

No. 18-1309

IN THE
Supreme Court of the United States

BOOKING.COM B.V.,

Petitioner,

v.

UNITED STATES PATENT AND TRADEMARK
OFFICE; ANDREW IANCU, IN HIS OFFICIAL
CAPACITY AS UNDER SECRETARY OF COMMERCE
FOR INTELLECTUAL PROPERTY AND DIRECTOR
OF THE UNITED STATES PATENT AND
TRADEMARK OFFICE,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

REPLY BRIEF

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REPLY

In opposing Booking.com's petition for certiorari and request under Supreme Court Rule 27.3 for consolidation with *Peter v. NantKwest*, No. 18-801, the government makes no attempt to address the substantive grounds presented by Booking.com for granting the petition, but instead merely notes that Booking.com conceded in the Court of Appeals for the Fourth Circuit that the outcome of the decision in *Peter v. NantKwest* would likely be determinative of this case.

It is indeed true that in seeking a stay of the Fourth Circuit's order allowing attorneys' fees to the PTO, despite the PTO's having lost on the merits, Booking.com recognized (with some trepidation) that its fate would almost surely be sealed by the outcome in the parallel *NantKwest* litigation. However, in so doing, Booking.com never conceded that it desired to be powerless to influence the outcome of the attorneys' fee issue.

Indeed, had Booking.com not requested a stay pending the outcome in *NantKwest*, the adverse decision on the fee issue would have become final, regardless of the ultimate outcome in *NantKwest*, and Booking.com would have been required to pay the

government's attorneys' fees notwithstanding its successful litigation finding that the PTO had erred in denying registration of the mark BOOKING.COM. Hence, Booking.com had little choice but to request a stay. However, in so doing it did not cede to NantKwest sole authority and standing to represent Booking.com's interests, to the exclusion of Booking.com itself. Booking.com also believes that additional arguments unique to this case, unrebutted by the PTO, provide even stronger grounds than those presented in *NantKwest* to reject the PTO's new interpretation of the phrase "all expenses of the proceeding."

Notably, unlike NantKwest, and unlike all other parties penalized by the PTO's new interpretation of the phrase "all expenses of the proceeding," Booking.com had the good fortune of prevailing on the merits, thus graphically demonstrating the extraordinary tension of the PTO's new reading of the statute (after 175 years to the contrary) with the American Rule. The PTO does not now question that, among all of the cases decided since its new interpretation of the statutory language in 2013, Booking.com is plainly the most sympathetic face demonstrating the injustice that would result in requiring a patent or trademark applicant to pay the PTO's attorneys' fees, win or lose, simply for

availing itself of the statutory right of review Congress created. As this court noted in *Baker Botts L.L.P. v. ASARCO LLC*, awarding attorneys’ fees to an unsuccessful litigant would be “a particularly unusual deviation from the American Rule.” 135 S. Ct. 2158, 2166 (2015).

Nor does the PTO address (much less dispute) the three chief substantive arguments raised by Booking.com (but not by NantKwest) that makes Booking.com best suited to challenge the new statutory interpretation in question. These arguments, of course, are in addition to the basic arguments raised by NantKwest, all of which Booking.com also raised.

First is the specific history of the Lanham Act, marked in particular by this Court’s prior holding that the Lanham Act permits no implied right to attorneys’ fees outside its explicit “meticulously detailed” text. *Fleischmann Distilling Co. v. Maier Brewing Co.*, 386 U.S. 714, 719 (1967). Since 1967, Congress has made three amendments to the Lanham Act that specifically and explicitly allow for an award of attorneys’ fees,¹ none of which affects Section 1071, and

¹ 15 U.S.C. § 1114(2)(D)(iv) (“costs and attorney’s fees” for knowing and material

each of which contains a predicate requirement of culpable conduct. *Fleischmann* creates a unique historical marker, not present in the Patent Statute, for interpreting the meaning of “all expenses of the proceeding.” So too does the very fact that when Section 1071 was enacted, 107 years had passed without the PTO having ever suggested that the parallel language in the Patent Statute meant attorneys’ fees. *Compare* Br. for Resp. at 3-4, 6 (citing Act of Mar. 3, 1839, ch. 88, § 10, 5 Stat. 354), *with* Trademark Act of July 5, 1946, ch. 540, title I, § 21, 60 Stat. 435. There can be no inference that Congress could have anticipated the PTO’s new interpretation in 2013 of the old statutory language when it had never previously been so-construed. The unique history of the Lanham Act thus undermines the PTO’s arguments based on some alleged dormant meaning derived from the 1836 Patent Act and its 1839 amendment. And yet, the only precedent the PTO can now cite to support its theory is *Shammas v. Focarino*, 784 F.3d 219 (4th Cir. 2015), which applied the Lanham Act, not the Patent Statute. Booking.com’s specific arguments based on the history of the Lanham Act thus warrant

misrepresentation to domain name registrar, etc.); 15 U.S.C. § 1117(a) (“attorney fees to the prevailing party” in “exceptional cases”); 15 U.S.C. § 1122(c) (“costs and attorney’s fees” as a remedy).

special consideration in assessing the PTO's arguments in *NantKwest* concerning the same phrase, "all expenses of the proceeding," in the Patent Statute.

Second, interpreting Section 1071(b)(3) to award attorneys' fees in all cases would violate the First Amendment right to petition for redress of grievances. Controlling precedent of this Court requires "breathing space" to allow even unsuccessful litigants freedom to seek vindication of their rights. *BE & K Const. Co. v. N.L.R.B.*, 536 U.S. 516, 531 (2002). Although the PTO frets over possible abusive litigation tactics or procedural gaming by litigants seeking to employ the statutory right of de novo review Congress created (PTO Opening Brief at 28, *Peter v. NantKwest*, No. 18-801), the PTO does not acknowledge how granting *to it* a blank check to require all parties seeking to correct the PTO's own errors (as Booking.com successfully did) might encourage abusive litigation tactics and procedural gaming *by the PTO itself* to further discourage such unwanted challenges to its authority.

Third, the PTO's request for attorneys' fees in this case (and others) was based simply on taking a percentage of the government attorneys' fixed salaries, which would have been paid regardless whether there had been

any such “proceeding.” As a matter of statutory construction, fixed salaries the PTO would have paid to its attorneys regardless whether there had been any action for de novo review are not sufficiently “of the proceeding” to satisfy the literal statutory language. Hence, when the PTO argues that defending de novo proceedings under the Patent Act or Lanham Act causes it to “incur” costs (PTO Opening Brief at 39, *Peter v. NantKwest*, No. 18-801), this cannot be reconciled with Booking.com’s argument (unrebutted by the PTO) that it would have paid exactly the same amounts to its staff attorneys regardless of whether there had been a *NantKwest* litigation or the *Booking.com* litigation. The PTO in reality incurs no additional expenses paying its own attorneys exactly what they would have been paid anyway for defending de novo proceedings. Booking.com’s arguments thus bear directly on the outcome of the *NantKwest* litigation, but only Booking.com is able to raise these points, having already raised them below. Likewise, whereas the PTO concedes in *NantKwest* that its purpose in adopting its new interpretation of 35 U.S.C. 145 and 15 U.S.C. 1071(b)(3) is to transfer to the intellectual property owner the allegedly substantial burden of attorneys’ fees as a disincentive to intellectual property owners’ use of the statutory remedy of de novo review (see PTO Cert. Petition at 15-16, *Peter*

v. NantKwest, No. 18-801), Booking.com’s unrebutted arguments show that the PTO in fact incurs no additional costs from paying its attorneys what it would have paid them anyway; only the intellectual property owner seeking to vindicate its rights must bear this substantial burden (needlessly undermining its right to petition for redress of grievances).

Not only does the government fail to address these additional arguments, but conspicuously absent from the government’s opening brief in *Peter v. NantKwest*, No. 18-801, is any mention of the *Booking.com* decision or the stark reality it presents of a prevailing party required to pay the PTO’s attorneys’ fees for the simple fact of having to rectify the PTO’s own errors.

Although Booking.com raised all of the same basic arguments presented by respondent NantKwest, NantKwest did not present any of these three additional arguments. Because this Court has already concluded that the PTO’s reinterpretation (after 175 years) of the phrase “all expenses of the proceeding,” warrants review, a *complete* review requires consideration of the additional issues presented by the only party that prevailed on the merits yet nonetheless was penalized for its successful efforts: Booking.com.

Not only did the PTO decline to address any of these three arguments in opposing Booking.com's petition for certiorari, it was largely if not entirely silent in opposing these arguments in the Fourth Circuit. It thus would appear that the PTO is without any substantive rejoinder to these arguments, which is all the more reason Booking.com should not be required to cede to NantKwest (which is unable to present these arguments) sole standing to represent Booking.com's distinct interests.

Nor will consolidating this case and *NantKwest* for oral argument in any way impair or impede resolution of *NantKwest*, which cannot be scheduled for oral argument until the fall term.

Indeed, Booking.com is happy for the PTO to have an opportunity to respond in substance to these arguments so that this Court can render a fully informed decision. However, the only way to achieve that result is for the Court to grant Booking.com's present petition and allow the government a full and fair opportunity to respond.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted, and this matter should be consolidated for oral

argument with *Peter v. NantKwest*, No. 18-801, under Supreme Court Rule 27.3.

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Respectfully submitted,

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