

2018-1672

---

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT

---

**Swagway, LLC,**  
*Appellant,*

v.

**International Trade Commission.**  
*Appellee,*

**Segway, Inc., Deka Products Limited Partnership, and Ninebot  
(Tianjin) Technology Co., Ltd.**  
*Intervenors.*

---

Appeal from the United States International Trade Commission  
Investigation No. 337-TA-1007/1021

---

**INTERVENORS' COMBINED PETITION FOR REHEARING  
OR REHEARING EN BANC**

---

Jonathan D. Ball, Ph.D.  
GREENBERG TRAURIG, LLP  
MetLife Building  
200 Park Avenue  
New York, NY 10166  
Tel.: (212) 801-9200  
Fax: (212) 801-6400

Nicholas A. Brown  
GREENBERG TRAURIG LLP  
4 Embarcadero Center, Suite 3000  
San Francisco, CA 94111  
Tel. (415) 655-1271  
Fax. (415) 707-2010

## CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rules 27(a)(7) and 47.4(a), counsel for Intervenors Segway, Inc., Deka Products Limited Partnership, And Ninebot (Tianjin) Technology Co., Ltd. hereby certifies the following:

1. The full name of every party or amicus represented by me is: Segway, Inc., Deka Products Limited Partnership, and Ninebot (Tianjin) Technology Co., Ltd.
2. The name of the real party in interest represented by me is: not applicable.
3. No publicly traded company owns 10% or more of the stock of Segway, Inc., Deka Products Limited Partnership, and Ninebot (Tianjin) Technology Co., Ltd..
4. The names of all the law firms and the partners and associates that appeared for movant in the lower tribunal or are expected to appear for the party in this Court are as follows:

GREENBERG TRAURIG, LLP

Nicholas A. Brown

Jonathan D. Ball

HOGAN LOVELLS US LLP (New York)

Tony V. Pezzano

Eric J. Lobenfeld

Michael P. Dougherty

Aleksandra Fayer King

Anthony Biondo

HOGAN LOVELLS US LLP (Washington)

Celine Jimenez Crowson

Anna Kurian Shaw

Joseph J. Raffetto

Scott Hughes

Cary E. Adickman

HOGAN LOVELLS US LLP (San Francisco)  
Helen Trac

TOOHEY LAW GROUP LLC (Manchester)  
Maureen K. Toohey

ZHONG LUN LAW FIRM (Beijing)  
Ping Gu

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. See Fed. Cir. R. 47. 4(a)(5) and 47.5(b)

Segway Inc., et al. v. Swagway (C.A. No. 15-1198) (D. Del.)

Segway Inc., et al. v. Swagway (C.A. No. 16-531) (D. Del.)

Segway Inc., et al. v. Swagway (C.A. No. 16-534) (D. Del.)

Dated: June 10, 2019

/s/ Nicholas A. Brown

Nicholas A. Brown

## TABLE OF CONTENTS

CERTIFICATE OF INTEREST.....	i
TABLE OF CONTENTS .....	iii
TABLE OF AUTHORITIES .....	iv
STATEMENT OF COUNSEL UNDER FED. CIR. RULE 35(b).....	1
I. SUMMARY OF ARGUMENT .....	1
II. STATEMENT OF FACTS AND PROCEDURAL HISTORY .....	2
III. ARGUMENT .....	3
A. Judicial policy favors giving preclusive effect to final adjudications by administrative agencies. ....	3
B. The Supreme Court’s <i>B&amp;B Hardware</i> decision shows that trademark decisions by the Commission should be given preclusive effect.....	4
C. Decisions by the First, Second, and Fourth Circuits also show that trademark decisions by the Commission should be given preclusive effect.....	6
D. This Court did not have jurisdiction to decide whether the Commission decision should be given preclusive effect.....	9
CERTIFICATE OF COMPLIANCE.....	12

**TABLE OF AUTHORITIES**

<b>Cases</b>	<b>Page(s)</b>
<i>Abbott Laboratories v. Gardner</i> , 387 U.S. 136, 148-149 (1967).....	10
<i>Astoria Fed. Sav. &amp; Loan Ass’n v. Solimino</i> , 501 U.S. 104 (1991) .....	3, 4
<i>Aunyx Corp. v. Canon USA, Inc.</i> , 978 F.2d 3 (1st Cir. 1992) .....	7, 8
<i>B &amp; B Hardware, Inc. v. Hargis Indus., Inc.</i> , 135 S. Ct. 1293 (2015).....	1, 4, 5, 6
<i>Baltimore Luggage Co. v. Samsonite Corp.</i> , 1992 U.S. App. LEXIS 27493, 24 U.S.P.Q.2d 1851 (4th Cir. Oct. 16, 1992).....	8, 9
<i>Singleton v. Wulff</i> , 428 U.S. 106 (1976) .....	10
<i>Union Mfg. Co., Inc. v. Han Baek Trading Co.</i> , 763 F.2d 42 (2nd Cir.1985) .....	6, 7, 8, 9
<i>United States v. Utah Constr. &amp; Mining Co.</i> , 384 U.S. 394 (1966) .....	4, 6
<i>University of Tennessee v. Elliott</i> , 478 U.S. 788, 797-98 (1986).....	3
<i>Texas Instruments, Inc. v. Cypress Semiconductor Corp.</i> , 90 F.3d 1558 (Fed. Cir. 1996) .....	4, 5
 <b>Other Authorities</b>	
28 U.S.C. § 1295.....	9
S.REP. No. 1298, 93d Cong., 2d Sess. 196 (1974) .....	5
Restatement (Second) of Judgments §83.....	3

## STATEMENT OF COUNSEL UNDER FED. CIR. RULE 35(B)

This appeal involves a question of exceptional importance: whether the Federal Circuit should break with the precedent set by (1) the Supreme Court’s decision in *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015) that a trademark adjudication by an administrative agency has preclusive effect; and (2) the First, Second, and Fourth Circuit decisions that adjudications by the International Trade Commission in Section 337 cases regarding non-patent rights have preclusive effect.

### I. SUMMARY OF ARGUMENT

The panel opinion in this case held that the International Trade Commission’s “trademark decisions, like its patent decisions, do not have preclusive effect,” because “[w]e see no reason to differentiate between the effect of the Commission’s patent-based decisions and the Commission’s decisions regarding trademarks.” [Opinion at 13.]

In reaching this conclusion, the panel makes no mention of the Supreme Court decision that a trademark adjudication by an administrative agency should be given preclusive effect. *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015). Nor does the panel mention the fact that the First, Second, and Fourth Circuits have all reached the opposite conclusion: that the Commission’s decisions in Section 337 cases regarding non-patent rights do have preclusive effect.

The Supreme Court’s decision in *B&B Hardware*, and the decisions provided by the First, Second, and Fourth Circuits, provide specific reasons to differentiate between Commission’s patent-based decisions and its decisions regarding non-patent

rights. These precedents show that while there is evidence that Congress did not intend decisions of the Commission on patent issues to have preclusive effect, there is no such evidence regarding the Commission’s decisions on non-patent cases. These precedents also show that there is a strong policy in favor of giving preclusive effect to administrative adjudications unless there is clear Congressional intent to the contrary. The panel did not “see” those reasons because it did not have the benefit of *any* briefing on the issue, which was not raised by Swagway until oral argument.

When the opinions of the Supreme Court, and the First, Second, and Fourth Circuits are considered—along with the lack of any contrary authority—the conclusion is clear: the Commission’s Section 337 decisions about trademark rights should be given preclusive effect, and the panel’s decision to the contrary should be vacated.

## **II. STATEMENT OF FACTS AND PROCEDURAL HISTORY**

This is an appeal from a Section 337 proceeding before the International Trade Commission, where the Commission found that Swagway infringed on Segway’s trademark rights, and prohibited Swagway from importing or selling “SWAGWAY-branded personal transporters.” [Opinion at 6, 12.] Swagway appealed from the Commission’s decision, arguing (1) that the Commission’s trademark decision was incorrect, and (2) that the Commission should not have entered its trademark decision, and instead should have granted the motion for a consent order that Swagway filed shortly before the trial conducted by the Administrative Law Judge. [Opinion at 7.]

The question of whether the Commission’s trademark decision should have preclusive effect was not raised by Swagway at all during its briefing. The issue arose for the first time at oral argument, when Swagway offered to withdraw the part of its appeal related to its motion for a consent order “if this Court [holds] that the Commission’s trademark determinations are not entitled to preclusive effect.” [Opinion at 13.] The panel then issued a decision accepting Swagway’s offer: “[b]ecause we hold that the Commission’s trademark decisions, like its patent decisions, do not have preclusive effect, we need not reach Swagway’s procedural arguments regarding its consent order motion.” [*Id.*]

### III. ARGUMENT

The portion of the panel decision holding that the Commission’s trademark decisions do not have preclusive effect should be vacated. That holding is inconsistent with the decisions of the Supreme Court and the First, Second, and Fourth Circuits, and is against the judicial policy in favor of giving preclusive effect to final adjudications by administrative agencies.

#### **A. Judicial policy favors giving preclusive effect to final adjudications by administrative agencies.**

The Supreme Court has repeatedly explained that it favors according preclusive effect to adjudications conducted by administrative agencies because of “the sound and obvious principle of judicial policy that a losing litigant deserves no rematch after a defeat fairly suffered, in adversarial proceedings, on an issue identical in substance to the one he subsequently seeks to raise.” *Astoria Fed. Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 107 (1991); *University of Tennessee v. Elliott*, 478 U.S. 788, 797-98 (1986) (quoting Restatement (Second) of Judgments §83 stating



that “where an administrative forum has the essential procedural characteristics of a court . . . its determinations should be accorded the same finality that is accorded the judgment of a court”); *United States v. Utah Constr. & Mining Co.*, 384 U.S. 394, 421-22 (1966) ( “courts have not hesitated to apply res judicata [to administrative agency decisions] to enforce repose”).

**B. The Supreme Court’s *B&B Hardware* decision shows that trademark decisions by the Commission should be given preclusive effect.**

In *B & B Hardware, Inc. v. Hargis Indus., Inc.*, the Supreme Court held that a trademark adjudication by an administrative agency, the Trademark Trial and Appeal Board (“TTAB”), should be given preclusive effect. 135 S. Ct. 1293 (2015). Under the analytical framework set forth in that case, when Congress has authorized agencies to resolve disputes, courts should “take it as given that Congress has legislated with the expectation that the principle of issue preclusion will apply, except when a statutory purpose to the contrary is evident.” *B&B Hardware*, 135 S. Ct. at 1303, citing *Astoria Fed. Sav. & Loan Ass’n v. Solimino*, 501 U.S. 104, 107 (1991) (internal citations omitted). In other words, when agencies are authorized by Congress to adjudicate disputes, there is a presumption that their adjudications should be given preclusive effect, “unless a statutory purpose to the contrary is evident.” *Id.*

In the context of International Trade Commission decisions regarding patent issues, this Court has found a statutory purpose against applying issue preclusion to be evident, and on that basis found that Commission decisions on patent issues do not have preclusive effect. *Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996). In particular, the *Texas Instruments* decision relies

on the legislative history of the Trade Reform Act of 1974, when Congress authorized the Commission to consider defenses of patent invalidity and unenforceability in Section 337 actions:

[I]n patent-based cases, the Commission considers, for its own purposes under section 337, the status of imports with respect to the claims of U.S. patents. The Commission's findings neither purport to be, nor can they be, regarded as binding interpretations of the U.S. patent laws in particular factual contexts. Therefore, it seems clear that any disposition of a Commission action by a Federal Court should not have res judicata or collateral estoppel effect in cases before such courts.

90 F.3d at 1569 (*citing* S.REP. No. 1298, 93d Cong., 2d Sess. 196 (1974), reprinted in 1974 U.S.C.C.A.N. 7186, 7329). This legislative history shows that Congress did not intend the Commission's decisions regarding patent validity to have preclusive effect.

In contrast, in the context of Commission decisions regarding trademark issues, there is no similar evidence of Congressional intent against applying issue preclusion. Under the analytical framework of *B&B Hardware*, courts should “take it as given that Congress has legislated with the expectation that the principle of issue preclusion will apply.” 501 U.S. at 107. Thus, under *B&B Hardware*, Commission decisions regarding trademark issues should be given preclusive effect—just as the Supreme Court gave preclusive effect to the trademark decision by the Trademark Trial and Appeal Board in that case. *Id.*

**C. Decisions by the First, Second, and Fourth Circuits also show that trademark decisions by the Commission should be given preclusive effect.**

Other Circuits that have considered the issue have also found that Commission decisions in Section 337 proceedings on non-patent issues should be given preclusive effect.

The Second Circuit addressed this issue in *Union Mfg. Co., Inc. v. Han Baek Trading Co.*, 763 F.2d 42 (2nd Cir.1985). The Second Circuit began its analysis with the policy in favor of giving preclusive effect to prior adjudications of the same issue, even when the prior adjudication is made by an administrative agency:

When an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply *res judicata* to enforce repose.

763 F.2d at 44-45 (quoting *United States v. Utah Constr. & Mining Co.*, 384 U.S. 394, 421-22 (1966).)<sup>1</sup>

Based on this principle, the Second Circuit found that Commission decisions in Section 337 proceedings should generally be given preclusive effect: “to hold otherwise would undermine the legitimacy of the ITC proceeding; the party losing the administrative adjudication could simply file an identical action in a federal district court.” *Id.* at 45.

The Second Circuit then considered whether there was any reason not to apply *res judicata* to the trademark decision before it. In so doing, it expressly decided that Congress’s remarks about the Commission’s patent decisions in legislative history of

---

<sup>1</sup> The Supreme Court’s decision in *B&B Hardware* cites the same case for the same principle. 135 S. Ct. at 1303.

the Trade Reform Act of 1974 should not limit the preclusive effect of the Commission's non-patent decisions:

Union cites no case, nor have we found one, in which a determination of the ITC not involving patent validity has been denied *res judicata* effect. What Union relies on are the legislative history of the Trade Reform Act of 1974 as it pertains to the *res judicata* effect of ITC patent validity determinations . . . But authority regarding ITC patent validity determinations has no bearing on ITC unfair trade practice and trademark determinations.

*Union Mfg. Co.*, 763 F.2d at 45 (internal citations omitted).

The Second Circuit then went on to explain why the Commission's decisions regarding trademark issues were different from its decisions regarding patent validity:

Patent validity determinations of the ITC are properly not accorded *res judicata* effect because the ITC has no jurisdiction to determine patent validity except to the limited extent necessary to decide a case otherwise properly before it. Indeed, Congress has granted the district courts *exclusive* original jurisdiction over patent validity cases. The jurisdictional bar to *res judicata* treatment of ITC patent validity determinations simply does not apply to other decisions by the ITC. The ITC has full authority to decide trademark claims concerning imported goods, and the jurisdiction of federal district courts over unfair trade practice and trademark cases is not exclusive.

*Id.* at 45-46 (internal citations omitted).

The First Circuit has also considered this issue, and it also found that non-patent decisions by the Commission should be given preclusive effect. *Aunyx Corp. v. Canon USA, Inc.*, 978 F.2d 3 (1st Cir. 1992). Like the Second Circuit, the First

Circuit began its analysis with the policy in favor of giving preclusive effect to a prior adjudication by an administrative agency:

Normally, decisions of administrative agencies are entitled to *res judicata* effect when the agency acted in a judicial capacity.

*Id.* at 7.

The First Circuit then pointed out the Second Circuit’s earlier decision “that [Commission] decisions in Section 337 proceedings are entitled to *res judicata* effect.” *Id.* (citing *Union Manufacturing Co.*, 763 F.2d at 45-46). The First Circuit then concluded that the Commission’s prior adjudication of Aunyx’s unfair competition claim precluded Aunyx from relitigating in district court antitrust issues that arose from the “same operative nucleus of fact” as the issues adjudicated by the Commission. *Id.* at 7-8.

The Fourth Circuit reached the same conclusion, albeit in an unpublished opinion. *Baltimore Luggage Co. v. Samsonite Corp.*, 1992 U.S. App. LEXIS 27493, 24 U.S.P.Q.2d 1851 (4th Cir. Oct. 16, 1992) (unpublished). In that case, Baltimore Luggage filed an action seeking declaratory judgment of no trademark infringement in district court, and Samsonite filed a complaint against Baltimore Luggage for trademark infringement with the ITC. The Commission adjudicated the trademark issues, and in doing so rejected Baltimore Luggage’s affirmative defense of bad faith. The issue before the Fourth Circuit was whether the Commission’s adjudication of the bad faith defense had preclusive effect in the district court action between the same parties. The Fourth Circuit held that it did:

The ITC has full authority to decide trademark claims and its adjudications of unfair trade practice and trademark infringement causes of action are entitled to *res judicata* [claim preclusion] effect.

*Id.* at \*9 (citing *Union Manufacturing Co.*, 763 F.2d at 45-46).

In sum, the First, Second, and Fourth Circuits have all considered whether to give preclusive effect to Commission decisions in Section 337 proceedings on non-patent issues, and all have found that such decisions should be given preclusive effect.

**D. This Court did not have jurisdiction to decide whether the Commission decision should be given preclusive effect.**

Additionally and alternatively, the panel did not have jurisdiction to decide whether the Commission’s trademark decision against Swagway should be given preclusive effect. The parties have not yet litigated that issue—nor could they have—because the case in the District of Delaware where that issue will presumably be raised “is stayed pending resolution of the current appeal.” [Opinion at 13.] Moreover, assuming that the district court case against Swagway moves forward, any appeal from a decision there will be taken to the Third Circuit, not to this Court. *See* 28 U.S.C. § 1295. In deciding an issue that was not briefed, has not been litigated between the parties, and that would not be presented to this Court even if it is litigated in the future, the panel overstepped.

The panel was drawn to this error by Swagway’s offer, made for the first time at oral argument, to withdraw a part of its appeal “if this Court held that the Commission’s trademark determinations are not entitled to preclusive effect.” [Opinion at 13.] The panel accepted Swagway’s offer: “[b]ecause we hold that the Commission’s trademark decisions, like its patent decisions, do not have preclusive

effect, we need not reach Swagway’s procedural arguments regarding its consent order motion.” [*Id.*] In so doing, the panel appears to find that it had jurisdiction to make this holding because the question of whether an issue is moot may always be considered, and because Swagway’s offer meant that if panel decided the preclusive-effect question in Swagway’s favor, that would render moot the portion of the appeal relating to the consent order motion. [Opinion at 12, 13.]

However, a party should not be allowed to create appellate jurisdiction over an issue that has not been litigated or briefed by offering to withdraw some other part of its appeal. The issue Swagway asked the panel to address—whether the Commission’s trademark decision that is the subject of this appeal will have a future preclusive effect in the District of Delaware case—was not ripe for resolution by this Court. *See Abbott Laboratories v. Gardner*, 387 U.S. 136, 148-149 (1967); *see also Singleton v. Wulff*, 428 U.S. 106 (1976) (stating that “[i]t is the general rule, of course, that a federal appellate court does not consider an issue not passed upon below,” and explaining that this rule is essential “in order that litigants may not be surprised on appeal”). Swagway’s offer at oral argument to withdraw part of its appeal if the preclusive-effect issue was addressed did not make that issue ripe for resolution as part of this appeal, where it was neither litigated nor decided in the proceedings below, and was not addressed in the briefing on appeal.

In sum, this Court did not have jurisdiction to decide what result the Third Circuit should reach if the parties go on to actually litigate the preclusive effect of the Commission’s decision in the District of Delaware, and then appeal the decision that results from that litigation. This is an additional and independent reason to vacate

the panel’s holding “that the Commission’s trademark decisions, like its patent decisions, do not have preclusive effect.”

Dated: June 10, 2019

*/Nicholas A. Brown/*

Nicholas A. Brown  
Greenberg Traurig LLP  
4 Embarcadero Center, Suite 3000  
San Francisco, CA 94114  
Tel. (415) 655-1271  
Fax. (415) 707-2010



### CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 35(b)(2).

This brief contains 2703 words, excluding the parts of the motion exempted by Federal Rule of Appellate Procedure 35(c)(2).

The brief has been prepared in a proportionally spaced typeface using Microsoft Word in 14-point Times New Roman font. As permitted by Federal Rule of Appellate Procedure 32(a)(7)(B), the undersigned has relied on the word count feature of this software in preparing this certificate.

Dated: June 10, 2019

/s/ Nicholas A. Brown

Nicholas A. Brown

**ADDENDUM**

**United States Court of Appeals  
for the Federal Circuit**

---

**SWAGWAY, LLC,**  
*Appellant*

v.

**INTERNATIONAL TRADE COMMISSION,**  
*Appellee*

**SEGWAY, INC., DEKA PRODUCTS LIMITED  
PARTNERSHIP, NINEBOT (TIANJIN)  
TECHNOLOGY CO., LTD.,**  
*Intervenors*

---

2018-1672

---

Appeal from the United States International Trade Commission in Investigation Nos. 337-TA-1007, 337-TA-1021.

---

Decided: May 9, 2019

---

LAURENCE M. SANDELL, Mei & Mark LLP, Washington, DC, argued for appellant. Also represented by LEI MEI, ROBERT HALL, PHILIP ANDREW RILEY.

MICHAEL LIBERMAN, Office of the General Counsel, United States International Trade Commission, Washington, DC, argued for appellee. Also represented by DOMINIC

L. BIANCHI, WAYNE W. HERRINGTON, PANYIN HUGHES.

NICHOLAS A. BROWN, Greenberg Traurig LLP, San Francisco, CA, argued for intervenors. Also represented by JONATHAN D. BALL, New York, NY.

---

Before DYK, MAYER, and CLEVINGER, *Circuit Judges*.

CLEVINGER, *Circuit Judge*.

Swagway, LLC appeals the Final Determination of the International Trade Commission (“the Commission”), which found that Swagway violated 19 U.S.C. § 1337 (“Section 337”). Because we conclude that the Commission did not err in its determination, we affirm.

#### BACKGROUND

Segway, Inc., DEKA Products Limited Partnership, and Ninebot (Tianjin) Technology Co., Ltd. (collectively, “Segway”) filed a Complaint with the Commission on May 18, 2016, alleging violations of Section 337 based on infringement of six patents not at issue in the current appeal, and two trademarks: U.S. Trademark Registration Nos. 2,727,948 (“the ’948 mark”) and 2,769,942 (“the ’942 mark”).

Segway owns both the ’948 and ’942 marks. The ’948 mark is the non-stylized SEGWAY mark, which covers “motorized, self-propelled, wheeled personal mobility devices, namely, wheelchairs, scooters, utility carts, and chariots.” J.A. 220. The ’942 mark is the stylized version of the SEGWAY mark covering the same goods as its non-stylized counterpart. The Complaint filed with the Commission alleged that Swagway’s self-balancing hoverboard products, marketed under the names SWAGWAY X1 and X2, as well as SWAGTRON T1 and T3, infringed Segway’s marks.

SWAGWAY, LLC v. ITC

3

On August 16, 2016, Segway filed another Complaint with the Commission alleging infringement of the same patents and trademarks, but naming additional respondents. The Commission instituted investigations based on both complaints, consolidated them, and assigned an administrative law judge (“ALJ”).

On March 21, 2017, Swagway moved for partial termination of the investigation regarding the trademark infringement allegations on the basis of a consent order stipulation. Swagway amended its consent order stipulation and the corresponding proposed consent order on two separate occasions. The proposed consent order stipulated, among other things, that Swagway would not sell or import “SWAGWAY-branded personal transporter products as well as all components thereof, packaging and manuals therefor.” J.A. 560. Segway opposed the stipulation and proposed consent order based on the fact that it addressed only a subset of the claims and products at issue in the investigation, and because, according to Segway, it would allow Swagway to relitigate the issue of trademark infringement with respect to the products covered by the order.

During the investigation, the Commission granted Segway’s motions to terminate the investigation as to four of the six patents. By the time the ALJ held a hearing in the investigation, only U.S. Patent Nos. 6,302,230 (“the ’230 patent”) and 7,275,607 (“the ’607 patent”), and the ’942 and ’948 trademarks remained.

The ALJ scheduled a hearing in the consolidated investigation for April 18, 2017. Prior to the hearing, the ALJ held a prehearing conference during which counsel for Swagway inquired about the pending motion for consent order on which it had yet to receive a ruling. The ALJ indicated that, because of the number of versions of the consent order and the amount of briefing, “it certainly [wasn’t]

going to be ruled on . . . before the end of the hearing.” J.A. 3034.

After the hearing, the ALJ issued an Initial Determination (“ID”), finding that the respondents accused products did not infringe the asserted claims of the ’230 and ’607 patents, and that the technical prong of the domestic industry requirement was not satisfied for those patents. The ID also found that Swagway’s use of the SWAGWAY designation, but not the SWAGTRON designation, infringed the ’942 and ’948 trademarks. The ALJ’s trademark infringement determination was based on its analysis of six “likelihood of confusion” factors: (1) evidence of actual consumer confusion; (2) the degree of similarity in appearance and pronunciation between the marks; (3) the intent of the actor in adopting the designation; (4) the relation in use and manner of marketing between the products bearing the mark or designation; (5) the degree of care exercised by consumers of the marked or designated products; and (6) the strength of the mark.

As to the first factor, the ALJ found that there was “overwhelming evidence” of actual confusion between the SWAGWAY designation and the Segway marks. J.A. 230. But the ALJ found only de minimis actual confusion between the SWAGTRON designation and the Segway marks.

The ALJ found that the second factor weighed in favor of finding a likelihood of confusion because the Segway marks and SWAGWAY designation looked alike and had similar pronunciations. The ALJ found the opposite for the SWAGTRON designation.

The ALJ determined that Swagway’s founder did not intend to infringe Segway’s trademarks based on his testimony that he independently derived the SWAGWAY designation, and his testimony that he changed the designation to SWAGTRON after receiving a cease-and-desist letter from Segway’s counsel. The ALJ did not

definitively state whether the intent of the actor factor weighed in favor of or against a likelihood of confusion.

As to the fourth factor, the ALJ found that Segway's and Swagway's products are sold on the same websites and in the same stores. Thus, the products exist in a common commercial channel. The ALJ determined, however, that the goods offered in connection with the asserted trademarks are significantly more expensive than the SWAGWAY and SWAGTRON products. The ALJ therefore found that the fourth factor weighed against a finding that the SWAGWAY and SWAGTRON designations were likely to cause consumer confusion.

The ALJ did not make a determination on the fifth factor because neither party presented evidence going to the degree of care exercised by consumers in purchasing products associated with the asserted trademarks or the SWAGWAY and SWAGTRON designations.

The ALJ found that the conceptual and commercial strength of the asserted trademarks was high due to the fact that the term "Segway" was coined "for the sole purpose of functioning as a trademark" and because consumers strongly associated the SEGWAY brand with the products. J.A. 235-37.

The ALJ's ID did not mention Swagway's motion for termination based on its consent order stipulation. The ALJ stated in a footnote to its ID that "[a]ny pending motion that has not been adjudicated is denied, unless otherwise noted." J.A. 62 n.2. The ID said nothing more about Swagway's motion for termination based on a consent order stipulation.

Swagway subsequently filed a petition for review of the ALJ's ID. As relevant here, Swagway appealed the denial of its consent order motion and the ID's finding that the SWAGWAY mark infringed the '942 and '948 trademarks.

The Commission issued a notice of its determination to review the ID's finding that actual confusion existed with regard to the SWAGWAY mark. The Commission determined not to review the ALJ's denial of Swagway's consent order motion.

The Commission issued an opinion reversing the ALJ's determination on the existence of actual confusion because the incidents of actual confusion were small as compared to the volume of sales of SWAGWAY-branded products, and Segway failed to rebut Swagway's argument and supporting evidence that at least some of the proffered actual confusion evidence was unreliable. The Commission therefore modified the ID, finding that evidence of actual confusion "d[id] not weigh in favor of likelihood of confusion." J.A. 38. Nonetheless, the Commission agreed with the ALJ's likelihood-of-confusion determination and its trademark infringement determination because the "[e]vidence supporting the other factors considered by the ID, including the degree of similarity between the two marks in appearance, the pronunciation of the words, and the strength of the SEGWAY marks strongly support[ed] the ID's finding of infringement." *Id.*

Swagway appeals the Commission's decision finding that Swagway infringed the '942 and '948 marks. Swagway also appeals the Commission's failure to enter the proposed consent order. We have jurisdiction over Swagway's appeal pursuant to 28 U.S.C. § 1295(a)(6).

## DISCUSSION

### I. Standard of Review

We review the ITC's legal determinations *de novo* and its factual findings for substantial evidence. *Converse, Inc. v. Int'l Trade Comm'n*, 909 F.3d 1110, 1115 (Fed. Cir. 2018).

The Commission's ultimate likelihood-of-confusion determination is a legal determination that we review *de*



*novo. Id.*; *In re I.AM.Symbolic, LLC*, 866 F.3d 1315, 1322 (Fed. Cir. 2017) (“Likelihood of confusion is a question of law based on underlying findings of fact.”). We also accord *de novo* review to the weight given to each likelihood-of-confusion factor. *Cf. Stone Lion Capital Partners, L.P. v. Lion Capital LLP*, 746 F.3d 1317, 1322 (Fed. Cir. 2014) (reviewing the weight given to the similarity-of-the-marks factor for legal error). The likelihood-of-confusion determination is based upon factual underpinnings that this Court reviews for substantial evidence. *In re Mighty Leaf Tea*, 601 F.3d 1342, 1346 (Fed. Cir. 2010). For example, the question of the similarity between two marks and the relatedness of goods are factual determinations. *See Shen Mfg. Co. v. Ritz Hotel, Ltd.*, 393 F.3d 1238, 1241 (Fed. Cir. 2004).

## II. Trademark Infringement

To prove trademark infringement, the owner of the asserted trademark must demonstrate that consumers would likely confuse the alleged infringer’s mark with the asserted mark. *Al-Site Corp. v. VSI Int’l, Inc.*, 174 F.3d 1308, 1330 (Fed. Cir. 1999). Whether a likelihood of confusion exists is determined using the factors set out in *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357 (C.C.P.A. 1973). *See In re Guild Mortg. Co.*, 912 F.3d 1376, 1378–79 (Fed. Cir. 2019).<sup>1</sup> The *DuPont* factors are:

---

<sup>1</sup> Our predecessor court articulated the *DuPont* framework in assessing likelihood of confusion for purposes of registration of trademarks. Recently, the Supreme Court ruled that “likelihood of confusion for purposes of registration is the same standard as likelihood of confusion for purposes of infringement.” *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1307 (2015). The present matter comes to us from the International Trade Commission’s ruling under 19 U.S.C. § 1337 relating to

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.
- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i.e. “impulse” vs. careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
- (9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark).
- (10) The market interface between applicant and the owner of a prior mark ....
- (11) The extent to which applicant has a right to exclude others from use of its mark on its goods.

---

trademark infringement. Accordingly, we apply our *DuPont* framework to the likelihood of confusion issue in reviewing the Commission’s infringement determination.

(12) The extent of potential confusion, i.e., whether de minimis or substantial.

(13) Any other established fact probative of the effect of use.

*Id.* at 1379.

In this case, the ALJ considered only six factors that are nearly identical to those outlined in *DuPont*: (1) actual confusion; (2) the intent of the actor in adopting the designation; (3) the relation in use and manner of marketing between the goods and services marked by the actor and those by the other; (4) the degree of similarity between the designation and the trademark; (5) the strength of the mark; and (6) the degree of care likely to be exercised by purchasers. The Commission need not consider every *DuPont* factor. *Shen Mfg.*, 393 F.3d at 1241. It is required to consider only those factors which are supported by evidence in the record. *Id.* Moreover, neither party challenges the Commission's choice of *DuPont* factors.

Swagway argues that the Commission accorded the wrong weight to the actual confusion factor. According to Swagway, lack of actual confusion evidence is especially probative in cases such as this where the products bearing the registered trademarked and the allegedly infringing products are sold concurrently over a substantial period of time. Swagway contends, therefore, that the Commission should have found the lack of actual confusion essentially dispositive in this case.

First, while the *DuPont* factors recognize the relevance of concurrent use without evidence of actual confusion, we have never indicated that the concurrent use factor always bars a likelihood-of-confusion finding. Instead, we have found that “[s]uch evidence weighs against a likelihood of confusion, but must then be balanced against the other evidence of record.” *Guild*, 912 F.3d at 1381.

Second, the Commission never determined that the lack of actual confusion evidence cannot in any circumstance weigh against a likelihood-of-confusion finding. Instead, it found that the lack of actual confusion “d[id] not weigh in favor of a finding of a likelihood of confusion.” J.A. 38. Swagway does not argue on appeal that its evidence presented below warranted a finding of long-term, concurrent use in the same channels of trade. *See Guild*, 912 F.3d at 1381 (holding that the period during which two marks are used concurrently in similar geographic markets and channels of trade is “relevant when assessing whether the absence of actual confusion is indicative of the likelihood of confusion”). Thus, it failed to establish that the absence of actual confusion evidence should even weigh against, let alone strongly against, a likelihood-of-confusion finding under our precedent.

Swagway also argues more generally that, after reversing the ALJ’s determination with regard to actual confusion, the Commission failed to “properly re-weigh the likelihood-of-confusion factors.” Appellant’s Br. at 25. The Commission did, however, reweigh the factors and found that the “[e]vidence supporting the other factors considered by the ID, including the degree of similarity between the two marks in appearance, the pronunciation of the words, and the strength of the SEGWAY marks strongly support the ID’s finding of infringement.” J.A. 38. To the extent that Swagway argues that the Commission erred in its determination because “only two of the six factors considered . . . favor a likelihood-of-confusion finding,” while “three factors . . . weigh against such a finding,” that argument is unpersuasive as a matter of both fact and law. Appellant’s Br. at 26.

The ALJ never stated that the “intent of the actor” factor weighed in favor of or against a likelihood-of-confusion finding. It stated only that there appeared “to be concrete actions taken by [Swagway’s founder] Mr. Zhu that lend credibility to his testimony regarding his lack of intent to

infringe the Segway trademarks.” J.A. 232. The Commission also did not find that the lack of actual confusion evidence weighed against a likelihood-of-confusion finding. Instead, it found that the lack of such evidence did not weigh in favor of such a finding. There was, therefore, only one factor, “relation in use and manner of marketing,” that the Commission found to weigh against a likelihood of confusion between the asserted trademarks and the SWAGWAY designation.

Moreover, the likelihood-of-confusion analysis cannot be reduced to a simple tally of the factors. The factors are accorded different weights in different circumstances. *See M2 Software, Inc. v. M2 Commc’ns, Inc.*, 450 F.3d 1378, 1382 (Fed. Cir. 2006) (noting that it is necessary to consider only the *DuPont* factors relevant to and of record in a specific case, and that any one factor may control a particular case). Our precedent supports the Commission’s finding that the strength of the asserted trademark, along with the comparable similarity of the asserted and allegedly infringing marks, can weigh strongly in favor of a likelihood of confusion. *See Han Beauty, Inc. v. Alberto-Culver Co.*, 236 F.3d 1333, 1336 (Fed. Cir. 2001) (“While it must consider each factor for which it has evidence, the Board may focus its analysis on dispositive factors, such as similarity of the marks and relatedness of the goods.”); *I.A.M.Symbolic*, 866 F.3d at 1324 (finding that the similarity of the marks weighed heavily in favor of a likelihood of confusion); *Kenner Parker Toys Inc. v. Rose Art Indus., Inc.*, 963 F.2d 350, 352 (Fed. Cir. 1992) (“The fifth [*DuPont*] factor . . . plays a dominant role in cases featuring a famous or strong mark.”); *Specialty Brands, Inc. v. Coffee Bean Distribs., Inc.*, 748 F.2d 669, 675 (Fed. Cir. 1984) (holding that “[w]hen an opposer’s trademark is a strong, famous mark, it can never be of little consequence” in a likelihood-of-confusion analysis (internal quotation marks omitted)).

Swagway also takes issue with the Commission’s failure to weigh Segway’s lack of survey evidence against a

likelihood-of-confusion finding. According to Swagway, Segway had the financial means to conduct surveys, and thus, its failure to do so should create “an adverse inference that such a survey would not have shown a likelihood of confusion with respect to the asserted trademarks.” Appellant’s Br. 27. But the adverse inference Swagway encourages us to adopt belies our precedent. Consumer survey evidence is not required to show a likelihood of confusion. *Midwestern Pet Foods, Inc. v. Societe des Produits Nestle S.A.*, 685 F.3d 1046, 1054 (Fed. Cir. 2012). We have also previously declined to infer that the lack of survey evidence indicates that such evidence would be harmful to the party alleging infringement. *Id.* The Commission therefore did not err in according no weight to Segway’s lack of survey evidence.

### III. Consent Order Motion

In addition to its arguments on the merits of the Commission’s determination, Swagway also argues that the Commission erred procedurally by failing to provide any basis for its denial of Swagway’s consent order motion. Swagway asks this Court to reverse the Commission’s denial of its motion and remand with a direction to the Commission to enter the proposed consent order. During oral argument, a question arose regarding the possible mootness of that issue.

Swagway’s proposed consent order stipulated and agreed that Swagway would not sell for importation, import, or sell after importation into the United States products sold under the SWAGWAY mark, “that is, SWAGWAY-branded personal transporter products as well as all components thereof, packaging and manuals therefor.” J.A. 560. The Commission determined that the SWAGWAY mark infringed the ’948 and ’942 marks, and therefore entered enforcement and cease-and-desist orders prohibiting importation and sale of “SWAGWAY-branded personal transporters, components thereof, and packaging

and manuals thereof.” J.A. 7, 12. Comparatively, there appeared to be no difference, as a practical matter, between the orders entered by the Commission and Swagway’s proposed consent order. Either way, the SWAGWAY-branded personal transporters could not be imported into or sold within the United States.

Swagway contended at oral argument that the difference between its proposed consent order and the orders issued by the Commission was the preclusive effect it believed would be afforded to the Commission’s final decision and its resulting orders. Swagway, therefore, sought entry of its proposed consent order to avoid issue preclusion in the co-pending case in the United States District Court for the District of Delaware, which is stayed pending resolution of the current appeal. *Segway, Inc. v. Swagway, LLC*, No. 1:15-cv-01198-SLR-SRF (D. Del.).

We have previously determined that “Congress did not intend decisions of the ITC on patent issues to have preclusive effect.” *Tex. Instruments Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996); see *Tandon Corp. v. U.S. Int’l Trade Comm’n*, 831 F.2d 1017, 1019 (Fed. Cir. 1987) (“[O]ur appellate treatment of decisions of the Commission does not estop fresh consideration by other tribunals.”). We see no reason to differentiate between the effect of the Commission’s patent-based decisions and the Commission’s decisions regarding trademarks. Because we hold that the Commission’s trademark decisions, like its patent decisions, do not have preclusive effect, we need not reach Swagway’s procedural arguments regarding its consent order motion.<sup>2</sup>

---

<sup>2</sup> Oral Arg. at 35:04–35:09, 34:31–40 (agreeing to withdraw its argument regarding its consent order motion if this Court held that the Commission’s trademark determinations are not entitled to preclusive effect).

CONCLUSION

For the reasons above, we affirm the Commission's determination that the SWAGWAY-branded personal-transporter products infringe the '948 and '942 marks. We also conclude that the Commission's decisions pertaining to trademark infringement or validity are not entitled to preclusive effect in the district courts. Based on Swagway's concession at oral argument, we therefore decline to reach Swagway's remaining arguments regarding its consent order motion.

**AFFIRMED**

COSTS

No costs.



**CERTIFICATE OF SERVICE**

The undersigned certifies that on the date listed below, all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document through the Court's CM/ECF system.

Dated: June 10, 2019

/s/ Nicholas A. Brown

Nicholas A. Brown