# 15.25A Defenses—First Sale

The defendant contends that [he] [she] [it] is not liable for trademark infringement for [distributing] [selling] [stocking] [displaying] the plaintiff’s product under the plaintiff’s trademark because there was previously an authorized sale of the item. After the first authorized sale of an item, the holder of the item’s trademark may not claim trademark infringement for subsequent [sales] [distributions] [displays] of the item under that mark.

If you find that the item the defendant [distributed] [sold] [stocked] [displayed] was previously subject to an authorized sale, your verdict should be for the defendant on the plaintiff’s trademark infringement claim.

**Comment**

The first sale doctrine is an affirmative defense to trademark infringement. *See Bluetooth SIG Inc. v. FCA US LLC*, 30 F.4th 870, 871 (9th Cir. 2022). “Under the first sale doctrine, ‘with certain well-defined exceptions, the right of a producer to control the distribution of its trademarked product does not extend beyond the first sale of the product.’” *Id.* at 872 (quoting *Sebastian Int’l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1074 (9th Cir. 1995) (per curiam)). “Trademark rights are ‘exhausted’ as to a given item upon the first authorized sale of that item.” *Bluetooth*, 30 F.4th at 872 (quoting *McCarthy on Trademarks and Unfair Competition* § 25:41).

Application of the first sale doctrine “has generally focused on the likelihood of confusion among consumers,” *Au-Tomotive Gold Inc. v. Volkswagen of America, Inc.*, 603 F.3d 1133, 1136 (9th Cir. 2010). Its “essence” is that “a purchaser who does no more than stock, display, and resell a producer’s product under the producer’s trademark violates no right conferred upon the producer by the Lanham Act.” *Sebastian*, 53 F.3d at 1076. However, “[b]inding precedent extends the first sale doctrine beyond what *Sebastian* described as the doctrine’s ‘essence.’” *Bluetooth*, 30 F.4th at 873. The first sale doctrine’s accommodation between the policies of protecting good will and preventing confusion on the one hand, and preserving an area for competition on the other, raises different issues in the context of pure resales (where confusion ordinarily does not exist), than in the context of incorporated products, where the likelihood of confusion “will depend in some way on how a seller uses the mark of the incorporated product in connection with a new product.” *Id.*

For instance, a retailer may repackage a producer’s trademarked goods, so long as it discloses the fact of repackaging to the public. *Enesco Corp. v. Price/Costco Inc.*, 146 F.3d 1083, 1086-87 (9th Cir. 1998). Similarly, a manufacturer may modify a producer’s trademarked product and use the mark to indicate that the “[trademarked] product is a constituent in the article now offered as new and changed.” *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 369 (1924). The first sale doctrine permits use of a mark “to refer to a component incorporated into a new end product,” such as an auto manufacturer’s display of the word “Bluetooth” in a vehicle containing

a Bluetooth-equipped head unit. *Bluetooth*, 30 F.4th at 872-73. However, the seller’s disclosure of how a trademarked product was incorporated must be adequate, and a seller’s liability is

limited by the first sale doctrine only “to the extent that adequate disclosures are made.” *Id.*

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