

UNITED STATES INTERNATIONAL TRADE COMMISSION

Washington, D.C.

In the Matter of

**CERTAIN INDUSTRIAL AUTOMATION
SYSTEMS AND COMPONENTS THEREOF
INCLUDING CONTROL SYSTEMS,
CONTROLLERS, VISUALIZATION
HARDWARE, MOTION CONTROL
SYSTEMS, NETWORKING EQUIPMENT,
SAFETY DEVICES, AND POWER
SUPPLIES**

Inv. No. 337-TA-1074

**ORDER NO. 27: DENYING RADWELL'S MOTION FOR SUMMARY
DETERMINATION ON CLAIM OF GRAY MARKET
INFRINGEMENT**

(May 30, 2018)

I. BACKGROUND

On April 29, 2018, Respondent Radwell International Inc. ("Radwell") filed a motion for summary determination that Complainant Rockwell Automation, Inc. ("Rockwell") cannot prevail as a matter of law on its claim of gray market trademark infringement (the "motion"). Motion Docket No. 1074-017. On May 10, 2018, Rockwell filed its opposition ("Opp."). Also on May 10, 2018, Commission Staff filed a response. On May 15, 2018, Radwell filed a reply brief. On May 16, 2018, Staff filed a motion for leave to file a "surreply" to the motion. Motion Docket No. 1074-019.¹

Radwell maintains that, under recent Supreme Court precedent, the first sale bar, otherwise known as the exhaustion doctrine, precludes Rockwell's claim of gray market

¹ No party objected to Staff's motion, which is hereby GRANTED.

trademark infringement under the Lanham Act. Rockwell's claim of trademark infringement, according to Radwell, depends on material differences between the products Rockwell sold and the products Radwell imported. Radwell maintains that there is no explicit exception in the Lanham Act to the first sale bar based on material differences in products that are re-sold after the authorized first sale. Radwell asserts that without the exception for material differences, Rockwell's first sale of its products exhausted its rights under the Lanham Act.

In its opposition, Rockwell argues that under its gray market theory, the material differences between the products Rockwell sells and the products Radwell sells support a finding of infringement. Rockwell argues further that Radwell's motion fails to set forth facts that demonstrate any authorized first sale, and that Radwell's sales actually "were sourced through tortious conduct, fraud and deception," and counterfeiting. Opp. at 7-8.

Staff says that the first sale bar applies under trademark law but that the judicial exception for material differences is well-established in the circuits, including in the Federal Circuit.

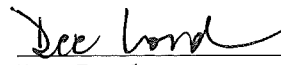
II. DISCUSSION

Radwell relies on *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 538 (2013) and *Impression Prods. v. Lexmark Int'l, Inc.*, 137 S.Ct. 1523, 1536 (2017). Neither of those decisions involve trademark infringement, and neither case mentions the material differences exception to the exhaustion doctrine. Radwell has not demonstrated that these decisions defeat Rockwell's gray market allegations as a matter of law.

Further, the motion raises pertinent factual issues that would need to be addressed at hearing, including the precise conduct that led to Rockwell's allegations of unauthorized use of its trademark. Developing a complete factual record will be important to any decision.

Accordingly, Motion Docket No. 1074-017 is hereby DENIED.

SO ORDERED.



Dee Lord
Administrative Law Judge

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PUBLIC CERTIFICATE OF SERVICE

I, Lisa R. Barton, hereby certify that the attached **ORDER** has been served by hand upon the Commission Investigative Attorney, **Brian Koo, Esq.**, and the following parties as indicated, on 5/30/2018



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