NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED

SEP 16 2026

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

QUILBILLIES, LLC, a limited liability corporation; WILLIAM STERN; SUSAN FULLER, Plaintiffs - Appellants, v. FIRST AMERICAN TITLE INSURANCE COMPANY, a foreign insurance company, Defendant - Appellee.	No. 25-501 D.C. No. 3:24-cv-05246-BHS MEMORANDUM*

Appeal from the United States District Court
for the Western District of Washington
Benjamin H. Settle, District Judge, Presiding

Argued and Submitted August 4, 2026
Seattle, Washington

Before: HAWKINS, McKEOWN, and CHRISTEN, Circuit Judges;
Partial Concurrence and Partial Dissent by Judge CHRISTEN.

Susan Fuller; Quilbillies, LLC; and Quilbillies' sole member, William Stern, appeal the adverse grant of summary judgment on their Washington state law claims against First American Title Insurance Company ("First American"). Fuller and

* This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

Quilbillies challenge the summary judgment grant on their claims for breach of contract, violation of the duty of good faith, violation of the Washington Consumer Protection Act, violation of the Washington Insurance Fair Conduct Act, and negligence. Stern challenges the grant on his claims for violation of the duty of good faith and negligence. Appellants also challenge the denial of their request for a discovery-related continuance under Federal Rule of Civil Procedure 56(d) and denial of their motion to certify questions of state law to the Washington Supreme Court.

We have jurisdiction under 28 U.S.C. § 1291. We review de novo the grant of summary judgment. *Zetwick v. County of Yolo*, 850 F.3d 436, 440 (9th Cir. 2017). We review for abuse of discretion the denial of a continuance under Rule 56(d), *Tatum v. City & County of San Francisco*, 441 F.3d 1090, 1100 (9th Cir. 2006), as well as the decision not to certify state-law questions, *Syngenta Seeds, Inc. v. County of Kauai*, 842 F.3d 669, 674 (9th Cir. 2016). We affirm, in part; vacate, in part; and remand.

We conclude the district court correctly granted summary judgment to First American on Stern's individual claims. Despite his efforts to characterize them otherwise, Stern's claims depend upon duties owed by an insurer to its insured. *See, e.g.*, *Tank v. State Farm Fire & Cas. Co.*, 715 P.2d 1133, 1139–41 (Wash. 1986) (discussing who may bring claims predicated on an insurer's good faith obligations).

It is undisputed that Quilbillies is the insured under the relevant title insurance policy. And First American's duties do not extend to Stern individually simply because he is the sole member of Quilbillies. *See Grayson v. Nordic Constr. Co.*, 599 P.2d 1271, 1274 (Wash. 1979) ("[A] corporation's separate legal identity is not lost merely because all of its stock is held by members of a single family or by one person.").

The district court also correctly granted summary judgment to First American on Fuller and Quilbillies' breach of contract claim. The operative title insurance policies clearly gave First American the option to terminate the policies by paying the policy amounts. *See Seattle Tunnel Partners v. Great Lakes Reinsurance (UK) PLC*, 516 P.3d 796, 800 (Wash. 2022) ("If the policy language is clear and unambiguous, we must enforce it as written; we may not modify it or create ambiguity where none exists." (citation modified)). As the Washington Court of Appeals held in *Batdorf v. Transamerica Title Insurance Co.*, 702 P.2d 1211, 1213 (Wash. Ct. App. 1985), a title insurer's exercise of that policy option terminates any subsequent obligation to defend.

The district court erred, however, in granting summary judgment to First American on Fuller and Quilbillies' bad faith claim. The Washington Supreme Court has "consistently recognized that the duty of good faith is broad and all-encompassing, and is not limited to an insurer's duty to pay, settle, or defend. An insurer must deal fairly with an insured, giving equal consideration in all matters to the insured's interests." *St. Paul Fire & Marine Ins. Co. v. Onvia, Inc.*, 196 P.3d 664, 669 (Wash. 2008) (citation modified). The district court, here, relied exclusively on *Batdorf* to hold that Fuller and Quilbillies' claim failed as a matter of law. However, *Batdorf* does not address bad faith. *See Batdorf*, 702 P.2d at 1213. Nor does it address extra-contractual liability stemming from conduct prior or relating to the insurer's decision to pay the policy limits. *See id.* Accordingly, it does not foreclose Fuller and Quilbillies' bad faith claim as a matter of law. Because the district court did not reach the factual bases of the bad faith claim, including First American having insured the adverse party in the relevant litigation, we vacate and remand for further proceedings on that claim.

Because the district court granted summary judgment on Fuller and Quilbillies' remaining extra-contractual claims and denied as moot their discovery-related motion based on its conclusion that their bad faith claim failed as a matter of law, we vacate and remand on those as well.

Finally, we affirm the district court's denial of Appellants' motion to certify. There was no abuse of discretion in concluding that certification of the proposed questions at that point was not warranted under Revised Code of Washington § 2.60.020. *See Slidewaters LLC v. Wash. State Dep't of Lab. & Indus.*, 4 F.4th 747, 761 (9th Cir. 2021).

AFFIRMED, in part; VACATED, in part; and REMANDED. Each party shall bear its own costs on appeal.

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Quilbillies, LLC, et al. v. First American Title Insurance Company, No. 25-501

CHRISTEN, Circuit Judge, concurring in part and dissenting in part:

I concur in the memorandum disposition except to the extent it decides the district court erred by concluding that Plaintiffs' bad faith claim fails as a matter of law.

"Claims of insurer bad faith are analyzed applying the same principles as any other tort: duty, breach of that duty, and damages proximately caused by any breach of duty." *St. Paul Fire & Marine Ins. Co. v. Onvia, Inc.*, 196 P.3d 664, 668 (Wash. 2008) (citation modified). Here, Plaintiffs contend that First American breached its duty of good faith by declining to provide a defense and instead paying policy limits and terminating the policies. Plaintiffs identify no other defect in First American's handling of their claims. In my view, the district court properly rejected this argument.

Plaintiffs' title insurance policies expressly provide that First American may accept a covered claim by paying policy limits and terminating the contract. Although the policies also permit First American to accept a covered claim by defending its insured, that is merely one option that First American could select. Thus, the title insurance policies at issue are "of indemnity only." *Batdorf v. Transamerica Title Ins. Co.*, 702 P.2d 1211, 1213 (Wash. Ct. App. 1985). This distinguishes them from a typical liability insurance policy, where the duty to defend is "one of the main benefits" of the insurance contract. *See Singh v. Zurich Am. Ins. Co.*, 428 P.3d 1237, 1244 (Wash. Ct. App. 2018) (citation modified). As Washington courts have explained, title insurance policies of this sort "allow[] the insurance company to settle, pay policy limits *or* defend," and do not impose a duty "to defend when one of the other options [is] selected." *Viking Ins. Co. of Wis. v. Hill*, 787 P.2d 1385, 1390 (Wash. Ct. App. 1990) (citing *Batdorf*, 707 P.2d at 1213). These differences render the liability insurance cases cited by Plaintiffs inapposite. Unlike the insurers in those cases, First American did not maneuver around a duty to defend, thereby depriving its insureds of a contractual benefit. *See Singh*, 428 P.3d at 1243-46; *Viking*, 787 P.2d at 1389-90. Instead, Plaintiffs were owed a defense only if First American selected that option.

When First American paid policy limits and terminated the policies, it accepted Plaintiffs' claims and provided every contractual benefit to which Plaintiffs were entitled. First American's decision to accept Plaintiffs' claims and fully perform by availing itself of one of the options listed in the policy, without more, is not a bad faith breach of any duty.[1]

For the foregoing reasons, I respectfully dissent in part.

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[1] Because I would affirm the district court's holding that Plaintiffs' bad faith claim fails as a matter of law, I would also affirm the district court's order granting summary judgment as to Plaintiffs' remaining extra-contractual claims and its decision denying as moot Plaintiffs' discovery-related motion.