

1 HONORABLE RICHARD A. JONES  
2  
3  
4  
5  
6  
7

8 UNITED STATES DISTRICT COURT  
9 WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

10 BLUETOOTH SIG, INC., a Delaware  
11 corporation,

12 Plaintiff,

13 v.

14 FCA US LLC, a Delaware limited liability  
15 company,

16 Defendant.

Case No. 2:18-cv-01493-RAJ

**ORDER GRANTING IN PART  
AND DENYING IN PART  
CERTIFICATION TO FILE  
INTERLOCUTORY APPEAL**

17 **I. INTRODUCTION**

18 This matter comes before the Court on Defendant's Motion for Certification  
19 Pursuant to 28 U.S.C. § 1292(b) to File an Interlocutory Appeal. Dkt. # 205. Having  
20 considered the submissions of the parties, the relevant portions of the record, and the  
21 applicable law, the Court finds that oral argument is unnecessary. For the reasons below,  
22 the motion is **GRANTED in part** and **DENIED in part**.

23 **II. DISCUSSION**

24 Defendant FCA US LLC ("FCA") seeks interlocutory appeal on three issues. Dkt.  
25 # 205. First, whether the "first sale" doctrine bars all claims asserted by Plaintiff  
26 Bluetooth SIG Inc. ("Bluetooth"). *Id.* at 5. Second, whether Bluetooth's actual damages  
27 claim and jury trial demand should be stricken. *Id.* Third, whether FCA engaged in

28 ORDER – 1

1 counterfeiting under the Lanham Act. *Id.* The Court addresses each issue in turn but first  
2 sets forth the standard governing interlocutory appeals.

3 **A. Legal Standard**

4 “Section 1292(b) provides a mechanism by which litigants can bring an immediate  
5 appeal of a non-final order upon the consent of both the district court and the court of  
6 appeals.” *In re Cement Antitrust Litig.*, 673 F.2d 1020, 1025-26 (9th Cir. 1982). “[It] is a  
7 departure from the normal rule that only final judgments are appealable, and therefore  
8 must be construed narrowly.” *James v. Price Stern Sloan, Inc.*, 283 F.3d 1064, 1068 n.6  
9 (9th Cir. 2002). Section 1292(b) provides:

10           When a district judge, in making in a civil action an order not  
11 otherwise appealable under this section, shall be of the opinion that such  
12 order involves a controlling question of law as to which there is substantial  
13 ground for difference of opinion and that an immediate appeal from the  
14 order may materially advance the ultimate termination of the litigation, he  
15 shall so state in writing in such order.

16 28 U.S.C. § 1292(b). Thus, to grant certification, the district court must find that  
17 (1) there is a controlling question of law, (2) there is substantial grounds for difference of  
18 opinion, and (3) an immediate appeal may materially advance the ultimate termination of  
19 the litigation. *In re Cement Antitrust Litig.*, 673 F.2d at 1026.

20 Though Congress did not define what it meant by “controlling,” the legislative  
21 history indicates that the statute was to be used “only in exceptional situations in which  
22 allowing an interlocutory appeal would avoid protracted and expensive litigation.” *Id.* A  
23 “question of law” means a pure question of law, not a mixed question of law and fact or  
24 an application of law to a particular set of facts. *See McFarlin v. Conseco Servs., LLC*,  
25 381 F.3d 1251, 1259 (11th Cir. 2004) (“§ 1292(b) appeals were intended, and should be  
26 reserved, for situations in which the court of appeals can rule on a pure, controlling  
27 question of law without having to delve beyond the surface of the record in order to  
28 determine the facts.”); *Ahrenholz v. Bd. of Trs. of the Univ. of Ill.*, 219 F.3d 674, 677 (7th

1 Cir. 2000) (“‘[Q]uestion of law’ means an abstract legal issue rather than an issue of  
2 whether summary judgment should be granted.”).

3 “Substantial ground for difference of opinion”, on the other hand, asks the court  
4 first to determine “to what extent the controlling law is unclear.” *Couch v. Telescope*  
5 *Inc.*, 611 F.3d 629, 633 (9th Cir. 2010). Often, the requirement is met when “the circuits  
6 are in dispute on the question and the court of appeals of the circuit has not spoken on the  
7 point, if complicated questions arise under foreign law, or if novel and difficult questions  
8 of first impression are presented.” *Id.* (quoting 3 Federal Procedure, Lawyers Edition §  
9 3:212 (2010)). “[S]trong disagreement” with a court’s ruling is not enough. *Id.* Neither  
10 is the fact that “settled law might be applied differently.” *Id.*

11 Matters of first impression may meet this requirement, but they are not themselves  
12 sufficient. *See id.* The requirement is not necessarily met “just because a court is the  
13 first to rule on a particular question or just because counsel contends that one precedent  
14 rather than another is controlling.” *Id.* Yet the requirement is met “where reasonable  
15 jurists might disagree on an issue’s resolution, not merely where they have already  
16 disagreed.” *Reese v. BP Expl. (Alaska) Inc.*, 643 F.3d 681, 688 (9th Cir. 2011). “[W]hen  
17 novel legal issues are presented, on which fair-minded jurists might reach contradictory  
18 conclusions, a novel issue may be certified for interlocutory appeal without first awaiting  
19 development of contradictory precedent.” *Id.*

## 20 **B. First Sale**

21 In its summary judgment order, the Court concluded that the “first sale” doctrine  
22 does not apply. Dkt. # 202 at 21-23. The “essence” of the doctrine, the Court explained,  
23 is that “a purchaser who does no more than stock, display, and resell a producer’s product  
24 under the producer’s trademark violates no right conferred upon the producer by the  
25 Lanham Act.” *Id.* (quoting *Sebastian Int’l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d  
26 1073, 1076 (9th Cir. 1995) (per curiam)). The Court held that the doctrine does not apply  
27 because Bluetooth is not a “producer” and because FCA does not “resell” head units. *Id.*

1 Bluetooth does not produce and sell head units; it grants licenses to third party suppliers  
2 that do. *Id.* FCA does not “resell” the units; it buys them, installs them in its  
3 automobiles, and sells the automobiles—far exceeding the stocking, displaying, and  
4 reselling a producer’s product described in the case law. *Id.*

5 FCA seeks interlocutory review for two reasons. Dkt. # 205 at 8-11. First, it says  
6 that the Court “*suggest[ed]* the first sale doctrine could never apply to licensees or bar  
7 infringement claims asserted by a certification mark owner.” *Id.* (emphasis added). FCA  
8 may divine whatever “suggestion” it wishes from the Court’s order. But the order speaks  
9 for itself, and as Bluetooth explains, the Court made no such finding. Dkt. # 206 at 8.  
10 The Court will not grant an interlocutory appeal of a conclusion it did not reach.

11 Second, FCA says that given a “line of district court cases cited approvingly in  
12 *Au-tomotive Gold*,” the Court should permit interlocutory appeal of “whether the [first  
13 sale] doctrine may be applied when a trademarked product has been incorporated in a  
14 new product.” Dkt. # 205 at 11. The Court finds that this issue is indeed fit for  
15 interlocutory appeal.

16 The issue meets all three requirements of § 1292(b). It presents a controlling  
17 question of law that will not require the court of appeals to delve deep into the record.  
18 And as an affirmative defense, its resolution may be dispositive, materially advancing the  
19 termination of the case.

20 It also raises novel and difficult questions of first impression. To be sure, the  
21 Court properly applied the current law as articulated in *Sebastian*: the first sale doctrine  
22 applies to “a purchaser who does no more than stock, display, and resell a producer’s  
23 product,” which is not the case here. Dkt. # 202 at 21-23; *Sebastian*, 53 F.3d at 1076  
24 (“When a purchaser resells a trademarked article under the producer’s trademark, *and*  
25 *nothing more*, there is no actionable misrepresentation under the statute.” (emphasis  
26 added)). The first sale doctrine at bottom does not apply because FCA incorporates a  
27 trademarked head unit into its own automobiles and sells the automobiles. It does not

1 “resell” the head units. That was the issue raised and decided on summary judgment.  
2 But the question now before the Court is not whether its summary judgment ruling was  
3 correct but whether “fair-minded jurists might reach contradictory conclusions.” *Reese*,  
4 643 F.3d at 688. Given the current precedent, the Court concludes that they could.

5 Years after its decision in *Sebastian*, the Ninth Circuit in *Au-Tomotive Gold Inc. v.*  
6 *Volkswagen of America, Inc.*, 603 F.3d 1133, 1137 (9th Cir. 2010) cited approvingly of  
7 several district court decisions. Those district courts, in other circuits, applied the first  
8 sale doctrine when “defendants incorporated the trademarked product into a new  
9 product.” *Id.* As this Court explained, this portion of the *Au-Tomotive Gold* opinion was  
10 dicta. Dkt. # 202 at 23. The *Au-Tomotive Gold* court ultimately found that the first sale  
11 doctrine did not apply. 603 F.3d at 1138-39. Though it cited the district court decisions  
12 approvingly, it ultimately “did not adopt those decisions.” Dkt. # 202 at 23. Nor did it  
13 reconcile those decisions with the Ninth Circuit’s previous holding in *Sebastian*. *See id.*

14 In deciding *Au-Tomotive*, the Ninth Circuit did not overrule *Sebastian* or supply a  
15 rule that the Court could apply here. It did not expressly hold for this circuit that the first  
16 sale doctrine also applies when defendants incorporate trademarked products into a new  
17 product. *Au-Tomotive* revealed, however, that fair-minded jurists in other circuits have  
18 thought so. Thus, fair-minded jurists could disagree with the Court’s decision, applying  
19 *Sebastian*, that FCA was not protected by the first sale defense because it incorporated  
20 trademarked head units into its own automobiles. For purposes of interlocutory appeal,  
21 the Court concludes that there are substantial grounds for difference of opinion on its first  
22 sale ruling.

### 23 C. Damages

24 In addition to summary judgment, FCA moved to dismiss Bluetooth’s damages  
25 claim. Dkt. # 202 at 8-11. FCA pushed an elaborate argument. Dkt. # 189 at 6-8.  
26 According to FCA, Bluetooth is not really seeking Lanham Act damages. Dkt. # 189 at  
27 6-8. FCA said that Lanham Act damages are measured by injury or lost profits and that

1 Bluetooth claims neither. *Id.* Bluetooth only seeks “lost declaration fees,” which in  
2 FCA’s view are not the same as lost profits. *Id.* And Bluetooth can claim no actual  
3 injury because it incurred no “administrative fees” given that FCA did not obtain any  
4 declarations. *Id.* In sum, FCA argued, any theory of recovery for “lost declaration fees”  
5 must proceed by way of contract, which is impossible because there was no contract  
6 between Bluetooth and FCA. *Id.*

7 In its previous order, the Court explained that FCA’s argument was confused:

8 Under the Lanham Act, a plaintiff may recover, subject to principles  
9 of equity, (1) defendant’s profits, (2) plaintiff’s damages, and (3) costs of  
10 the action. 15 U.S.C. § 1117. In the trademark context, “semantic  
11 confusion” abounds because plaintiff’s “damages” may refer to many bases  
12 of monetary recovery. 5 McCarthy § 30:57. Indeed, plaintiff’s damages  
13 may be measured by both plaintiff’s actual business damages and its own  
14 loss of profits. *Id.*; *see also id.* § 30:79.

15 Such confusion found its way here. Bluetooth hopes to recover,  
16 among other things, “lost fees.” Dkt. # 156 at 30. These would be the fees  
17 that FCA would have paid had FCA been a Bluetooth member and had it  
18 declared its products. *Id.* Bluetooth labels these as “actual damages.” *Id.*

19 . . . .

20 . . . . Dispelling any semantic confusion, *the Court finds that*  
21 *Bluetooth’s request for “lost declaration fees” is in fact one for “lost*  
22 *profits.” As discussed above, “lost profits” are considered “actual*  
23 *damages” and are thus recoverable under the Lanham Act. 5 McCarthy §§*  
24 *30:57, 30:79. Hence, Bluetooth may indeed recover lost profits without*  
25 *asserting the existence of a contract.*

26 Dkt. # 202 at 9-11 (emphasis added). The Court then likened, by analogy, Bluetooth’s  
27 request for “lost declarations” to a “reasonable royalty,” “which *can* be an appropriate  
28 measure of damages under the Lanham Act.” *Id.* (emphasis added). The Court did not  
hold that Bluetooth was, *in fact*, seeking a reasonable royalty—the Court employed the  
analogy simply to reject FCA’s argument that Bluetooth’s damages theory was not  
cognizable under trademark law. Given the above, the Court did not dismiss Bluetooth’s  
damages claim as FCA requested. Dkt. # 202 at 11.

1 Undeterred, FCA now seeks interlocutory appeal on “whether [Bluetooth] has set  
2 forth a cognizable damages claim, and thus is entitled to a jury trial.” Dkt. # 205 at 6.  
3 Yet FCA fails to show how this issue meets any of § 1292(b)’s requirements. The Court  
4 finds that none of the three requirements have been met.

5 FCA raises no controlling question of law. Its arguments are almost entirely  
6 factual, such as what the membership agreements said, what the licensing agreements  
7 said, and what witnesses testified to. Dkt. # 205 at 11-14. It also raises no substantial  
8 ground for difference of opinion: no circuit split, no complicated question under foreign  
9 law, no matter of first impression. *Id.* Finally, it does not explain how this issue would  
10 materially advance the termination of the case. *Id.* At most, the resolution of this issue  
11 would affect the amount of damages that Bluetooth is entitled to and whether the case is  
12 tried before a judge or jury, neither of which would dispose of the case.

13 To put a finer point on it, the Court believes that Bluetooth identifies the absurdity  
14 of FCA’s damages argument well: “FCA’s assertion is akin to someone stealing a car  
15 from a car dealership and then arguing that he does not owe the car dealership any money  
16 for the car because he never entered into a purchase agreement.” Dkt. # 206 at 11-12.  
17 The Court correctly rejected this argument on summary judgment and rejects it again  
18 here. Because FCA has failed to satisfy any of § 1292(b)’s requirements, it has failed to  
19 show why this issue is fit for interlocutory appeal.

#### 20 **D. Counterfeiting**

21 In its previous order, the Court denied summary judgment to both parties on  
22 Bluetooth’s claim for trademark counterfeiting. Dkt. # 202 at 18-20. On summary  
23 judgment, FCA argued that it could not possibly be liable for counterfeiting because the  
24 head units are genuine and supplied by licensed third parties. Dkt. # 150 at 17-18.  
25 Although the head units are “no doubt genuine,” the Court explained, so long as “FCA  
26 installs the units in its vehicles, advertises features of the vehicles using Bluetooth’s  
27 marks, and sells the vehicles containing the units, all without obtaining Bluetooth’s

1 authorization, FCA is engaged in counterfeiting as defined by the Lanham Act.” Dkt.  
2 # 202 at 18-20. Ultimately, however, the Court denied summary judgment to both  
3 parties. *Id.* Whether FCA’s use of Bluetooth’s trademark created a likelihood of  
4 confusion raised factual issues, and the counterfeiting claim survived. *Id.*

5 Now, FCA seeks interlocutory appeal on “whether head units FCA purchased  
6 from authorized third-party suppliers were ‘counterfeit’ under the Lanham Act.” Dkt.  
7 # 205 at 6. Principally, FCA argues that the Court misapplied *State of Idaho Potato*  
8 *Commission v. G & T Terminal Packaging, Inc.*, 425 F.3d 708, 721 (9th Cir. 2005). *Id.* at  
9 14-16. It argues that the facts in *Idaho Potato* are “readily distinguishable” from the facts  
10 here. *Id.*

11 FCA’s argument fails for two reasons. First, FCA’s arguments are primarily  
12 factual. For example, it argues that *Idaho Potato* is distinguishable because in that case  
13 “no evidence showed [that] the growers specifically certified the potatoes,” whereas here  
14 “FCA’s suppliers followed all of [Bluetooth]’s quality control procedures . . . before FCA  
15 purchased them.” Dkt. # 205 at 15. To assess FCA’s arguments, a reviewing court  
16 would have to search beyond the surface of the record and make factual determinations.  
17 The Court finds no controlling question of law, one separate from fact or application of  
18 law to facts. Thus, FCA fails the first requirement of § 1292(b).

19 Second, FCA fails to identify a substantial ground for difference of opinion. It  
20 identifies no circuit split, no complicated question under foreign law, no matter of first  
21 impression. At best, FCA disagrees with the Court’s application of *Idaho Potato*.  
22 “[S]trong disagreement” with the Court’s order and the possibility that “settled law might  
23 be applied differently” are not enough to satisfy the second requirement of § 1292(b).  
24 *Couch v. Telescope Inc.*, 611 F.3d 629, 633 (9th Cir. 2010).

25 As to the last § 1292(b) requirement, FCA argues that interlocutory appeal would  
26 materially advance this case “by avoiding unfair prejudice to FCA at trial.” Dkt. # 207 at  
27 10. According to FCA, the Court declared that “FCA engaged in counterfeiting,” a



1 statement it believes might be used against it later. Dkt. # 205 at 6. This argument is  
2 unconvincing. To start, FCA must show that all three § 1292(b) requirements are met.  
3 As the Court already explained, it has failed the first two. Further, the Court’s  
4 declaration must be read in context. The Court did not grant summary judgment to either  
5 party on Bluetooth’s counterfeiting claim. Any reference to FCA as a “counterfeiter” at  
6 trial would be inaccurate and premature and could be handled through pre-trial  
7 evidentiary motions. Finally, FCA does not seriously explain why removing this  
8 speculative prejudice might bring this matter closer to ultimate termination. FCA  
9 suggests that resolving this issue could “obviate[e] a potential new trial.” Dkt. # 207 at 10.  
10 The Court finds this benefit speculative and determines that any “advancement” to be had  
11 by interlocutory appeal would hardly be “material.”

### 12 III. CONCLUSION

13 For the reasons stated above, the Court **GRANTS in part** and **DENIES in part**  
14 Defendant’s Motion for Certification Pursuant to 28 U.S.C. § 1292(b) to File an  
15 Interlocutory Appeal. Dkt. # 205. FCA’s request for § 1292(b) certification is  
16 **GRANTED** as to the first sale issue and **DENIED** as to the damages and counterfeiting  
17 issues.

18 DATED this 13th day of May, 2021.

19  
20 

21  
22 The Honorable Richard A. Jones  
23 United States District Judge  
24  
25  
26  
27