

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

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**SWAGWAY, LLC,**  
*Appellant*

v.

**INTERNATIONAL TRADE COMMISSION,**  
*Appellee*

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

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2018-1672

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

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OPINION ISSUED: May 9, 2019  
OPINION MODIFIED: August 14, 2019\*

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\* This opinion has been modified and reissued fol-  
lowing a combined petition for panel rehearing and rehear-  
ing en banc filed by Intervenors.

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, SIDNEY A. ROSENZWEIG.

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

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

CLEVINGER, *Circuit Judge*.

This appeal was previously decided by our opinion dated May 9, 2019. *Swagway, LLC v. Int'l Trade Comm'n*, 923 F.3d 1349 (Fed. Cir. 2019). Intervenors, Segway, Inc., DEKA Products Ltd. Partnership, and Ninebot (Tianjin) Technology Co., Ltd. (collectively, “Segway”) thereafter filed a combined petition for panel rehearing and rehearing en banc which questioned Part III of our original decision. In Part III of our decision, we accepted Swagway’s conditional withdrawal of its argument regarding its consent order motion because we held that the International Trade Commission’s (“the Commission”) trademark determinations are not entitled to preclusive effect.<sup>1</sup> The panel

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<sup>1</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).

invited a response from the Commission and Swagway, LLC (“Swagway”).

After considering Segway’s petition and the Commission’s and Swagway’s responses, we grant Segway’s petition for panel rehearing to the extent that we vacate Part III of our original decision on the issue of the preclusive effect of the Commission’s trademark decisions under 19 U.S.C. § 1337 (“§ 337”). The court’s opinion is modified accordingly. The remaining portions of the opinion are unchanged.

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

#### BACKGROUND

Segway filed a Complaint with the Commission on May 18, 2016, alleging violations of § 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.

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 a Final 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

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