

No. 18-1309

Supreme Court of the United States

BOOKING.COM B.V.,

Petitioner,

v.

UNITED STATES PATENT AND TRADEMARK OFFICE,
ET AL.,

Respondent.

*On Petition for Writ of Certiorari to the
United States Court of Appeals
for the Fourth Circuit*

**BRIEF OF AMICUS CURIAE
AMERICAN INTELLECTUAL PROPERTY
LAW ASSOCIATION
IN SUPPORT OF PETITIONER**

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May 10, 2019

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STATEMENT OF INTEREST

The American Intellectual Property Law Association (“AIPLA”),¹ which files this brief with the written consent of both parties,² is a national bar association of approximately 13,500 members engaged in private and corporate practice, government service, and academia. AIPLA’s members represent a diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. AIPLA’s mission includes providing courts with objective analyses to promote an intellectual property system that stimulates and rewards invention, creativity, and investment while accommodating the public’s interest in healthy

¹ In accordance with Supreme Court Rule 37.6, AIPLA states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than AIPLA and its counsel. Specifically, after reasonable investigation, AIPLA believes that: (i) no member of its Board or Amicus Committee who voted to file this brief, or any attorney in the law firm or corporation of such a member, represents a party to the litigation in this matter; (ii) no representative of any party to this litigation participated in the authorship of this brief; and (iii) no one other than AIPLA, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

² Pursuant to Supreme Court Rule 37.2(a), AIPLA has given the parties more than 10 days’ notice of its intent to file this amicus brief, and pursuant to Rule 37.3(a) has obtained their consent to file.

competition, reasonable costs, and basic fairness. AIPLA has no stake in any of the parties to this litigation or in the result of this case. AIPLA's only interest is in seeking correct and consistent interpretation of the law as it relates to intellectual property issues.

SUMMARY OF ARGUMENT

This Court should take the opportunity presented by the petition to resolve a split among the federal courts of appeals on a significant question of federal law, namely, the meaning of the word "expenses" found in Section 21(b)(3) of the Lanham Act, 15 U.S.C. § 1071(b) , and in Section 145 of the Patent Act, 35 U.S.C. § 145. The resolution of that split is particularly important because the holding of the court of appeals below conflicts with relevant case law from this Court and departs from the "American Rule" that parties should bear their own attorneys' fees in the absence of clear congressional intent to the contrary. In reaching such a result, the Fourth Circuit has imposed a significant burden on the exercise of litigants' First Amendment right to petition.

ARGUMENT

I. THERE IS A CLEAR SPLIT IN THE CIRCUITS AS TO THE MEANING OF "EXPENSES"

This Court should grant the petition to resolve a split in the federal courts of appeals as to the meaning of the word "expenses" under federal law. The Court previously has recognized the importance of this question by accepting it for review in *NantKwest, Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018) (en banc),

cert. granted, 139 S. Ct. 1292 (2019), and the same disposition should hold here.

Section 20 of the Lanham Act, 15 U.S.C. § 1070, allows an unsuccessful applicant for a trademark registration from the United States Patent and Trademark Office (“PTO” or the “Office”) to appeal to the Trademark Trial and Appeal Board (“TTAB”) from any final decision of the examiner handling the application. If dissatisfied with the TTAB’s decision, the applicant may either appeal on the existing record to the U.S. Court of Appeals for the Federal Circuit pursuant to Section 21(a) of the Act, 15 U.S.C. § 1071(a), or bring an action for review under Section 21(b) of the Act, *id.* § 1071(b). In a Section 21(b) appeal, the record before the TTAB automatically becomes part of the record before the district court, and “the parties have an unrestricted right to submit further evidence as long as it is admissible under the Federal Rules of Evidence and Civil Procedure.” *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 155 (4th Cir. 2014). Section 21(b) is not without its burdens for applicants, however. In particular, Subsection (3) of that statute provides that—win or lose—an applicant availing itself of a Section 21(b) appeal is responsible for paying “all the expenses of the proceeding.” 15 U.S.C. § 1071(b)(3). Neither Section 21(b)(3) nor the remainder of the Lanham Act defines “expenses.”

The salient language of Section 21(b)(3) of the Lanham Act is substantively identical to that found in Section 145 of the Patent Act, which provides that, in district court appeals by initially unsuccessful patent applicants, “[a]ll the expenses of the proceedings

shall be paid by the applicant.” 35 U.S.C. § 145. Since the mid-nineteenth century, the PTO has interpreted Section 145 as covering only out-of-pocket expenses, including printing costs, counsel’s deposition travel costs, court reporter fees and expert witness fees, but not attorneys’ fees. In 2014, however, the PTO concluded its long-held reading of the statutory language was incorrect and that the required payment of “all the expenses of the proceeding” also includes the pro-rated salaries of the PTO attorneys and paralegals who worked on the case. Pursuant to that reading, even an applicant proving in district court that the Office wrongly rejected its claims must pay for the privilege of vindicating its rights by reimbursing the PTO for *pro rata* staff salaries incurred by the Office in the district court proceeding.

In *Shammas v. Focarino*, 784 F.3d 219 (4th Cir. 2015), which arose from an unsuccessful district court appeal under Section 21(b), a divided Fourth Circuit panel sustained the Office’s new-found interpretation of Section 21(b)(3). In doing so, the *Shammas* majority held that interpretations of Section 21(b)(3) were not subject to the “American Rule,” pursuant to which parties are ordinarily required to bear their own attorneys’ fees in the absence of a clear and express statement of congressional intent to the contrary. Under the majority’s analysis, “a statute that mandates the payment of attorneys’ fees without regard to a party’s success is not a fee-shifting statute that operates against the backdrop of the American Rule.” *Id.* at 223.

Like *Shammas*, this proceeding arises from an appeal to a district court under Section 21(b). Unlike

the applicant in *Shammas*, however, Petitioner prevailed before the district court and therefore secured a reversal of the Office’s refusal to register several of its marks. Despite that success, the district court ordered Petitioner to reimburse the Office for \$51,472.53 in “expenses,” consisting of \$50,018.70 in attorneys’ fees and \$1,453.83 in paralegal fees, an outcome turning the usual rules governing fee awards to prevailing parties on their head. Although Petitioner subsequently successfully defended its victory on the merits on appeal, the court of appeals, citing *Shammas*, affirmed the district court’s fee award. *See Booking.com B.V. v. U.S. Patent & Trademark Office*, 915 F.3d 171, 187–88 (4th Cir. 2019), *as amended* (Feb. 27, 2019), *petition for cert. filed* (U.S. Apr. 16, 2019) (No. 18-1309).

In doing so, the court of appeals acknowledged a conflict between its interpretation of “expenses” in Section 21(b) and the interpretation of the same word in Section 145 of the Patent Act by the en banc Federal Circuit in *NantKwest. Booking.com*, 915 F.3d at 188. Likewise, the *NantKwest* court acknowledged the inconsistency between its holding and the Fourth Circuit’s earlier opinion in *Shammas. NantKwest*, 898 F.3d at 1185 (“We respectfully submit that *Shammas*’s holding cannot be squared with the Supreme Court’s line of non-prevailing party precedent applying the American Rule.”). Having agreed to review and resolve the question of the meaning of “expenses” in *NantKwest*, the Court should do the same in this case to pretermitt the possibility of continued conflicting interpretations of that word following its opinion in that case.

II. THE OPINION OF THE COURT OF APPEALS CONFLICTS WITH MYRIAD OPINIONS OF THIS COURT

Beyond taking the opportunity to address the split in the circuits set forth above, the Court should grant the petition because the opinion of the court of appeals conflicts with the Court's own case law in multiple respects. That case law includes past opinions setting forth the American Rule, interpreting the availability of attorneys' fees under the common law and the Lanham Act, and recognizing that the First Amendment right to petition the government for redress of grievances includes access to the judicial process. These inconsistencies are additional reasons favoring review by the Court; they also demonstrate the importance of the federal question presented by the petition.

A. The Court of Appeals Erred by Failing to Follow This Court's Guidance on Fee Shifting Generally

On its face, the statutory phrase "the expenses of the proceeding" found in Section 21(b)(3) does not include attorneys' fees, which Section 35 of the Lanham Act, 15 U.S.C. § 1117, expressly *does* address. Section 21(b)(3) also neither defines "expenses" nor otherwise indicates that the word includes reimbursement of PTO fixed costs. Because the statutory language is silent on the issue of attorneys' and paralegals' fees, courts interpreting that language must determine the applicable principles of statutory interpretation before construing it.

Here, the court of appeals failed to give those principles proper weight, beginning with its disregard of the American Rule. As this Court has explained, “[o]ur basic point of reference when considering the award of attorney’s fees is the bedrock principle known as the ‘American Rule.’ Each litigant pays his own attorneys’ fees, win or lose, unless a statute or contract provides otherwise.” *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 252–53 (2010) (citation omitted). The American Rule is an intentional divergence from the English rule, which authorizes fee awards to prevailing parties in litigation, *i.e.*, “the loser pays.” *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 717 (1967). Early in our history, the Court held the American Rule “entitled to the respect of the court, till it is changed, or modified, by statute.” *Arcambel v. Wiseman*, 3 U.S. (3 Dall.) 306, 306 (1796) . Since then, it has affirmed the American Rule many times. *See Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240, 250 (1975) (citing cases from 1852, 1872, 1873, 1879, 1967, and 1974 by which the “Court has consistently adhered to [the] early holding [of *Arcambel*]”).

Indeed, the Court has recognized departures from the American Rule only in “specific and explicit provisions for the allowance of attorneys’ fees under selected statutes.” *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015) (quoting *Alyeska*, 421 U.S. at 260). In doing so, it has made clear there should be no deviation from the American Rule unless “explicit statutory authority” exists to do so. *Id.* (quoting *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dept. of Health & Human Res.*, 532 U.S. 568, 602 (2001)).

This principle is consistent with the underlying rationale of the American Rule itself—promoting fair access to the legal system: “[O]ne should not be penalized for merely defending or prosecuting a lawsuit, and ... the poor might be unjustly discouraged from instituting actions to vindicate their rights” *Fleischmann Distilling Corp.*, 386 U.S. at 718. “It has not been [an] accident that the American litigant must bear his own cost of counsel and other trial expense save for minimal court costs, but a deliberate choice to ensure that access to the courts be not effectively denied those of moderate means.” *Farmer v. Arabian Am. Oil Co.*, 379 U.S. 227, 237 (1964) (Goldberg, J., concurring).

Courts therefore must look carefully at statutory language before departing from the American Rule. A party seeking to escape the rule’s effect bears a heavy burden to overcome the “deeply rooted” adherence to it. *Roadway Express, Inc. v. Piper*, 447 U.S. 752, 761 (1980) (examining the legislative history and finding “nothing” to support the inclusion of attorneys’ fees in the “taxable costs” of litigation); *Alyeska*, 421 U.S. at 271 (declining to depart from the American Rule because it “is deeply rooted in our history and in congressional policy”); *F.D. Rich Co. v. U.S. for Use of Indus. Lumber Co.*, 417 U.S. 116, 128 (1974) (declining to interpret “costs” and “sums justly due” to include “attorneys’ fees”). The *Shammas* court, however, upon whose opinion the court of appeals relied in this case, did not purport to identify any evidence supporting such a departure. Instead, that court held the rule inapplicable altogether because “[t]he requirement that Congress speak with heightened clarity to overcome

the ... Rule ... applies only where the award of attorneys fees turns on whether a party seeking fees has prevailed to at least some degree.” 784 F.3d at 223.

Even if this proposition is correct, however, the *Shammas* court erred in reaching a result at odds with the common law. This Court has made clear that cost-shifting of any stripe did not exist at common law. *Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 564 (2012) (“[T]he taxation of costs was not allowed at common law ...” (citing *Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240, 247-48 (1975))). Likewise, other federal courts have held that “[t]here was no common law right to attorneys’ fees,” *Empire State Ins. Co. v. Chafetz*, 302 F.2d 828, 830 (5th Cir. 1962), subject, of course, to an exception in cases presenting bad-faith litigation practices. *See Hyatt v. Shalala*, 6 F.3d 250, 254 (4th Cir. 1993) (“The common law allows awards of attorneys’ fees in only a few exceptional cases, such as when the losing party has wilfully [*sic*] disobeyed a court order or has acted in bad faith, vexatiously, wantonly, or for oppressive reasons.”).³

³ In arguing that Section 21(b) does not contemplate the automatic imposition of attorneys’ fees and staff costs on all appellants, AIPLA does not mean to suggest the PTO is without recourse if an appellant engages in litigation-related misconduct or pursues a frivolous case on the merits. The Federal Rules of Appellate Procedure authorize awards of fees to reimburse the expenses of frivolous appeals, Fed. R. App. P. 38, and federal district courts also may award fees if a litigant has “unreasonably and vexatiously” multiplied the proceedings in a case. *See* 28 U.S.C. § 1927. Federal courts likewise have the inherent power to award fees if bad-faith litigation practices by the parties or other considerations justify them, *see, e.g., Coen Co. v.*

Even in the absence of the American Rule, any statute awarding costs, expenses, or fees departs from the common law, and, accordingly, must be strictly construed. *In re Crescent City Estates, LLC*, 588 F.3d 822, 826 (4th Cir. 2009) (“Because fee-shifting statutes are ‘in derogation of the common law,’ courts are obligated to construe them strictly”). In particular, this Court has repeatedly emphasized that interpretations of statutes conflicting with the common law must rest on clear and explicit language that Congress intended to displace the common-law rule. *Norfolk Redevelopment & Hous. Auth. v. Chesapeake & Potomac Tel. Co. of Va.*, 464 U.S. 30, 35 (1983). *Norfolk* involved eminent domain law, but the Court has applied or discussed the same principle in numerous contexts. *See, e.g., United States v. Texas*, 507 U.S. 529, 534 (1993) (Federal Debt Collection Act) (statutes invading common law presume “favor[ing] the retention of long-established and familiar principles, *except when the statutory purpose to the contrary is evident....* In order to abrogate a common-law principle, the *statute must ‘speak directly’* to the question addressed by the common law.” (emphasis added) (citations omitted)); *Samantar v. Yousuf*, 560 U.S. 305, 320 n.13 (2010) (sovereign immunity) (“We interpret the statute with the presumption that Congress intended to retain the substance of common law.”);

Pan Int’l, Ltd., 307 F.R.D. 498, 508 (N.D. Cal. 2015), and also may impose awards of fees in the form of sanctions under Rule 11 of the Federal Rules of Civil Procedure, or, in the case of discovery violations, under Rule 37. Like any other litigant, the PTO should be protected against misconduct falling within the scope of these mechanisms.

Nken v. Holder, 556 U.S. 418, 433 (2009) (immigration) (government failed to overcome presumption that common law prevailed absent “evident” statutory expression to the contrary).

This principle has been repeatedly applied in fee-shifting cases as well. See *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015) (collecting cases) (“The American Rule has roots in our common law reaching back to at least the 18th century ... and [s]tatutes which invade the common law are to be read with a presumption favoring the retention of long-established and familiar [legal] principles.” (citations omitted)). Statutes allegedly deviating from common-law principles therefore must “speak directly,” be “clear and explicit,” and “clearly express” how they are meant to stray from the common law. That deviation also must be “evident.” It is not enough that the phrase “all the expenses of the proceeding” *may* be read to include the reimbursement of the *pro rata* share of PTO staff salaries or *could* mean that PTO staff salaries are included; rather, the repayment of staff salaries must be *evident*.

The PTO’s own changing interpretation of Section 21(b)(3) shows that the statute is not clear and explicit. If, in fact, Section 21(b)(3)’s requirement that “all the expenses of the proceeding shall be paid by the party bringing the case” “clearly expressed” an obligation to repay the Office for staff time, the PTO would not have taken nearly two centuries to recognize it. Whatever arguments the PTO may employ today that Section 21(b)(3) requires applicants to pay staff wages, the fact remains that for decades the PTO interpreted the same words otherwise. Nothing in the

statute expressly mandates shifting the PTO's internal costs to applicants.

Of critical importance, there is no need for such a shift because *the PTO already funds virtually all its annual operations, including attorney and staff expenses, by collecting filing fees from users*. As the Federal Circuit has explained, “[t]rademark registration fees are collected and, [t]o the extent and in the amounts provided in advance in appropriations Acts,’ made available ‘to carry out the activities of the [PTO].’ However, since 1991 these appropriations have been funded entirely by registration fees, not the taxpayer.” *In re Tam*, 808 F.3d 1321, 1353 (Fed. Cir. 2015) (second and third alterations in original) (quoting 35 U.S.C. § 42(c)(1)), *as corrected* (Feb. 11, 2016), *aff’d sub nom. Matal v. Tam*, 137 S. Ct. 1744 (2017). The issue presented by the PTO’s interpretation of Section 21(b)(3) therefore is not the *recovery* of its investment in an appeal brought under that statute but instead a *double recovery* from appellants, who already have shouldered their share of the PTO’s expenses through payment of their filing fees.

B. The Court of Appeals Erred by Failing to Apply Other Basic Statutory Construction Principles, Including Those Applicable to the Lanham Act

Other fundamental principles of statutory construction, including those recognized by this Court as applicable to the Lanham Act, also make the court of appeals’ holding incorrect. In *Fleischmann Distilling Co. v. Maier Brewing Co.*, 386 U.S. 714 (1967), this Court held that the then-extant version of the Act did

not contemplate fee awards in litigation brought under it. Specifically, the Court rejected the argument that the ability of prevailing parties to recover “the costs of the action” under Section 35 of the Act, 15 U.S.C. § 1117, allowed those parties to recover their attorneys’ fees as well.

In doing so, the Court observed as a threshold matter that “recognized exceptions to the [American] rule were not ... developed in the context of statutory causes of action for which the legislature had prescribed intricate remedies. Trademark actions under the Lanham Act do occur in such a setting.” *Id.* at 719. After examining the “meticulously detailed ... remedies available to a plaintiff who proves that his valid trademark has been infringed,” the Court further explained that “[w]hen a cause of action has been created by a statute which expressly provides the remedies for vindication of the cause, other remedies should not readily be implied.” *Id.* at 720. It then concluded that “Congress intended § 35 of the Lanham Act to mark the boundaries of the power to award monetary relief in cases arising under the Act. A judicially created compensatory remedy in addition to the express statutory remedies is inappropriate in this context.” *Id.* at 721.

In the years since *Fleischmann Distilling*, Congress has amended Section 35 multiple times. For example, Pub. L. No. 93-600, 88 Stat. 1955 (1975), amended Section 35(a) to provide for fee awards to prevailing parties in infringement and unfair competition litigation under the Act. As revised by that legislation, Section 35(a) authorizes the imposition of fees upon the losing party in “exceptional cases.” 15

U.S.C. § 1117(a). Through the Trademark Counterfeiting Act of 1984, Pub. L. No. 98-473, 98 Stat. 1837 (1984), Congress subsequently amended Section 35(b) to make such an award virtually mandatory in cases in which a defendant has trafficked in goods or services associated with counterfeit marks. 15 U.S.C. § 1117(b). The Lanham Act’s treatment of monetary relief therefore is even more “meticulously detailed” than it was when the Court decided *Fleischmann Distilling* in 1967, yet the Act still does not expressly contemplate awards of fees in Section 21(b) appeals.

Finally, the Court has held when interpreting the Lanham Act that “where Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.” *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004) (alteration omitted) (quoting *Russello v. United States*, 464 U.S. 16, 23 (1983)). Here, Congress chose to make attorneys’ fees available under the express text of Section 35(a) and Section 35(b) but did not make the same choice with respect to Section 21(b)(3). Consequently, any holding that “expenses” under Section 21(b)(3) has a meaning identical to “attorneys’ fees” in Sections 35(a) and 35(b) suffers from an infirmity in addition to its fatal inconsistency with *Fleischmann Distilling*’s holding that Section 35—and *only* Section 35—defines the circumstances under which fee awards ordinarily are appropriate in litigation under the Act.

C. The Court of Appeals Erred in Reading “All the Expenses of the Proceeding” to Support Reimbursement of Staff Salaries

Congress has the power to shift a portion of PTO fixed costs to an applicant, but the issue is whether the phrase “all the expenses of the proceeding” “expressly” and “clearly” provides for that reimbursement. Courts construing terms in a statute must give those terms their ordinary, contemporary, and common meaning at the time Congress enacted the statute: As the Court has explained, “where Congress uses a common-law term in a statute, we assume the ‘term ... comes with a common law meaning, absent anything pointing another way.’” *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 101 (2011) (alteration in original) (quoting *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 58 (2007)). Here, when Congress first adopted the substantively identically worded Section 145 of the Patent Act, 35 U.S.C. § 145, in 1839, the words “expense,” “cost” and “damage” were considered synonymous. *NantKwest, Inc. v. Matal*, 860 F.3d 1352, 1363 (Fed. Cir.) (Stoll, J., dissenting) (citing Peter Mark Roget, *Thesaurus of English Words and Phrases* 227 (Barnas Sears ed. 1856)), *reh’g en banc granted, opinion vacated*, 869 F.3d 1327 (Fed. Cir. 2017), and *on reh’g en banc sub nom. NantKwest, Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018) *cert. granted*, 139 S. Ct. 1292 (2019). Beyond *Fleischmann Distilling’s* holding that “costs” do not include attorneys’ fees, the Supreme Court has held at least twice that “damages” do not include the same remedy. See *Summit Valley Indus. v. Local 112, United Bhd. of Carpenters &*

Joiners of Am., 456 U.S. 717, 722–23 (1982); *Arcam-
bel*, 3 U.S. at 306. If, as a matter of law, “costs” and
“damages” cannot mean attorneys’ fees, then nothing
suggests the synonym “expense” includes them.

Moreover, the Court has noted that any con-
struction of the words of a statute should look to the
use of those words in common parlance. “That a defi-
nition is broad enough to encompass one sense of a
word does not establish that the word is *ordinarily*
understood in that sense.” *Taniguchi*, 566 U.S. at 568.
Here, an appropriate benchmark is usage in 1839,
when Congress first adopted identical language as
part of Section 145 of the Patent Act. Not only did the
PTO in 1839 not read “expenses of the proceeding” in
that statute as including the *pro rata* cost of the Of-
fice’s staff, nobody did when Congress amended the
Patent Act in 1870, 1927, 1952 or 2011, either. The
PTO’s latter-day circa-2013 reinterpretation of Sec-
tion 145 and Section 21(b)(3) hardly establishes the
intent of the drafters of the original and unchanged
language nearly 200 years ago.

The *Shammas* majority pointed to a contempo-
rary edition of *Black’s Law Dictionary* as defining “ex-
penses” as “expenditure[s] of money, time, labor or re-
sources to accomplish a result.” 784 F.3d at 222. This
definition simply begs the question because it fails to
define “expenditure.” Black’s actually defines “ex-
penditure” as “spending or using money, time, energy,
etc.; esp., the disbursement of funds.” *Black’s Law
Dictionary* 698 (10th ed. 2014). Moreover, “common
parlance” almost always defines “expenses” in terms
of payments made or specific outlays or out-of-pocket
payments, not fixed costs such as salaries.

Similarly, when Congress intends monetary relief to include expenses *and* attorneys' fees, it makes that intent clear: the United States Code is replete with examples of statutes expressly referencing both types of relief. *See, e.g.*, 2 U.S.C. § 396 (authorizing reimbursement of "reasonable expenses of the contested election case, including reasonable attorneys' fees"); 10 U.S.C. § 2409(c)(1)(C) (providing for payment of "an amount equal to the aggregate amount of all costs and expenses (including attorneys' fees and expert witnesses' fees)"); 11 U.S.C. § 363(n) (authorizing recovery of "any costs, attorneys' fees, or expenses incurred"); 12 U.S.C. § 1464(d)(1)(B)(vii) (providing for awards of "reasonable expenses and attorneys' fees"); *id.* § 1786(p) (providing for reimbursement of "reasonable expenses and attorneys' fees"); *id.* § 5005(b)(2)(B) (defining permissible recovery of "interest and expenses (including costs and reasonable attorneys' fees and other expenses of representation)"); 15 U.S.C. § 77z-1(a)(6) (discussing "[t]otal attorneys' fees and expenses" that can be awarded by court); *id.* § 2310(d)(2) (permitting recovery of sum "equal to the aggregate amount of cost and expenses (including attorneys' fees based on actual time expended)"); 25 U.S.C. § 1401(a) (discussing "payment of attorney fees and litigation expenses"); 26 U.S.C. § 6673(a)(2)(A) (allowing recovery of "excess costs, expenses, and attorneys' fees"); 28 U.S.C. § 1447(c) ("An order remanding the case may require payment of just costs and any actual expenses, including attorney fees, incurred as a result of the removal."); 29 U.S.C. § 1370(e)(1) ("[T]he court in its discretion may award all or a portion of the costs and expenses incurred in

connection with such action, including reasonable attorney's fees"); 30 U.S.C. § 938(c) (authorizing recovery of "a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees)"); 31 U.S.C. § 3730(d)(1) ("Any such person shall also receive an amount for reasonable expenses which the court finds to have been necessarily incurred, plus reasonable attorneys' fees and costs."); 33 U.S.C. § 1367(c) (providing for assessment of "a sum equal to the aggregate amount of all costs and expenses (including the attorney's fees)"); 38 U.S.C. § 4323(h)(2) ("[T]he court may award any such person who prevails in such action or proceeding reasonable attorney fees, expert witness fees, and other litigation expenses."); 41 U.S.C. § 4705(d)(1)(C) (noting that head of agency may "[o]rder the contractor to pay the complainant an amount equal to the aggregate amount of all costs and expenses (including attorneys' fees and expert witnesses' fees) that the complainant reasonably incurred"); 42 U.S.C. § 247d-6d(e)(9) (permitting party to recover "reasonable expenses incurred ... including a reasonable attorney's fee").

Congress's occasional definition of "expenses" as including attorneys' fees does not mean that definition of ordinarily includes such fees; on the contrary, the need to articulate "attorneys' fees" as part of "expenses" underscores that, in common parlance, one would not expect "expenses" to include attorneys' fees. This is particularly true if Congress has expressly provided for attorneys' fees elsewhere in the statute, as it has in Section 35. It certainly does not suggest that "expenses" means the *pro rata* reimbursement of the Office's fixed costs. Nor does the modifier "all" extend the term "expenses" to include

attorneys' fees if there is no basis for concluding that Congress intended that term, modified or unmodified, to include attorneys' fees. In short, even a plain reading of the phrase "all the expenses of the proceeding" does not lead to the PTO's desired conclusion; rather, the strict construction necessary here renders that reading incorrect.

D. The Court of Appeals Erred in Upholding a Significant Barrier to the Exercise of an Important Right

This Court has long held that access to the courts is a necessary component of the right to petition the government for redress of grievances set forth in the First Amendment. *See Bill Johnson's Rests., Inc. v. N.L.R.B.*, 461 U.S. 731, 741 (1983) ("[T]he right of access to the courts is an aspect of the First Amendment right to petition the Government for redress of grievances."); *Cal. Motor Transp. Co. v. Trucking Unlimited*, 404 U.S. 508, 510 (1972) ("The right of access to the courts is ... one aspect of the right of petition."). Here, the court of appeals erred in failing to recognize that automatic fee awards under the guise of reimbursement of "expenses" erect a significant barrier to the exercise of that right.

This is so because conditioning the exercise of a First Amendment right on the payment of fees violates that right. For example, in *Boddie v. Connecticut*, 401 U.S. 371 (1971), this Court held that state-court fees in divorce cases ranging between \$120 and \$155 could rise to the level of a constitutional violation. *Id.* at 374 ("[G]iven the basic position of the marriage relationship in this society's hierarchy of values

and the concomitant state monopolization of the means for legally dissolving this relationship, due process does prohibit a State from denying, solely because of inability to pay, access to its courts to individuals who seek judicial dissolution of their marriages.”). It is likewise apparent that requiring the payment of filing fees can unduly burdened indigent prisoners’ constitutional right of access to the courts. *See, e.g., Carter v. United States*, 733 F.2d 735, 737 (10th Cir. 1984) (per curiam) (“The district court’s order requiring the full payment of filing fees [without allowing the appellant to proceed in forma pauperis] ... and unduly impairs appellant’s constitutional right of access to the courts.”).

The fee awards possible under the court of appeals’ reading of the word “expenses” are of no small consequence. Section 21(b) provides important rights to a trademark applicant that are otherwise unavailable under the Act. As even the *Shammas* court recognized, Section 1071 not only permits an applicant to introduce new evidence in the district court action, it also allows the district court judge to make *de novo* findings of fact if the evidence conflicts with any related PTO finding. *Shammas*, 784 F.3d at 225. Adoption of the PTO’s staff-reimbursement reading of the statute will inevitably preclude at least some applicants from pursuing an action in the district court.

This case demonstrates that point. Here, the court of appeals affirmed the district court’s order of reimbursement of over \$51,000 in attorneys’ fees and staff costs, reflecting the cost of *five* PTO lawyers and one paralegal who worked on the matter. *Booking.com B.V. v. Matal*, No. 1:16-cv-425 (LMB/IDD),

2017 WL 4853755, at *9 (E.D. Va. Oct. 26, 2017), *aff'd sub nom. Booking.com B.V. v. U.S. Patent & Trademark Office*, 915 F.3d 171, 187–88 (4th Cir. 2019), *as amended* (Feb. 27, 2019), *petition for cert. filed* (U.S. Apr. 16, 2019) (No. 18-1309). Assuming this case reflects typical PTO reimbursement costs, an applicant exercising its Section 21(b) rights easily could expect to pay the PTO multiple times the cost of what it already had paid to prosecute its trademark application, not including its own fees and costs in pursuing the appeal.

The endorsement of the PTO's position by the court of appeals renders a practitioner's ability to counsel a client on basic budgeting extraordinarily difficult. Rarely does a client tell a lawyer to proceed regardless of cost. Section 21(b) appellants have no control over how the PTO will staff a matter or whom it might retain as expert witnesses, let alone how many hours the Office will spend on it. The ability of counsel to such an appellant to estimate the investment required for an appeal therefore will necessarily rest on guesswork. Imposition of the costs of transcripts and other ancillary items on applicants is one thing; substantially increasing the cost of exercising statutory and constitutional rights by including mandatory awards of attorneys' fees—win or lose—is quite another. Absent clear direction from Congress, this Court should not permit the PTO to set the price of admission so high that it precludes many appellants from exercising their constitutional rights.

CONCLUSION

For the reasons set forth above, AIPLA respectfully requests this Court to grant the petition and ultimately hold that 15 U.S.C. § 1071(b) does not provide for mandatory awards of attorneys' fees or *pro rata* reimbursement of PTO staff salaries.

Respectfully submitted,

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