

Fashion Apparel Law Blog

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[The Supreme Court Affirms Omega, S.A. v. Costco Wholesale Corp., Limiting The Use Of The First Sale Doctrine To Domestically Made U.S.-Copyrighted Works](#)

On December 13, 2010, the Supreme Court affirmed [Omega, S.A. v. Costco Wholesale Corp.](#), 541 F.3d 982 (9th Cir. 2008), aff'd per curiam, No. 08-1423 (U.S. Dec. 13, 2010). Justice Kagan did not partake in the consideration or decision in this case. [Costco Wholesale Corp. v. Omega, S.A.](#), No. 08-1423 (U.S. Dec. 13, 2010) (per curiam) (available [here](#)). As the Supreme Court issued an unsigned per curiam opinion, there remains no binding Supreme Court precedent to guide courts in consideration of this issue.

In [Omega](#), the Ninth Circuit held that [Quality King Distributors v. L'Anza Research International](#), 523 U.S. 135 (1998), did not invalidate the general rule in the Ninth Circuit that the "first sale" doctrine, as codified in 17 U.S.C. § 109 (a), can only provide a defense against claims alleging infringement of the exclusive right of distribution where the claims involve U.S.-copyrighted works made or previously sold in the United States with the authority of the owner. Id. at 985. The first sale doctrine holds that "[o]nce [a] copyright owner consents to the sale of particular copies of his work, he may not thereafter exercise the distribution right with respect to those copies." Id. at 985. The Ninth Circuit's holding stated that the first sale doctrine would apply to foreign-made products if there was a sale in the United States authorized by the copyright owner because otherwise a foreign manufacturer would be afforded more protection from the U.S. copyright laws than a U.S. manufacturer. See <http://www.intellectualpropertylawblog.com/archives/copyrights-first-sale-doctrine-not-applicable-to-foreign-imports-manufactured-and-first-sold-abroad.html> (discussing the Ninth Circuit's decision in [Omega, S.A. v. Costco Wholesale Corp.](#), 541 F.3d 982 (9th Cir. 2008)).

On appeal, the Supreme Court considered whether the Ninth Circuit correctly held that the first sale doctrine does not apply to imported goods manufactured abroad. [Costco Wholesale Corp. v. Omega, S.A.](#), No. 08-1423 (U.S. Dec. 13, 2010) (per curiam). The Supreme Court affirmed the Ninth Circuit decision by an equally divided court (4-4).

Should courts adopt the Ninth Circuit's reasoning set forth in [Omega](#), the first sale doctrine will be available as a defense to copyright infringement only where the goods involved are made in the United States. During oral argument, the Supreme Court grappled with the interpretation of Section 109(a), allowing for the owner of a particular copy "lawfully made under this title" to sell or otherwise dispose of that copy without the authorization of the author. Specifically, the Court questioned the meaning and Congressional intent behind the use of the phrase "lawfully made under this title," and whether it limited the first sale doctrine to goods made in the United States. See generally Transcript of Oral Argument, [Costco Wholesale Corp. v. Omega, S.A.](#), No. 08-1423 (U.S. Dec. 13, 2010) (per curiam). Ultimately, though courts outside the Ninth Circuit may find guidance in [Omega](#), parties should proceed with caution because, as mentioned above, the unsigned per curiam decision issued by the Supreme Court does not constitute binding precedent.