

codification in section 109(a) of the 1976 Copyright Act. Under this compromise approach, a rights holder would be able to prevent the unauthorized importation of copyrighted products, but would not be able to prevent the resale (or lending) of products that had been imported with its authorization.

The members of the Library Copyright Alliance—the American Library Association, the Association of Research Libraries, and the Association of College and Research Libraries—filed an amicus brief in support of Kirtsaeng, urging reversal of the Second Circuit. LCA argued that by restricting the application of section 109(a) to copies manufactured in the United States, the Second Circuit's decision threatened the ability of libraries to continue to lend materials in their collections. LCA explained that many of the materials in the collections of U.S. libraries were manufactured overseas. Additionally, the Second Circuit's narrow interpretation of the first sale doctrine could limit the ability of U.S. libraries to import materials for the development of their collections. LCA acknowledged the existence of "fallback" legal theories such as fair use, implied license, and a library exception to the importation right in section 602(a)(3)(C), but LCA identified shortcomings in each of these theories.

C. Justice Breyer's Decision

The majority of the Court, in a decision written by Justice Breyer and joined by Justices Alito, Kagan, Sotomayor, Thomas, and Roberts, reversed the Second Circuit and found the first sale doctrine was not geographically limited to copies made in the United States. Justice Ginsburg wrote a dissenting opinion, joined in whole by Justice Kennedy and in part by Justice Scalia. Justices Ginsburg and Kennedy agreed with the SG's compromise position, while Justice Scalia appears to have agreed with the Second Circuit.

Justice Breyer's opinion stated that the first sale doctrine "is a common-law doctrine with an impeccable historic pedigree."[5] Lord Coke, one of the greatest jurists in seventeenth Century England, understood "the importance of leaving buyers of goods free to compete with each other when reselling or otherwise disposing of those goods."[6] Justice Breyer recognized the American law "has generally thought that competition, including freedom to resell, can work to the advantage of the consumer."[7] Additionally, the first sale doctrine "frees courts from the administrative burden of trying to enforce restrictions upon difficult-to-trace, readily movable goods. And it avoids the selective enforcement inherent in any such effort."[8]

Against this background of the first sale doctrine, Justice Breyer examined the meaning of the five words "lawfully made under this title." After reviewing the context of those words in section 109(a) and the Copyright Act, the common law history of the first sale doctrine, the legislative history of section 109(a), and the Court's earlier decisions, Justice Breyer rejected the "geographical interpretation" of lawfully made under this title as meaning made in the United States. Instead, he found that the phrase meant manufactured in a manner that met the requirements of American copyright law, *e.g.*, manufactured with the permission of the rights holder.

Reinforcing this interpretation is the "parade of horribles" of what might ensue if the Court adopted the geographical interpretation. The first, and by far the most detailed, example Justice Breyer used was the potentially adverse impact on libraries.

> The American Library Association tells us that library collections contain at least 200 million books published abroad (presumably, many were first published in one of the nearly 180 copyright-treaty

5. *Kirtsaeng v. Wiley & Sons*, 133 S.Ct. 1351, 1363 (2013).
6. *Id.*
7. *Id.*
8. *Id.*

> nations and enjoy American copyright protection under 17 U.S.C. §104, see supra, at 10); that many others were first published in the United States but printed abroad because of lower costs; and that a geographical interpretation will likely require the libraries to obtain permission (or at least create significant uncertainty) before circulating or otherwise distributing these books. Brief for American Library Association et al. as Amici Curiae 4, 15–20.[9] Cf. id., at 16–20, 28 (discussing limitations of potential defenses, including the fair use and archival exceptions, §§107–108). See also Library and Book Trade Almanac 511 (D. Bogart ed., 55th ed. 2010) (during 2000–2009 "a significant amount of book printing moved to foreign nations").
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> How, the American Library Association asks, are the libraries to obtain permission to distribute these millions of books? How can they find, say, the copyright owner of a foreign book, perhaps written decades ago? They may not know the copyright holder's present address. Brief for American Library Association 15 (many books lack indication of place of manufacture; "no practical way to learn where [a] book was printed"). And, even where addresses can be found, the costs of finding them, contacting owners, and negotiating may be high indeed. Are the libraries to stop circulating or distributing or displaying the millions of books in their collections that were printed abroad?[10]

Additionally, Justice Breyer discussed the harm a geographical interpretation could inflict on used book-sellers, resellers of cars, retailers, and museums. Justice Ginsburg in her dissent dismissed the parade of horribles, indicating that they had not occurred in the 30 years courts had been articulating a geographical interpretation of the first sale doctrine. Justice Breyer responded that the law had not been settled sufficiently to cause entities to change longstanding practice. Moreover,

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9. The brief Justice Breyer refers to as the American Library Association brief is the brief submitted jointly by ALA, ARL, and ACRL, referenced above. Jonathan Band drafted this brief.
10. 133 S.Ct. at 1364. Justice Breyer repeated this passage in his discussion of *Kirtsaeng* in his book *The Court and the World*.

rights holders may have been reluctant to assert their geographically based resale rights in the face of this legal uncertainty. Justice Breyer then expressed the decision's most far-reaching statement concerning copyright policy:

> a copyright law that can work in practice only if unenforced is not a sound copyright law. It is a law that would create uncertainty, would bring about selective enforcement, and, if widely unenforced, would breed disrespect for copyright law itself.[11]

In sum, Justice Breyer concluded that the problems identified by Kirtsaeng and his amici are "too serious, too extensive, and too likely to come about for us to dismiss them as insignificant—particularly in light of the ever-growing importance of foreign trade to America."[12]

Justice Breyer also responded to the main policy thrust of the Ginsburg dissent that the Court's rule would make it difficult for rights holder to segment markets. Justice Ginsburg noted that if a rights holder could prevent unauthorized importation, it could charge lower prices in foreign markets with less affluent consumers—in this case, Thailand. But if importers could engage in arbitrage, as Kirtsaeng did here, rights holders would have to raise prices above levels that could be sustained in foreign markets, thereby losing foreign sales. Justice Breyer replied that there is no inherent right under copyright law to price discriminate and segment markets:

> the Constitution's language nowhere suggests that its limited exclusive right should include a right to divide markets or a concomitant right to charge different purchasers different prices for the same book, say to increase or to maximize gain... We have found no precedent suggesting a legal preference for interpretations of copyright statutes that would provide for market divisions.[13]

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11. *Id*. at 1366.
12. *Id*. at 1367.
13. *Id*. at 1371.

Justice Breyer's interpretation of the first sale doctrine as applying to copies manufactured overseas clearly enabled libraries to continue circulating books at a time when ever more books are published outside of the United States. But his reference to the LCA amicus brief reflected a deep appreciation for the importance of libraries, and library lending, to American society.[14]

II. *Golan v. Holder*

This appreciation for the importance of libraries is also evident in a dissenting opinion Justice Breyer wrote in *Golan v. Holder*.[15] Because Justice Breyer here was in the minority, this opinion obviously does not have the same impact or significance as Justice Breyer's opinion for the majority in *Kirtsaeng*. Nonetheless, Justice Breyer's statements concerning the role of libraries in preserving cultural heritage can be cited in future cases.

The case concerned the constitutionality of a provision of the Uruguay Round Agreement Act ("URAA") that restored copyright in foreign works that had entered into the public domain in the United States. Restoring copyright in these works was required by the agreement on Trade Related Aspects of Intellectual Property (TRIPS) developed in

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14. Allison Orr Larsen, a professor at William & Mary Law School, flagged the LCA amicus brief as a prime example of the Supreme Court citing in its decisions facts provided by amici that were not part of the case's official record. Allison Orr Larsen, *The Trouble with Amicus Facts*, 100 Va. L. Rev. 1757 (2014). Larsen argued that facts asserted in amicus briefs—what she called "amicus facts" —often are unreliable, untested, and advocacy-motivated. She noted that the LCA brief asserted that U.S. libraries contain 200 million books printed abroad, and that Justice Breyer relied on this assertion in his decision. She did not suggest that this number was inaccurate, just that the parties never had an opportunity to challenge its accuracy.
15. Justice Alito joined the dissent.

the Uruguay Round of Negotiations concerning the formation of the World Trade Organization. The petitioners in the case were a group of conductors, musicians, and publishers who previously enjoyed free access to public domain works in which the URAA restored copyright. Petitioners claimed that the URAA exceeded Congress's authority under the Constitution's Copyright Clause. The Supreme Court ruled that its earlier decision in *Eldered v. Ashcroft* made clear that Congress had the authority to restore the copyright in a work in the public domain so long as the period of the restored copyright was of specified duration and not perpetual.

Justice Breyer wrote a lengthy dissent explaining the underlying economic theory of the Copyright Clause to demonstrate that it did not authorize the adoption of a statute that would not encourage anyone to produce a new work because it only applied to works already in existence. Justice Breyer began his dissent by stating that copyright was, in the words of the 19th century British historian Thomas Macaulay, "'a tax on readers for the purpose of giving a bounty to writers'—a bounty designed to encourage new production."[16] Justice Breyer noted that "the possibility of eliciting new production is, and always has been, an essential precondition for American copyright protection."[17] The economic theory behind the Copyright Clause "understands copyright's grants of limited monopoly privileges to authors as private benefits that are conferred for a public reason—to elicit new creation."[18]

Justice Breyer proceeded with a detailed history of the Statute of Anne and the Constitution's Copyright Clause. He stressed Thomas Jefferson's skepticism of even the limited monopoly granted by copyright, and Jefferson's ultimate willingness to accept a limited

16. *Golan v. Holder*, 132 S.Ct. 873, 899 (2012) (Breyer, J. dissenting). Justice Breyer included this same quotation in his opinion for the Court in *Google v. Oracle*, 141 S.Ct. 1183 (2021).
17. *Id.* at 900.
18. *Id.*

conferral of monopoly rights only "as an encouragement to men to pursue ideas which may produce utility."[19] Justice Breyer underscored that "This utilitarian view of copyrights and patents, embraced by Jefferson and Madison, stands in contrast to the "natural rights" view underlying much of continental European copyright law."[20] Justice Breyer next described how "this utilitarian understanding of the Copyright Clause has long been reflected in the Court's case law" and copyright legislation.[21] Based on this history, Justice Breyer found that the Copyright Clause did not authorize Congress "to enact a statute that withdraws works from the public domain, brings about higher prices and costs, and in doing so seriously restricts dissemination, particularly to those who need it for scholarly, educational, or cultural purposes—all *without providing any additional incentive* for the production of new material."[22]

When describing the administrative costs the URAA would impose, Justice Breyer focused on the problem of "orphan works"—works whose copyright owners are difficult to identify or locate. In this discussion, Justice Breyer relied heavily on an amicus brief filed by the Electronic Frontier Foundation on behalf of the American Library Association, the Association of College and Research Libraries, the Association of Research Libraries, the University of Michigan Library, the Internet Archive, and the Wikimedia Foundation. Justice Breyer observed that

> the cost to the University of Michigan and the Institute of Museum and Library Services, for example, to determine the copyright status of books contained in the HathiTrust Digital Library that were published in the United States from 1923 to 1963 will exceed $1

19. *Id*. at 901.
20. *Id*.
21. *Id*. at 902.
22. *Id*. at 903 (emphasis in original).

> million. Brief for American Library Association et al. as *Amici Curiae* 15.[23]

Justice Breyer stated that it is

> not surprising to learn that the Los Angeles Public Library has been unable to make its collection of Mexican folk music publicly available because of problems locating copyright owners, that a Jewish cultural organization has abandoned similar efforts to make available Jewish cultural music and other materials, or that film preservers, museums, universities, scholars, database compilers, and others report that the administrative costs associated with trying to locate foreign copyright owners have forced them to curtail their cultural, scholarly, or other work-preserving efforts.[24]

In support of this statement, Justice Breyer cited the American Library Association amicus brief and comments filed by the LCA with the Copyright Office in response to its 2005 notice of inquiry concerning orphan works, among other sources.

Responding to this argument, Justice Ginsburg's opinion for the Court also cited the American Library Association amicus brief:

> We readily acknowledge the difficulties would-be users of copyrightable materials may face in identifying or locating copyright owners. See generally U.S. Copyright Office, Report on Orphan Works 21-40 (2006). But as the dissent concedes, see post, at 906, this difficulty is hardly peculiar to works restored under § 514. It similarly afflicts, for instance, U.S. libraries that attempt to catalogue U.S. books. See *post*, at 905. See also Brief for American Library Association et al. as *Amici Curiae* 22 (Section 514 "exacerbated," but did not create, the problem of orphan works).[25]

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23. *Id.* at 905.
24. *Id.* at 905-06.
25. *Golan v. Holder*, 132 S.Ct. 873, 893 (2012).

III. Conclusion

LCA filed amicus briefs in other cases in which Justice Breyer wrote opinions, including *Eldred v. Ashcroft*, 537 U.S. 186 (2003), *Star Athletica v. Varsity Brands*, 137 S.Ct. 1002 (2017), *Allen v. Cooper*, 140 S.Ct. 994 (2020), and *Google v. Oracle*, 141 S.Ct. 1183 (2021). Justice Breyer did not cite the library amicus briefs in these cases, and indeed did not always agree with the outcome advocated by the libraries. In *Allen v. Cooper*, for example, Justice Breyer wrote a concurring opinion stating that while he concurred with the Court's judgment that states had sovereign immunity from copyright claims, he did so only because he felt bound by an earlier Supreme Court decision, *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44 (1996), which he felt was wrongly decided. In contrast, libraries strongly supported the position that state government entities such as state-operated libraries should be immune from copyright claims. On the other hand, Justice Breyer's statement in his opinion for the Court in *Google v. Oracle* that courts must weigh the public benefits of a use when assessing the fourth fair use factor, the use's market effects, will undoubtedly benefit libraries, even though Justice Breyer did not specifically have libraries in mind when he made that statement.

The two opinions where Justice Breyer cited amicus briefs filed by libraries—*Kirtsaeng* and *Golan*—reflect a deep understanding of the impact of copyright on libraries, an appreciation for the historic mission of libraries in promoting cultural heritage and making information accessible to the public, and an effort to apply the copyright law in a manner that does not interfere with this mission.