DO TRADEMARK LITIGANTS GET THEIR DAY IN COURT? THE PRECLUSIVE EFFECT OF ITC TRADEMARK DETERMINATIONS IN THE U.S. DISTRICT COURT SYSTEM

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I. INTRODUCTION

Administrative agencies are Congressionally-created bodies with the authority to oversee specialized areas and assist in carrying out the Executive Branch’s law enforcement powers. These agencies are regulated under the Administrative Procedure Act (APA), which mandates the rules, proceedings, and public transparency doctrines to which these administrative bodies must adhere while carrying out their respective duties. Disputes within the agency’s jurisdiction may be resolved after parties participate in an agency hearing.

For years, scholars have debated the proper scope of power to afford administrative agencies. While checks and balances are essential to the Federal Government’s organization, the administrative agency increases executive efficiency while seemingly blurring the lines between government branches. Particularly, legal experts have questioned whether administrative agency adjudications are binding on the United States District Courts.

The International Trade Commission (ITC) is a quasi-judicial federal agency tasked with regulating trade both domestically and abroad. As an agency frequently dealing with unfair trade practices, the ITC is favored by parties for its expedient resolution of trade disputes and ability to provide swift remedies. The ITC encounters various intellectual property issues as a

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3 Administrative Procedure Act, 5 U.S.C. §§ 551-59 (1946) (outlining definition of administrative agency, describing procedures for meetings and adjudications, and mandating level of public transparency required under Section 552’s Freedom of Information Act).
4 Id. § 554 (describing procedural requirements for administrative agency adjudications).
5 See generally Congress’s Authority to Influence and Control Executive Branch Agencies, CONG. RESEARCH SERVS. (Dec. 19, 2018), https://fas.org/sgp/crs/misc/R45442.pdf (discussing issues of executive branch influence on legislative branch); Alan B. Morrison, Administrative Agencies are Just Like Legislatures and Courts- Except When They’re Not, 59 Admin. L. Rev. 79, 81 (2007) (discussing growth of administrative agency power).
6 See Schwartz, supra note 2, 265-66 (explaining Congressional source of agency power, purpose of increasing executive efficiency, and quasi-judicial functions).
result of its involvement in regulating the import and export of commercial goods, including trademark infringement disputes.\(^{10}\)

Recently, the Federal Circuit vacated its May 2019 opinion in *Swagway LLC v. International Trade Commission*,\(^{11}\) which stated ITC trademark determinations did not have a preclusive effect on subsequent litigation in the district courts.\(^{12}\) Under the previous rule, ITC trademark decisions were not binding, permitting courts to review and potentially invalidate the ITC’s infringement holdings and ordered penalties.\(^{13}\) As of the Federal Circuit’s revised August 2019 opinion, the court potentially authorized ITC trademark decisions to have compulsory effect, enabling district courts to accept the ITC’s infringement findings as fact in later proceedings.\(^{14}\) Consequently, the Federal Circuit opened up the possibility to increase the ITC’s legitimacy as an international regulator of trade.\(^{15}\)

This Article argues ITC trademark determinations should be afforded preclusive effect in later United States District Court proceedings, provided preclusion elements are met and the ITC either 1) made a final determination on the merits or 2) granted a consent order after parties have had an adequate opportunity to litigate. To further support this assertion, Section II of this Article will discuss background information related to preclusion and the ITC.\(^{16}\) Section III will discuss a history of ITC determinations’ preclusive effect in various areas of intellectual property.\(^{17}\) Section IV will outline an argument for permitting *res judicata* and collateral estoppel to apply in post-ITC trademark proceedings under specific circumstances.\(^{18}\) Finally, Section V will conclude by discussing the impact of *Swagway* and preclusive ITC trademark determinations.\(^{19}\)


\(^{11}\) 934 F.3d 1332 (Fed. Cir. 2019) (vacating earlier May opinion finding trademark determinations not preclusive).

\(^{12}\) *Id.* at 1335 (granting Segway’s petition for rehearing preclusion issue *en banc*).

\(^{13}\) *Id.* (illustrating effect of first *Swagway* opinion).

\(^{14}\) See *id.* (contrasting outcomes of first and second *Swagway* opinions).

\(^{15}\) Darlene Tzou, *Trademark Decisions at the ITC May Have Preclusive Effect at the District Court, MONDAQ* (Sept. 20, 2019), https://www.mondaq.com/unitedstates/Intellectual-Property/846242/Trademark-Decisions-At-The-ITC-May-Have-Preclusive-Effect-At-The-District-Court (explaining Federal Circuit’s ruling may impact litigants’ strategies as ITC determinations may have more binding effect).

\(^{16}\) For more information on the ITC, preclusion doctrines, federal agencies, and caselaw, see infra notes 20-73 and accompanying text.

\(^{17}\) For a discussion on preclusion following ITC determinations in the areas of patent law, trade secrets, and trademark law, see infra notes 74-152 and accompanying text.

\(^{18}\) For an argument in favor of *res judicata* and collateral estoppel’s application to ITC trademark determinations in specific circumstances, see infra notes 153-213 and accompanying text.

\(^{19}\) For a prediction on how ITC trademark determinations’ preclusive effect will have on the legal climate, see infra notes 214-225 and accompanying text.
II. PRECLUSION AND THE INTERNATIONAL TRADE COMMISSION: A BACKGROUND

To understand the role of the ITC’s authority to decide trademark disputes, one must look to the doctrines of preclusion and the ITC’s procedures, both as a whole and in the intellectual property context.\(^\text{20}\) This section discusses the two types of available preclusion—*res judicata* and collateral estoppel.\(^\text{21}\) Further, this section examines the quasi-judicial procedures underlying ITC adjudications.\(^\text{22}\)

A. Preclusion

Preclusion arises in two forms: claim preclusion and issue preclusion.\(^\text{23}\) Claim preclusion, termed *res judicata*, prevents parties to a suit from bringing the same or new causes of action against each other once those parties have received a final judgment on the merits.\(^\text{24}\) Issue preclusion, known as collateral estoppel, prohibits a party from relitigating specific facts and issues if the issues were “actually and necessarily decided” in previous litigation.\(^\text{25}\) Both doctrines aim to reduce inefficiency in the court system by avoiding inconsistent judgments and permitting equitable outcomes through the prohibition of endless litigation.\(^\text{26}\)

1. *Res Judicata*: Claim Preclusion

When courts apply *res judicata*, parties are prohibited from bringing causes of action that could have been raised in previous litigation.\(^\text{27}\) For *res judicata* to apply, the matter must 1) have previously been the subject of a final judgment on the merits in a court of proper jurisdiction, 2) comprise identical issues as the previous litigation, 3) involve identity of causes of action, and 4) maintain privity of parties.\(^\text{28}\) The matter must have also been the subject of a final judgment by a

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\(^{20}\) See Intellectual Property Developments, supra note 10 (discussing intellectual property’s intersection with ITC proceedings).

\(^{21}\) See Res Judicata, infra note 24 and Collateral Estoppel, infra note 25 (introducing two preclusion doctrines).


\(^{27}\) Res Judicata, supra note 26 (discussing when claim preclusion applies).

\(^{28}\) John F. Wagner, Jr., J.D., Proper Test to Determine Identity of Claims for Purposes of Claim Preclusion by Res Judicata Under Federal Law, 82 A.L.R. Fed. 829 (1987) (discussing conditions for *res judicata* to apply to claim). “Privity” of parties involves parties who have a “mutual or successive relationships to the same right or property, or such an identification of interest of one person with another as to represent the same legal right.” Privity, Black’s Law Dictionary (6th ed. 1990) (defining “privity” in relation to privity of parties as requirement for *res judicata*).
prior court after hearing all pertinent evidence to qualify as a final judgment “on the merits.” If the issue to be relitigated was raised or is one that knowingly could have been raised in previous litigation, such a factor weighs in favor of applying res judicata.

One of the more controlling factors, however, involves the identity of causes of action between the previous and newly raised litigation. Causes of action are treated as identical when they “arise out of the same nucleus of operative fact.” To determine if such a common nucleus exists, federal courts look to the “essential similarity” test, which considers “1) whether the acts complained of and the demand for relief are the same; 2) whether the theory of recovery is the same; 3) whether the witnesses and documents necessary at trial are the same; and 4) whether the material facts alleged are the same.” Finally, privity among parties occurs when both parties have identical interests with respect to the “same legal right.” When all qualifications for res judicata are satisfied, parties are forbidden from bringing these claims in new litigation.

2. Collateral Estoppel: Issue Preclusion

While res judicata precludes litigation of entire claims, collateral estoppel, otherwise known as issue preclusion, relates to the proscription against relitigating specific facts and issues already litigated and decided in a previous court proceeding. Collateral estoppel may only apply in a subsequent action if the specific issue was 1) actually litigated in prior litigation; 2) actually decided in a final judgment on the merits; 3) necessary to decide in the prior litigation to dispose of the issue; 4) involving the same party or parties who are bound by the first judgment; and 5) encompassing the same burden of proof. Courts are more likely to apply collateral estoppel when the issue’s role in the subsequent action is a foreseeable extension of the first.

Collateral estoppel may not only apply when the parties in both actions are the same, but also when successive litigation involves the losing party from the prior action attempting to litigate

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29 Res Judicata, supra note 26 (discussing differences between cases decided “on the merits” and those that are not). While dismissal for failure to state a claim is often deemed a decision “on the merits,” other decisions, such as dismissal for improper venue or without prejudice, are not “on the merits” and are not claim preclusive. Id.
30 Id. (outlining circumstances courts consider when deciding to apply claim preclusion).
31 Wagner, supra note 28, § I (explaining essential similarity test’s weight on decisions to preclude claims).
33 Sheridan v. NGK Metals Corp., 609 F. 3d 239, 261 (3d Cir. 2010); see also Wagner, supra note 28, § I (outlining factors weighing in favor of identity of causes of action).
34 Privity, supra note 28 (discussing when privity between parties exists for purposes of litigation).
35 Moschzisker, supra note 26, at 299 (examining impact of court application of res judicata).
37 Id. (outlining preliminary requirement for collateral estoppel, or issue preclusion).
38 Id. (explaining parties may be precluded from later relitigating issue if issue already decided and foreseeably affected later litigation).
the same issues with a party not present in the prior action. This form of non-mutual collateral estoppel may apply both defensively and offensively. In defensive non-mutual collateral estoppel, a defendant prevents a plaintiff who lost in a previous suit with a different defendant from relitigating those same issues with the new defendant. However, in non-mutual offensive collateral estoppel, “a plaintiff is seeking to estop a defendant from relitigating the issues which the defendant previously litigated and lost against another plaintiff.” This type of estoppel may often increase litigation because new plaintiffs can develop a “wait and see” approach to determine if other plaintiffs were successful in litigation against the defendant before filing suit, rather than joining the same action.

Whether courts grant this type of estoppel depends on factors of fairness judging the propriety of implementing this bar to litigation, particularly in situations where the conditions between the prior and subsequent actions significantly differ. These factors include whether the party attempting to assert collateral estoppel could have easily joined the prior action or whether applying collateral estoppel to the instant case would be unfair to the defendant. The evidentiary burden of proof for the issue must have been identical in both proceedings, ensuring parties also had the opportunity to litigate the issue to the same extent in the prior proceeding.

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40 See Blonder-Tongue Labs., Inc. v. Univ. of Illinois Found., 402 U.S. 313, 324 n. 11 (1971) (discussing offensive and defensive collateral estoppel).
41 Soldo, *supra* note 39, at 510-11 (discussing defensive collateral estoppel and abandonment of mutuality requirement over time).
43 *Id.* at 329-30 (explaining dangers of non-mutual offensive collateral estoppel). The Court in *Parklane Hosiery* explains that “offensive use of collateral estoppel does not promote judicial economy in the same manner as defensive use does.” *Id.* at 329. While defensive non-mutual collateral estoppel prevents losing plaintiffs from relitigating the same issues by continuously filing suit against different parties, offensive non-mutual collateral estoppel does not provide the same incentive to joint all potential defendants in the initial action. *Id.* at 330. The Court states this increases litigation because “a plaintiff will be able to rely on a previous judgment against a defendant but will not be bound by that judgment if the defendant wins . . . the plaintiff has every incentive to adopt a ‘wait and see’ attitude, in the hope that the first action by another plaintiff will result in a favorable judgment”. *Id.*
44 *Id.* at 330-31 (explaining factors weighing toward whether collateral estoppel applies in offensive, non-mutual scenario). The court acknowledges that if the first suit involved nominal damages, the defendant may not have incentive to defend vigorously when the defendant did not anticipate future actions. *Id.* at 330. Further, the second action may “afford[] the defendant procedural opportunities unavailable in the first action that could readily cause a different result.” *Id.* at 331.
45 *Id.* at 331-32 (explaining instance in which offensive collateral estoppel is not proper).
46 One Lot Emerald Cut Stones v. United States, 409 U.S. 232, 235-36 (1972) (noting issue preclusion may not apply when standard of proof differs between proceedings). As proving an issue beyond a reasonable doubt is a higher burden of proof than by a preponderance of the evidence, the burden of proof identity requirement accounts for defendants who may choose to litigate more aggressively in some situations over others. *See id.*
B. The International Trade Commission

While *res judicata* and collateral estoppel are commonplace in the courts, uncertainty exists as to whether these doctrines extend to administrative agency decisions.47 The International Trade Commission is an independent federal agency tasked with preventing unfair trade practices, assessing the impact of importation, and administering trade remedies in compliance with United States law.48 Congress initially authorized the ITC’s creation through the Tariff Act of 1930, but the ITC’s status as a leading trade administrator was affirmed in the Trade Reform Act of 1974.49 While the former statutes grant the ITC domestic authority to regulate trade, the ITC also has international authority pursuant to the Uruguay Round Table Agreement of 1994.50

The ITC is a quasi-judicial body of six commissioners, each of whom the President appoints with the advice and consent of the Senate.51 While the ITC is charged with enforcing United States trade laws via procedures codified in the Code of Federal Regulations, the Commission is not a United States court under Article III of the Constitution.52 In contrast with the United States district courts, filing a complaint before the ITC does not guarantee the Commission reviews the case.53 Instead, “[t]he ITC has discretion to determine whether an investigation should take place.”54 Throughout proceedings, an administrative law judge (ALJ) presides with ITC staff attorneys serving as neutral evaluators.55 After discovery and a hearing in accordance with the Administrative Procedure Act (APA), the ALJ will determine if a trade violation of Section 337 has occurred.56


52 *About the USITC*, supra note 48 (explaining discretionary nature of ITC investigations).


54 Id. (stating that “filing of a complaint with the ITC does not guarantee that an investigation will occur”).

55 Id. (explaining administrative personnel involved in proceedings).

56 Id. (explaining ITC hearings limited to trade issues).
While ITC proceedings may be adjudicated more quickly and provide temporary relief to ITC plaintiffs, ALJs only have authority to provide limited long-term remedies upon making a final determination.57 The ITC may grant 1) limited exclusion orders against a party; 2) general exclusion orders against any entity or individual; and 3) cease and desist orders.58 The ITC may not, however, grant damages.59 Further, final ITC determinations must be reviewed and approved by the President before they are finalized.60


As Congress tasks the ITC with regulating trade, the ITC frequently encounters trade-related issues in the intellectual property context.61 Though this often concerns imports and exports of patented inventions, the ITC’s regulation of commercial trade inherently involves trademark issues as well.62 For the ITC to hear an intellectual property-related matter, the filed complaint must illustrate satisfaction of the “domestic inquiry.”63 To fulfill the technical prong of the inquiry, the complaint must show the matter concerns a pre-existing industry or an industry that is about to form for the goods at issue.64 The economic prong requires that the complaint illustrate substantial investments and employment interests are at stake.65 Unlike other actions

58 Id. at 9 (listing remedies ITC may enforce in face of trade violation).
62 Id. (illustrating intellectual property’s impact on trade).
65 Carrano et al., supra note 87 (explaining requirement to show industry in or about to be in existence and financial/employment interests at stake).
filed with the ITC, federal intellectual property claimants alleging infringement need not show actual injury for ITC investigations to proceed.66

D. ITC Consent Orders

The uncertainty of potential infringement consequences often lead defendants to utilize consent orders to prematurely terminate ITC investigations.67 Consent orders permit a party to end ITC inquiries by agreeing to refrain from importing or selling the potentially infringing product in the United States.68 However, consent order submissions carry risk for those that submit them.69 For example, a consent order may cause the party to bind itself to a broader injunction than it would have received had the party permitted the ITC to issue a final infringement determination on the merits.70

Whether the ITC proceeds to issue a final judgment on the merits or accepts a party’s consent order, the ITC may prohibit commercial activities involving potentially infringing goods within the United States.71 Thus, consent orders are often a preferred outcome for parties with “limited imports or otherwise with limited economic stakes in the U.S. market for the subject articles . . . ”72 However, for a party with significant involvement in United States trade, the inconvenience and financial burden of allowing the investigation to proceed may be preferable to the exclusionary breadth of a consent order.73

III. HISTORY OF PRECLUSIVE EFFECT OF ITC DETERMINATIONS

In 1966, United States v. Utah Construction & Mining Co.,74 outlined a four part test to determine when administrative agency determinations may be preclusive.75 First, the agency must

68 Id. (explaining nature of consent orders).
69 Id. (encouraging ITC parties to undergo risk-based assessment before submitting consent order). In some situations, violation of a consent order may cause the ITC to implement civil penalties amounting to multi-million dollar fines. Id.
70 Id. (discussing possibility for ITC final determinations to carry less risk than consent orders for certain parties).
71 Whitaker, supra note 66 (explaining consequences of ITC final determinations versus consent orders).
72 Id. (explaining parties with limited ties to U.S. markets may view costs of ongoing discovery as more of loss than simply excluding themselves from importing or selling potentially infringing goods in U.S.).
73 See id. (alluding cost of litigation may be less damaging than self-imposed broad U.S. market exclusion via consent order when party depends on U.S. sales).
have jurisdiction over the issue. Second, the agency must act in a judicial capacity. Third, the dispute must be resolved in the agency proceeding, and, fourth, the parties must have had “an adequate opportunity to litigate.” Other secondary considerations may include if parties were represented by counsel and the extent of discovery.

Securities and Exchange Commission (SEC) proceedings, for example, may have preclusive effect. One of the determining factors regards whether the burden of proof in the SEC proceeding is lower or equal to that of the subsequent proceeding. However, the SEC decision must be on the merits. Trademark Trial and Appeal Board (TTAB) decisions may also preclude parties from relitigating already-determined legal matters. In 2015’s B&B Hardware, Inc. v. Hargis Industries, Inc., the Supreme Court asserted collateral estoppel may apply to later trademark decisions when the TTAB has permitted parties to present all material evidence. Otherwise, the Court stated there was no reason to “doubt the quality, extensiveness, or fairness” of a federal agency’s procedures.

While district court decisions may have preclusive effect, the quasi-judicial nature of the ITC calls its ability to impact later federal litigation into question. In the 1986 decision University of Tennessee v. Elliot, the Supreme Court stated, “Giving preclusive effect in federal courts to the factfindings of state administrative bodies acting in a judicial capacity serves both the value of enforcing repose, which underlies general principles of collateral estoppel, and the value of federalism.”

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76 Id. (illustrating agency decisions only treated as preclusive when they have jurisdiction to decide issue). This explains why the ITC decisions regarding patents are not preclusive, as the district courts have exclusive jurisdiction over that issue. Id. (applying Utah Construction to patent issues).
77 Id. (explaining agency must hear all relevant facts and evidence).
78 Id. (ensuring comparable opportunity at agency as would be received in district courts).
79 Id. at 833 (naming other considerations courts examine to determine judicial nature of agency proceeding).
81 Id. at 448 (illustrating burden of proof identity requirement).
85 Id. at 158-59.
86 Id. at 158.
87 See Tzou, supra note 15 (discussing new potential for preclusive effect of ITC trademark determinations).
89 Id. (finding when state administrative agency acting in judicial capacity, hears all relevant evidence, and gives parties opportunity to fully present arguments, agency decision may have preclusive effect to avoid relitigating matter).
However, the power of administrative agencies is limited. Five years later in *Astoria Federal Savings and Loan Association v. Solimino*, the Supreme Court favored federal administrative agency decisions resulting in collateral estoppel as increasing efficiency of the court system. However, the Court also stated the rights at stake for the parties must be weighed against the agency’s power and the adequacy of its procedures. Except in cases where Congress explicitly forbids, preclusion may apply if all relevant factors are met. Whether such factors are met—and when Congress has expressly disfavored preclusion—varies based on the area of law.

A. Patents

While precedent has clouded when agency decisions are preclusive, courts have spoken specifically on ITC patent determinations. The Federal Circuit briefly addressed the issue in 1987’s *Tandon Corporation v. International Trade Commission*, where the court stated, “[O]ur appellate treatment of decisions of the Commission does not estop fresh consideration by other tribunals.” In supporting the ability to relitigate patent issues in the district courts, the court found the ITC’s “primary responsibility is to administer the trade laws; not the patent laws.”

In 1996’s *Texas Instruments Inc. v. Cypress Semiconductor Corporation*, the Federal Circuit more definitively held ITC decisions regarding patents were not preclusive. Consequently, while claimants might receive a favorable ITC determination, the opposing party still had the opportunity to relitigate the matter in the federal courts. To support its holding, the Federal Circuit looked to the legislative history for the Trade Reform Act of 1974. In ratifying the Act and urging the ITC to consider equitable defenses in ITC actions, the Senate Finance Committee stated, “The Commission's findings neither purport to be, nor can they be, regarded as

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90 See Cole *supra* note 47, at 11-12 (explaining federal agency actions can be subject to review).
92 Id. at 109 (discussing benefits of collateral estoppel in administrative agency context).
93 Id. at 110 (discussing federal agency decisions not absolute).
94 Id. (explaining presumption created in *University of Tennessee v. Elliot* and clarifying when such presumption applies).
95 For a discussion on preclusive effect in patent, trade secret, and trademark areas, see *infra* notes 96-135.
97 831 F.2d 1017 (Fed. Cir. 1987) (addressing preclusion issue directly for first time).
98 Id. at 1019 (finding lack of preclusion).
99 Id. (holding ITC should only determine trade issues and should have no weight on patent law enforcement). The Federal Circuit determined only the federal courts had jurisdiction to address patent issues. *Id.* (supporting holding).
100 90 F.3d 1558 (Fed. Cir. 1996) (introducing seminal case on lack of preclusion for ITC patent decisions).
101 Id. at 1568 (finding Congress did not intend ITC proceedings to have preclusive effect in patent cases).
102 Id. at 1569 (discussing natural result of anti-preclusion rule). The Federal Circuit stated, “However, once we accept, as we have done at least since 1986, that ITC decisions are not binding on district courts in subsequent cases brought before them, it necessarily follows that accused infringers can raise whatever defenses they believe are justified, regardless whether they previously raised them and lost in the ITC.” *Id.* (illustrating inefficiency behind finding lack of preclusive effect).
103 Id. at 1568-69 (discussing legislative history of Trade Reform Act of 1974).
binding interpretations of the U.S. patent laws in particular factual contexts.”104 As such, the court found the commentary indicated the legislature’s lack of intent for patent ITC decisions to impose collateral estoppel or res judicata on later Article III court proceedings.105 Instead, the Federal Circuit asserted a federal court retains the discretion to decide how much persuasive weight the ITC determination should be afforded.106

While Texas Instruments appears to be at odds with Tennessee and Astoria upon first glance, the holding conforms to the Supreme Court’s analysis of considering contrary Congressional intent.107 The Senate Finance Committee’s commentary specifically disfavors preclusion of ITC patent proceedings, satisfying the contrary Congressional intent requirement for preclusion to not apply.108 In light the cases discussed below, however, there is strong evidence to suggest Texas Instrument’s holding is limited to patent proceedings and does not evidence the clear Congressional intent required to forbid preclusion regarding other ITC intellectual property actions.109

B. Trade Secrets

While the ITC’s legal conclusions regarding patents do not have a preclusive effect, in Manitowoc Cranes LLC v. Sany America, Inc.,110 the Eastern District of Wisconsin held ITC trade secret decisions are preclusive on the U.S. District Courts.111 After the ITC found in favor of Manitowoc’s trade secret misappropriation claim, the district court found the defendant was “precluded from relitigating issues regarding Manitowac’s misappropriation of trade secrets claim and is liable for trade secret misappropriation . . . .”112

The court distinguished Texas Instruments from the facts in Manitowac, stating, “[T]he Federal Circuit concluded ITC decisions on patent issues do not have preclusive effect in

105 Texas Instruments, 90 F.3d at 1569 (finding “district court can attribute whatever persuasive value to the prior ITC decision that it considers justified”).
106 Id. (discussing Congressional intent).
110 No. 13-C-677, 2018 WL 582334 (E.D. Wis. Jan. 29, 2018) (introducing instance of trade secret determination that was preclusive).
111 Id. at *1 (finding ITC trade secret decisions capable of res judicata and collateral estoppel).
112 Id. (accepting ITC trade secret determination as conclusion of law).
subsequent litigation.”113 Though *Texas Instruments* concerned the exclusive jurisdiction of Article III courts over *patents*, the holding did not apply to other areas of the law or even other areas of intellectual property, such as trade secrets.114 Finally, the court noted ITC determinations did not amount to a “substantially conflicting authority” wherein the district court would have found a different outcome.115

C. Trademarks: An Open Question

With ITC determinations having different impacts on federal litigation in different areas of intellectual property, the fate of ITC trademark determinations remains an open question.116 The Second Circuit commented on the issue in 1985 in *Union Manufacturing, Inc. v. Han Baek Trading Company*.117 After a lack of success at the ITC, Union Manufacturing revisited a trademark infringement action against Han Baek in the Southern District of New York.118 As an affirmative defense, Han Baek argued the ITC’s determination negating likelihood of confusion precluded Union Manufacturing from revisiting the issue in the district courts.119 The Second Circuit found *res judicata* precluded Union Manufacturing from relitigating its claim against Han Baek, as the procedures available at the ITC were “in all important respects the same as those in the [d]istrict court . . . .”120 The court asserted, “To hold otherwise would undermine the legitimacy of the ITC proceeding . . . .”121 Further, the court found concern with the principle that unsuccessful ITC claimants could file in the U.S. district courts, as these claims could then “avoid the strict standard of review governing appeal of ITC determinations in the Federal Circuit.”122

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113 *Id.* at *2 (distinguishing prior case law suggesting non-preclusive effect of ITC determinations).


115 *Id.* at *2.


119 *Union Mfg.*, 763 F.2d at 44 (noting Han Baek’s affirmative defense of *res judicata*).

120 *Id.* at 44-45 (holding *res judicata* applies to plaintiff’s trademark infringement claim).

121 *Id.* at 45 (illustrating *res judicata* applies to plaintiff’s trademark infringement claim).

122 *Id.* (noting that appeals system already exists for ITC proceedings in the Federal Circuit, preventing need to litigate in district courts).
Distinguishing ITC patent cases from those of trademarks, the court stated district courts have exclusive jurisdiction over patent issues, justifying the Federal Circuit’s holding. However, as this is not the case with other areas of law, the Second Circuit found the ITC’s status as an administrative body should not affect the validity of its decisions regarding trademark and unfair trade determinations, which are within its jurisdiction.

**Baltimore Luggage Company v. Samsonite Corporation** further upheld the legal validity of ITC trademark determinations in 1992. In *Baltimore Luggage*, the plaintiff appealed the district court’s decision that its claims for attorney’s fees and unfair competition were precluded by an earlier ITC opinion. The Fourth Circuit held ITC determinations should be preclusive on the district court because a party has “a full and fair opportunity to litigate its affirmative defenses both before the ITC and before the Federal Circuit.”

The opinions in *Union Manufacturing, Baltimore Luggage, and Texas Instruments* informed a recent opinion in 2019’s *Rockwell Automation, Inc. v. Radwell International, Inc.* In *Rockwell*, the defendant submitted a consent order motion in response to an ITC investigation for trademark infringement. During succeeding district court litigation, the defendant interpreted the Code of Federal Regulations to mandate ITC consent orders could not be considered “final” and preclusive in the U.S. district courts. The United States District Court for the District of New Jersey concluded only the Federal Circuit could determine the legal validity of ITC determinations and consent orders. Moreover, the court found the timing in which consent orders are submitted influence their preclusive effect. While consent orders accepted by the ITC after a full hearing on infringement may have potential to be preclusive, the consent order at issue in *Rockwell* was accepted before presentation of arguments could be instituted, thus preventing the full litigation required for claim preclusion. Thus, while *Rockwell* does not deny the potential for ITC trademark proceedings to have preclusive effect in general, the opinion

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123 Id. (explaining why ITC determinations inherently cannot have preclusive effect regarding patent decisions).
124 Union Mfg., 763 F.2d at 45-46 (explaining ITC has authority to determine unfair trade practice issues, unlike patent issues).
127 Id. (explaining Baltimore Luggage’s appeal of district court’s holding precluding its claims).
128 Id. at *4.
129 Id. at 369 (illustrating infringement suit alleging likelihood of confusion between ROCKWELL and RADWELL marks that resulted in Radwell’s submission of consent order to ITC).
131 Id. at 369-370 (showing dispute over preclusive effect of ITC trademark decisions).
132 Id. at 373 (showing why District of New Jersey could not determine whether consent order was preclusive).
133 Id. at 376 (explaining even if district courts could determine binding nature of consent order, the timing in which consent order was submitted would affect whether consent order was preclusive).
134 Rockwell, 416 F. Supp. at 376 (finding issue was not fully litigated and actually decided by ITC regardless of consent order’s potential preclusive effect).
suggests the district courts are unable to determine their legal validity, preventing those courts from finding *res judicata* or collateral estoppel apply.\(^\text{135}\)

**D. Swagway, LLC v. International Trade Commission**

The Federal Circuit’s most recent decision in *Swagway, LLC v. International Trade Commission* involved allegations that Swagway infringed various patents and the SEGWAY trademark by selling SWAGWAY-labeled hoverboard products.\(^\text{136}\) After Segway filed an infringement complaint at the ITC based on likelihood of consumer confusion, Swagway submitted a consent order motion for Segway’s trademark claim stating that “Swagway would not sell or import ‘SWAGWAY-branded personal transporter products as well as all components thereof, packaging and manuals therefor.”\(^\text{137}\)

The ALJ issued an initial determination finding a likelihood of confusion between the SEGWAY mark and Swagway brand, only mentioning Swagway’s consent order motion in a footnote, stating, “[a]ny pending motion that has not been adjudicated is denied, unless otherwise noted”.\(^\text{138}\) The ITC reviewed the ALJ’s likelihood of confusion finding, but the Commission denied review of Swagway’s consent order rejection.\(^\text{139}\) Ultimately, the Commission issued an exclusion order banning Swagway from selling its transportation devices under the Swagway brand.\(^\text{140}\)

Swagway appealed its consent order denial to the Federal Circuit as not receiving adequate consideration under the Administrative Procedure Act (APA).\(^\text{141}\) In its appeal, Swagway argued the consent order issue should be revisited, as the consent order would not have the same preclusive effect on pending litigation as the exclusion order.\(^\text{142}\) In response, the Federal Circuit’s May 2019

\(^{135}\) *Id.* (commenting on possibility for preclusive consent order under appropriate conditions).


\(^{137}\) *Id.* at 1336. (describing Swagway’s attempt to terminate ITC inquiry by forgoing hoverboard sales under Swagway brand).

\(^{138}\) *Id.* at 1336-37 (holding Swagway infringed Segway’s mark). The ALJ determined actual confusion existed between Swagway and the SEGWAY mark despite acknowledging that confusion was *de minimus*. *Id.* (stating *de minimus* instances of actual confusion provided “overwhelming evidence” of confusion). The ALJ did emphasize Swagway and SEGWAY had similar looks and pronunciations. *Id.* (explaining reasoning for likelihood of confusion finding).

\(^{139}\) *Swagway*, 934 F.3d at 1337 (explaining ITC’s determination to review ALJ determination but not addressing consent order issue).

\(^{140}\) *Id.* at 1336-37 (explaining contents of ITC exclusion order imposed on Swagway LLC).

\(^{141}\) *Swagway*, 934 F.3d at 1337 (outlining Swagway’s argument that consent order motion’s validity never truly addressed by ALJ); see also *Swagway, LLC v. Int’l Trade Comm’n*, 923 F.3d 1349, 1351 (Fed. Cir. 2019) (showing original appeal to Federal Circuit and court’s earlier May 2019 opinion).

\(^{142}\) *Swagway*, 923 F.3d at 1357 (outlining Swagway’s argument that ITC trademark decisions would have preclusive effect on its pending litigation in district courts). “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
opinion stated, “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.”

On rehearing, the Federal Circuit revised its May opinion by issuing a new opinion in August 2019. While the Federal Circuit affirmed that the ITC gave sufficient explanation for denying the consent order motion, the new opinion omitted the Federal Circuit’s earlier language regarding the ITC’s lack of preclusive effect in trademark decisions. Instead, the court stated, “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 [Section 337].” As a result, while the Federal Circuit’s assertion was not definitive, it opened the possibility of trademark decisions having a preclusive effect on subsequent litigation in the district courts.

Practically speaking, the Swagway decision increased the validity of ITC trademark consent orders. Any preclusion afforded ITC proceedings is, however, limited. Later plaintiffs likely could not obtain motions of summary judgment against defendants like Swagway unless they could not have joined the first action and their complaints centered on the same issues. Courts would also need to evaluate the Parklane Hosiery fairness factors to determine if equity favored nonmutual collateral estoppel against the trademark defendant. These mechanisms provide ITC trademark defendants with some protection from a “wait and see” litigation approach from subsequent plaintiffs.

afforded to the Commission's final decision and its resulting orders.” Id. (stating Swagway’s position at oral argument).

143 Id. (illustrating Federal Circuit’s original opinion that ITC trademark decisions should not be treated differently than patent decisions, which do not have preclusive effect).

144 Swagway, 934 F.3d at 1335 (vacating part III of May 2019 opinion).

145 Id. at 1343 (acknowledging ITC trademark preclusions “might have adverse preclusive effect”).

146 Id. at 1335 (affirming, at very least, it is not impossible for ITC trademark decisions to have preclusive effect).

147 Id. at 1335, 1343 (opening up possibility of preclusive effect).


150 Id. (listing non-mutual preclusion requirements not met when later plaintiff could have easily joined first action, nothing prevented plaintiff from asserting claims in first action, and plaintiff could have had full and fair opportunity to litigate in prior proceeding).

151 Id. (discussing need for balance of equities considering motivations for party’s performance in first action may not replicate same conditions and motivations for party’s willingness to strongly litigate in second action).

152 Id. (explaining dangers of applying claim preclusion without proper inquiry).
IV. SUPPORT FOR THE PRECLUSIVE EFFECT OF ITC TRADEMARK DETERMINATIONS ON THE MERITS: PRECEDENT, LEGAL HISTORY, LEGISLATIVE INTENT, AND PUBLIC POLICY

ITC Trademark determinations, when made on the merits, should have a preclusive effect on United States District Court proceedings to preserve the ITC’s integrity. While caselaw has rejected ITC patent decisions’ preclusive effect, it has not conflicted with preventing parties from relitigating the Commission’s trademark determinations. Further, *Texas Instruments* should not extend to trademark determinations, as there is a historical difference in the legal treatment between patents and trademarks. Finally, the legislative history of the Trade Reform Act of 1974 and public policy concerns support permission of *res judicata* and collateral estoppel to apply to district court proceedings once parties have had adequate opportunity to litigate. Preclusion, however, should be limited to instances in which the ITC makes a determination on the merits, preventing consent orders from having a preclusive effect when such orders are not serving as an admission or granted in consideration of both parties’ legal arguments.

A. Precedent Support for ITC Trademark Claim and Issue Preclusion

The modified August opinion in *Swagway* rescinded the Federal Circuit’s earlier assertion that ITC trademark determinations could not preclude later causes of action. In doing so, the Federal Circuit opened the possibility of *res judicata* and collateral estoppel’s application in post-ITC litigation. Supreme Court precedent supports this assertion when the ITC makes a trademark determination on the merits. Less precedential support arises for the blanket

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153 See Union Mfg. Co. v. Han Baek Trading Co., 963 F.2d 42, 45 (2d. Cir. 1985) (specifically discussing not affording ITC preclusive effect in later litigation would undermine its integrity). While *Two Pesos, Inc. v. Taco Cabana, Inc.* disagreed with the holding of *Union Manufacturing*, this regarded the Second Circuit’s distinction between trademark and trade dress likelihood of confusion determination and not its statement regarding the ITC’s integrity being at risk. *Id.*; see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773 (1992) (asserting secondary meaning required for likelihood of confusion determination and not questioning validity of *Union Manufacturing*’s observations regarding ITC).

154 See *Intellectual Property Clause, Cornell Law School Legal Info. Inst.*, https://www.law.cornell.edu/wex/intellectual_property_clause (last visited Mar. 1, 2020) (discussing Article III Section 8 Clause 8 of U.S. Constitution as applying to patents and copyrights only). As trademarks are not treated as part of the “sciences or useful arts,” this omission illustrates historically different legal treatment. *Id.* (explaining intellectual property clause colloquially referred to as “patent and copyright clause”).

155 S.REP. NO. 1298, 93rd Cong., 2d Sess. 196 (explaining preclusive effect only qualified as prohibited for patents).


157 See O’Brien, supra note 47 (explaining impact of *Swagway*).

158 *Id.* (explaining *Swagway* could open door for preclusion to apply in ITC copyright, trade secret, and trademark decisions).

preclusive effect of consent orders. Instead, more backing exists for the preclusive effect of consent orders based on the timing in which the ALJ grants those orders.

As previously stated in the Supreme Court decisions, University of Tennessee and Astoria, administrative agency determinations may be preclusive upon resulting litigation when the agency is acting in a judicial capacity and there is no legislative intent to the contrary. Assuming the ITC determination is on the merits, the Commission has the opportunity to act in a judicial capacity because a) the Commission has authorized jurisdiction over trade issues, and b) the Commission employs an ALJ and review process to hear all relevant facts and evidence. This increases the likelihood that a similar result would be reached in the federal court system. Provided all other preclusion factors are met, ITC trademark determinations should be afforded preclusive effect to moderate redundant litigation.

Regarding intent to the contrary, precedent does not conflict with the assertion to afford ITC trademark determinations preclusive effect. Prior Federal Circuit opinions, such as Texas Instruments and Tandon, emphasize a prohibition on preclusion only in the realm of ITC patent determinations. Such language does not exist for trademarks, nor do prior Supreme Court or Federal Circuit opinions mandate a specific restriction on ITC trademark determinations.

Further, Tandon asserts the “Commission’s primary responsibility is to administer the trade laws . . .” Manitowoc Cranes illustrated ITC trade secret determinations could have preclusive

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161 Id. (explaining the extent of discovery, presence of admissions, and intent of parties factor into whether consent order is given preclusive effect). The author acknowledges, however, that judges often must consider a party’s chances of receiving a favorable judgment if the case was heard on the merits when determining whether to grant a consent order motion. Id. (explaining consent judgments not issued without careful consideration).
164 Id. (discussing similarities between ITC and federal courts). “The ALJ’s initial determination is the rough equivalent of a federal district court trial verdict.” Id. at 56 (discussing procedural similarities).
166 Paul R. Morico, The Interplay Between the USPTO, ITC and Federal Courts, ADV. INTELLECTUAL PROP. L. 21 IV (2018) (finding non-patent ITC decisions can be binding on district courts and districts courts can be binding on ITC depending on which proceeding occurs first).
167 Texas Instruments Inc. v. Cypress Semiconductor Corp., 90 F.3d 1558, 1569 (Fed. Cir. 1996); see also Tandon Corp. v. United States Int’l Trade Comm’n, 831 D.2d 1017, 1019 (Fed. Cir. 1987) (discussing ITC’s responsibility to review trade laws, not patent laws).
168 See Texas Instruments, 90 F.3d at 1569 (showing emphasis on patent laws but not trademarks).
169 Tandon, 831 F.2d at 1019 (asserting ITC has jurisdiction over trade laws but not patent).
effect in later suits by distinguishing trademark issues from that of patents.\textsuperscript{170} Thus, trademarks, as an issue inherently embroiled in trade, should be within the realm of the ITC’s jurisdiction and not conflict with Federal Circuit adjudications on patent issues.\textsuperscript{171} This distinction is emphasized in case law such as \textit{Union Manufacturing} and \textit{Baltimore Luggage}, where the Second and Fourth Circuit respectively noted that specific language did not exist to preclude ITC trademark determinations from having full legal validity in later adjudications.\textsuperscript{172}

Nevertheless, ITC consent orders may not always have preclusive effect.\textsuperscript{173} While \textit{Rockwell} did not institute an absolute ban on consent order-related preclusion, the District of New Jersey addressed the importance of a consent order’s timing to reflect the judicial capacity necessary for ITC actions to be preclusive.\textsuperscript{174} Therefore, consent orders granted after parties have received an adequate opportunity to litigate could have preclusive effect without contravening \textit{University of Tennessee} and \textit{Astoria}.\textsuperscript{175} In these instances, the ALJ would have had opportunity to hear argument before determining whether to accept a party’s consent order motion.\textsuperscript{176} Conversely, consent orders granted prior to adequate submission of arguments arguably should not be entitled preclusive effect, as the ALJ would not have opportunity to consider adequate evidence prior to making a determination of whether to grant a party’s consent order motion.\textsuperscript{177}

When, however, is a consent order “fully litigated?” \textit{Rockwell} expands upon this inquiry, finding that for an ITC consent order to have preclusive effect, 1) there must be “some finding by the ALJ that is necessarily ‘final’” and 2) the ALJ must identify “unlawful behavior harming United States Industry by the party to the consent order before the ALJ issues the consent order.”\textsuperscript{178} Based on \textit{Rockwell}’s reasoning, as an ALJ would have to factor in the presence of a hearing or admission in deciding whether to grant a consent order, \textit{Rockwell}’s holding leaves open the strong possibility that such instances could rise to the level of adequate opportunity for litigation necessary to apply common law doctrines of preclusion.\textsuperscript{179}

\begin{thebibliography}{9}
\bibitem{170} Manitowoc Cranes LLC v. Sany America, No. 13-C-677, 2018 WL 582334 at *2 (E.D. Wis. Jan. 29, 2018) (finding issues at district court and ITC to not have “substantial ground for difference of opinion”).
\bibitem{171} \textit{See Texas Instruments}, 90 F.3d at 1569 (only affirmatively prohibiting preclusion from ITC patent decisions).
\bibitem{172} Union Mfg. v. Han Back Trading Co., 763 F.2d 42, 45 (2d Cir. 1985); Baltimore Luggage Co. v. Samsonite Corp., No. 91-2171, 91-2190, 1992 WL 296368 at *2 (4th Cir. 1992) (discussing ITC’s authority to decide trademark disputes with \textit{res judicata} effect on later district court proceedings).
\bibitem{174} \textit{Id.} (finding consent orders granted prior to hearing on merits of case not preclusive).
\bibitem{176} \textit{Rockwell}, 416 F. Supp. at 372-373 (explaining circumstances in which claim may be “fully litigated” prior to ALJ granting consent order motion).
\bibitem{177} \textit{Id.} (explaining granting consent order before any factual investigation is not acting in judicial capacity to afford preclusion).
\bibitem{178} \textit{Rockwell}, 416 F. Supp. at 376 (listing requirements for preclusive consent order).
\bibitem{179} \textit{Id.} (stating, “The deciding factor here is whether an ITC consent order—not just any consent order—has been executed BEFORE OR AFTER the ITC has made a determination under § 337 of harm to U.S. industry”).
\end{thebibliography}
B. Longstanding Historical Differences Between Patents and Trademarks Justify Different Treatment

*Texas Instruments* and *Tandon* should be further distinguished in light of the historical differences in legal treatment between patents and trademarks.\(^{180}\) Article I, Section 8, Clause 8 of the United States Constitution discusses Congress’ enumerated power “[t]o promote the progress of science and the useful arts.”\(^{181}\) As such, Congress granted exclusive jurisdiction over copyrights and patents to the Article III courts.\(^{182}\) Such express authority explains why ITC patent determinations are not preclusive in the district courts.\(^{183}\) However, the Constitution is silent on trademarks.\(^{184}\)

Trademarks, unlike patents and copyrights, are not exclusively a federal issue.\(^{185}\) Trademark holders may seek both state and federal registrations in addition to any common law rights they possess.\(^{186}\) Although the vast majority of litigation occurs over federally registered trademarks in the United States District Courts, common law trademark cases may be tried in state court systems.\(^{187}\) Thus, Article III courts do not have exclusive jurisdiction over every trademark issue, differing the historical legal treatment of trademarks from that of patents and copyrights.\(^{188}\) As a result, it would be inappropriate to impose a blanket restriction on ITC intellectual property preclusion, especially with the consideration of the preclusive effect of trade secret determinations.\(^{189}\)


\(^{181}\) U.S. CONST. art. I, § 8, cl. 8 (quoting intellectual property clause of Constitution).

\(^{182}\) 28 U.S.C. § 1338 (1940) (stating, “The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents . . . copyrights and trademarks”). However, it is noted that 28 U.S.C. § 1338 later goes on to state, “No State court shall have jurisdiction over any claim . . . relating to patents, plant variety protection, or copyrights.” Id § 1338(a).

\(^{183}\) Union Mfg. v. Han Baek Trading Co., 763 F.2d 42, 45 (2d Cir. 1985) (explaining “Congress has granted the district courts exclusive original jurisdiction over patent validity cases” while “ITC has full authority to decide trademark claims”).

\(^{184}\) See generally U.S. CONST. art. I, § 8, cl. 8 (noting absence of phrase indicative of trademarks).

\(^{185}\) See About Trademark Infringement, USPTO, https://www.uspto.gov/page/about-trademark-infringement (last visited Mar. 5, 2020) (discussing trademark infringement remedies may be sought in state or federal court depending on circumstances).


\(^{187}\) See About Trademark Infringement, supra note 185 (discussing state trademark infringement actions).

\(^{188}\) Trademark Infringement, CORNELL LAW SCHOOL LEGAL INFO. INST., https://www.law.cornell.edu/wex/trademark infringement (last visited Mar. 8, 2020) (explaining trademarks are federal issue when Lanham Act is concerned and not common law actions).

C. Trademarks are a Trade Issue Within the ITC’s Jurisdiction According to the Trade Reform Act of 1974’s Legislative History

The Trade Reform Act of 1974 grants the executive branch authority to “[i]mprove procedures for responding to unfair trade practices in the United States and abroad.” Trademark infringement lies at the heart of unfair trade practice, enabling manufacturers to deceive consumers by imitating the source of another manufacturer’s products. Thus, Congress granted the Executive Branch authority to establish the ITC to remedy such unfair trade practices.

The Senate Finance Committee commented on the Act’s legislative purpose prior to its passage, emphasizing the need for trade regulation mechanisms in the executive branch. When commenting on the ITC’s role in district court litigation, any statement disfavoring preclusive effect is qualified by the term “patent.” Those opposed to ITC trademark decisions’ preclusive effect argue Congress had not considered trademark issues at the Act’s inception, indicating patents and trademarks should be treated similarly. Contrarily, the presence of the “patent” qualifier and not “trademark” in the Committee’s statement may indicate an intentional omission. As trademark law was a developed area of law by the mid-1970s, Congress had awareness of trademark law’s impact on trade and could have specifically mentioned a ban on ITC trademark preclusion had such intent existed.

If Congress did not intend for ITC trademark proceedings to have binding effect on the district courts, Congress would not have passed 28 U.S.C. Section 1659, granting the district courts power to stay proceedings while ITC investigations were pending. Such legislative history supports the notion that ITC trademark proceedings—especially when adjudicated on the merits—

191 See About Trademark Infringement, supra note 185 (discussing nature of trademark infringement and intersection with commerce).
197 Id. (explaining failure of Senate Finance Committee and Texas Instruments to mention lack of legislative intent for preclusion regarding trademarks).
198 See 28 U.S.C. § 1659 (1994) (giving district courts power to stay proceedings while parties have ongoing investigation before ITC).
should have preclusive effect on later proceedings that satisfy all of the elements of *res judicata* and collateral estoppel.\(^{199}\)

**D. Public Policy Benefits of Preclusion**

Public policy favors preclusive effect on district court proceedings when the ITC has considered adequate evidence before implementing a trademark determination.\(^{200}\) The ITC concentrates its regulation efforts on trade and thus possesses a specialized understanding of issues impacting domestic and international commerce.\(^{201}\) As such, the ITC, much like the TTAB, maintains a constant exposure to and particularized knowledge of trademark issues, making the ITC an appropriate body to determine if infringement has occurred.\(^{202}\)

Permitting ITC trademark proceedings to preclude duplicative litigation in the district courts maintains the legitimacy of federal agencies.\(^{203}\) As acknowledged in *Union Manufacturing*, the validity of ITC determinations is undermined when parties receiving an unfavorable judgment may circumvent the issue in the district courts.\(^{204}\) ITC litigants already possess a proper avenue for review within the Federal Circuit, negating a need for said litigants to bring actions in the district courts when *res judicata* and collateral estoppel factors are satisfied.\(^{205}\) As courts consider some decisions of other administrative agencies, such as the TTAB and SEC, to be binding and only reversible through proper appeal measures, a refusal to give the ITC similar treatment delegitimizes the Commission’s role in trade regulation.\(^{206}\) Notably, the ITC may only grant consent orders, injunctions, and exclusion orders; Article III courts still maintain jurisdiction to determine damages.\(^{207}\) This limited jurisdiction prevents an abuse of the Commission’s power and permits Article III courts to serve as a check on ITC proceedings.\(^{208}\)

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199 S. REP. No. 1298, 93rd Cong., 2d Sess. 196 (vesting ITC with power to regulate trade).


203 *Union Manufacturing Co. v. Han Baek Trading Co.*, 763 F.2d 42, 45 (2d Cir. 1985) (finding *res judicata* must apply or ITC’s legitimacy will be undermined).

204 Id. (explaining consequences of not affording preclusive effect to ITC proceedings).

205 Id. (explaining ITC already has proper appeal method in Federal Circuit proceedings).


207 Atkins & Pan, *supra* note 60, at 3 (noting differences between federal court and ITC remedies).

208 Id. (explaining ITC limited to injunctive relief).
Finally, affording preclusive effect decreases strains on the U.S. court system.\textsuperscript{209} When ITC determinations are on the merits—or when consent order motions are granted after parties had adequate litigation opportunity—the chances of a different outcome in the district courts remains unlikely.\textsuperscript{210} Permitting preclusion allows the already clogged federal court system to delegate fact-finding tasks to an administrative body with the specialized knowledge to determine trademark issues.\textsuperscript{211} As the Federal Circuit noted in Swagway, society favors preclusion’s ability to expeditiously resolve litigation.\textsuperscript{212} Superfluous hearings over issues already determined at the ITC increases costs for the parties involved, lengthens proceedings, and prevents parties from receiving final trademark remedies.\textsuperscript{213}

V. AN IMPACT OF THE ITC’S VALIDITY FOLLOWING SWAGWAY

Further clarification is necessary following the Swagway decision.\textsuperscript{214} After the Federal Circuit’s modified opinion, the issue of preclusion following ITC trademark proceedings is an open question.\textsuperscript{215} As the Swagway decision has the potential to increase the ITC’s importance and role as an adjudicator of trademark disputes, the Supreme Court is likely to address the matter in the imminent future.\textsuperscript{216}

Should the preclusive effect of ITC trademark determinations be affirmed, the role of the ITC would be legitimized as an international regulator of trade.\textsuperscript{217} While preventing litigation in the district courts would limit an avenue of recourse for those whom the ITC does not rule in favor, allowing preclusion prevents court systems from overflowing with redundant actions.\textsuperscript{218} Finally,

\begin{footnotesize}
\begin{enumerate}
\item Yuval Sinai, Reconsiderin Res Judicata, A Comparative Perspective, 31 DUKE J. OF COMP. & INT’L L. 353, 354 (2001) (explaining court system could not properly function if res judicata did not exist, as judgments would never be final).
\item Vestal, supra note 200, at 956-57 (noting claimants could never dispose of case if res judicata did not exist).
\item Monschzisker, supra note 26, at 300-02 (explaining cost on court system and litigants when litigation continues to unreasonable degree).
\item Fed. Circ. Created A ‘Big Mess’ With ITC Preclusion, supra note 195 (expressing uncertainty following Swagway decision).
\item Id. (explaining while Federal Circuit vacated decision stating preclusion did not apply, Federal Circuit has not affirmatively stated that it does apply).
\item See Tzou, supra note 15 (finding ITC determinations may be seen as more legitimate adjudication if given preclusive effect).
\item See Moschzisker, supra note 26, at 799-800 (explaining although preclusion eliminates avenue of recourse, it is necessary doctrine to uphold more hallowed doctrines like stare decisis).
\end{enumerate}
\end{footnotesize}
treating trademarks differently from patents affirms the historical difference of legal treatment between the two and acknowledges the validity of cases distinguishing Texas Instruments by means of its specific mention of “patent” determinations not having preclusive effect.\textsuperscript{219} However, should the Supreme Court find that trademark determinations are not preclusive, the ITC’s determinations may lose validity in parties’ minds, hindering its ability to enforce fair trade practices both domestically and internationally.\textsuperscript{220} Moreover, the validity of other federal and state administrative agencies would be called into question following an adverse preclusion determination.\textsuperscript{221}

As it stands, Swagway has potential to increase the ITC’s prominence in vacating the Federal Circuit’s former statement that trademark determinations were not preclusive in district court proceedings.\textsuperscript{222} By opening up the possibility of preclusive effect, the Federal Circuit has afforded trademark owners a more efficient way to adjudicate trademark disputes.\textsuperscript{223} With its expedited timeline, the ITC may become a more popular avenue for infringement investigations in the coming months.\textsuperscript{224} As a result, courts may acknowledge the validity of other agency proceedings, instituting a movement of delegating excess caseloads to specialized bodies with the skill set to more effectively resolve particular disputes.\textsuperscript{225} Nonetheless, Swagway and the solutions proposed in this Article balance the importance of separation of powers with the need to reduce futile litigation, enabling ITC trademark litigants to get the equivalent of their day in court.


\textsuperscript{221} See id. (positing other federal agencies and their determinations’ validity may be affected if courts deny preclusion in all circumstances to ITC proceedings).


\textsuperscript{223} Moschzisker, supra note 26, at 299-300 (explaining efficiency of ITC proceedings)

\textsuperscript{224} See Tzou, supra note 15 (acknowledging ITC may be seen as more favorable venue following Swagway).

\textsuperscript{225} Reiziss, supra note 57 (explaining efficiency benefits of ITC proceedings).