No. 15-563

IN THE

Supreme Court of the United States

MILO SHAMMAS,

Petitioner,

v.

DREW HIRSHFELD,
COMMISSIONER OF PATENTS,

Respondent.

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

BRIEF OF THE INTERNATIONAL TRADEMARK ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER

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INTEREST OF AMICUS CURIAE[1]

Founded in 1878, *amicus curiae* The International Trademark Association ("INTA") is a not-for profit organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA has more than 6,500 member organizations from more than 190 countries. Its members include trademark and brand owners, as well as law firms and other professionals who regularly assist brand owners in the creation, registration, protection, and enforcement of their trademarks. All INTA members share the goal of promoting an understanding of the essential role that trademarks play in fostering effective commerce, fair competition, and informed decision-making by consumers.

INTA was founded in part to encourage the enactment of federal trademark legislation following invalidation on constitutional grounds of the United States' first trademark act. Since then, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with major trademark and related legislation, and has participated as *amicus curiae* in numerous cases in this Court and other courts across

1. This brief was authored solely by INTA and its counsel. No part of this brief was authored by counsel to a party. No party or counsel for a party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *amicus curiae*, its members, and its counsel made such a monetary contribution to its preparation or submission. Counsel for all parties were provided appropriate notice of the filing of this *amicus curiae* brief, and letters from the parties consenting to the filing of this brief have been filed with the Clerk of the Court.

the country involving significant Lanham Act issues.[2] Moreover, INTA's members are frequent participants in litigations in courts and in administrative proceedings before the United States Patent and Trademark Office ("PTO") and Trademark Trial and Appeal Board ("TTAB") with respect to actions brought under the Lanham Act and therefore are interested in the development of clear, consistent, and equitable principles of trademark law.

INTA and its members have a particular interest in this case. The circuit court majority's affirmance of the district court's novel holding—that trademark applicants seeking district court review of TTAB determinations in *ex parte* proceedings must pay the PTO's attorney's fees

2. Recent Supreme Court and Circuit Court cases in which INTA has filed amicus briefs include, without limitation: *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293 (2015) (decided Mar. 24, 2015); *Hana Financial, Inc. v. Hana Bank*, 135 S. Ct. 907 (2015) (decided Jan. 21, 2015); *Lexmark International, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377 (2014) (decided Mar. 25, 2014); *Pom Wonderful LLC v. Coca-Cola Co.*, 134 S. Ct. 2228 (2014); *Already, LLC v. Nike, Inc.*, 133 S. Ct. 721 (2013); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004); *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003); *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000); *Florida Prepaid Postsecondary Education Expense Board v. Coll. Savings Bank*, 527 U.S. 627 (1999); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *In re Tam*, 785 F.3d 567 (Fed. Cir. 2015); *Shammas v. Focarino*, 784 F.3d 219 (4th Cir. 2015), *petition for cert. filed*, No. 15-563 (U.S. Nov. 2, 2015); *Ferring Pharmaceuticals, Inc. v. Watson Pharmaceuticals, Inc.*, 765 F.3d 205 (3d Cir. 2014); *Christian Louboutin S.A. v. Yves Saint Laurent American Holdings, Inc.*, 696 F.3d 206 (2d Cir. 2012); and *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144 (4th Cir. 2012).

despite the fact that the operative statutory provision makes no mention of attorney's fees—both (1) constitutes a fundamental misunderstanding of well-established Supreme Court jurisprudence regarding awards of attorney's fees, and (2) endangers trademark owners' and trademark applicants' rights to a meaningful review of TTAB determinations in district courts. Requiring trademark applicants to pay PTO attorney and paralegal fees imposes a burden on the trademark applicants that is so prohibitive that it forecloses federal district court review for most applicants. As a result, trademark applicants would be forced to appeal all refusals to the United States Court of Appeals for the Federal Circuit, where review is based solely on a closed TTAB record developed with no discovery and a limited evidentiary record. *See* 37 C.F.R. § 2.120(a)(1) (availability of disclosure and discovery procedures of Federal Rules of Civil Procedure in *inter partes* but not *ex parte* proceedings before the TTAB).

By misconstruing this Court's precedents regarding the award of attorney's fees, the circuit court majority's holding sharply limits a trademark applicant's ability to obtain registration for a mark by effectively removing an important avenue for judicial review that is expressly provided for by Congress. Because there is no basis in the relevant statute or in its legislative history for an applicant to pay the PTO's legal fees, INTA and its members have an interest in the Petitioner's ability to have this case presented to the Court.

INTRODUCTION

Section 21 of the Lanham Act (15 U.S.C. § 1071) provides parties that challenge the TTAB's refusal to register a trademark with two procedural options. The first option, set forth in Section 21(a), is an appeal to the United States Court of Appeals for the Federal Circuit, which is taken solely "on the record before the United States Patent and Trademark Office." 15 U.S.C. § 1071(a)(4). The second option, set forth in Section 21(b), is to file a civil action in any federal district court either against the Director of the PTO in *ex parte* cases or against an adverse third party in *inter partes* cases. *See Id.* § 1071(b)(1). In cases brought under Section 21(b), the PTO record will be admitted on motion of any party; but unlike a Section 21(a) Federal Circuit appeal, the PTO record can be further supplemented through discovery. In addition, *ex parte* cases brought against the Director of the PTO require the trademark applicant to pay the reasonable "expenses of the proceeding" regardless of whether the applicant prevails or loses. *Id.* § 1071(b)(3). The Lanham Act does not expressly define "expenses of the proceeding," however, and Section 21(b) certainly makes no express reference to an award of the PTO's attorney's fees.

Petitioner filed a Section 21(b) civil action in the Eastern District of Virginia seeking review of the TTAB's decision denying trademark registration to the proposed mark "PROBIOTIC" for fertilizer products. Following discovery by both parties to supplement the TTAB record, the district court granted summary judgment in favor of the PTO and affirmed the denial of registration. *See*

Shammas v. Rea, 978 F. Supp. 2d 599 (E.D. Va. 2013).[3] Upon entry of the judgment, the PTO filed a motion seeking, *inter alia*, "expenses of the proceeding" pursuant to Section 21(b)(3). 15 U.S.C. § 1071(b)(3). Included in that request were "fees" of the PTO attorneys and paralegals staffed on the case, calculated by prorating each employee's yearly salary based on the number of hours actually devoted to the district court proceeding. In what it correctly described as a matter of "first impression," the district court interpreted Section 21(b) to include the PTO's attorney's fees as part of the "'expenses of the proceeding'" and awarded attorney and paralegal fees to the PTO. *Shammas v. Focarino*, 990 F. Supp. 2d 587, 589-93 (E.D. Va. 2014) ("*Shammas II*").

On appeal to the Fourth Circuit, Petitioner (and INTA as an *amicus curiae*) contended that the district court erred by running afoul of the long-established "American Rule," under which parties are to bear their own attorney's fees absent an explicit authorization to the contrary by statute or by applicable contract (if any). However, by a 2-1 vote, the Circuit affirmed the award of fees based on its conclusion that Section 21(b) simply did not "implicate[]" the American Rule because the statute requires payment of expenses by the applicant "*regardless of whether he wins or loses*," rather than the more typical situation where a statute awards attorney's fees specifically to the prevailing party. *Shammas v. Focarino*, 784 F.3d 219, 221 (4th Cir. 2015) ("*Shammas III*"), *petition for cert. filed*, No. 15-563 (U.S. Nov. 2, 2015).

3. INTA takes no position with respect to the merits of the registrability of petitioner's mark.

Having thus determined—contrary to decades of established Supreme Court precedent—that no presumption against an attorney's fee award applied, and that an explicit authorization by Congress was not required to award the PTO its attorney's fees, the majority concluded that the PTO's entitlement to "all expenses of the proceeding" under Section 21(b) included attorney's fees. *Id.* at 224-25. Judge King, dissenting from the majority, correctly concluded that the American Rule did apply to the statute at issue, and found that that because Congress did not include the words "attorney's fees" or anything similar in Section 21(b), the court should not override the strong presumption in favor of parties bearing their own legal fees.

Petitioner sought rehearing and rehearing *en banc*, both of which were denied.

SUMMARY OF ARGUMENT

Few principles are more deeply entrenched in the American judicial system than the principle that litigants ordinarily are required to bear their own attorney's fees. Time after time, this so-called "American Rule" has been reaffirmed by this Court as well as every circuit court (including the Fourth Circuit), which have unequivocally held that awards of attorney's fees are only available where Congress has *clearly and explicitly* authorized them. *See, e.g.*, *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015); *In re Crescent City Estates, LLC*, 588 F.3d 822, 825 (4th Cir. 2009).

The majority's novel holding that the American Rule applies only to statutes that purport to shift fees from a losing party to a prevailing party—and does not apply to statutes that award attorney's fees irrespective of which party prevails—finds no support in this Court's longstanding jurisprudence; indeed, it runs directly counter to it. This Court has had many occasions to address the American Rule, and not once did it state—as the majority below believed—that the American Rule only operates as to awards to prevailing parties. Indeed, as recently as 2010, this Court evaluated a fee-shifting statute "in light of our precedents addressing statutory deviations from the American Rule that do not limit attorney's fees awards to the 'prevailing party.'" *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 254 (2010).

Relying on this Court's opinion in *Ruckleshaus v. Sierra Club*, 463 U.S. 680 (1983), the majority concludes that a fee-shifting statute that mandates payment of fees without regard to a party's success does not "operat[e] against the backdrop of the American Rule." *Shammas III*, 784 F.3d at 223. But the majority misconstrues that case. The question there was not whether Congress had overcome the presumption of the American Rule by permitting *any* award of attorney's fees—Congress had plainly done so in the statute at issue in *Ruckleshaus,* 463 U.S. at 682. Rather, the Court was examining whether, under the statute at issue, Congress intended to permit attorney's fees awards to parties that failed to achieve any success whatsoever in litigation. *Id.* at 684-86.

It is unclear how the majority made the inferential leap from the *Ruckelshaus* decision to its own determination that the American Rule simply does not apply to a statute awarding attorney's fees to a party regardless of success. What is clear is that the majority's analysis of Section

21(b)(3) is based entirely on a false premise that the presumption against fee-shifting does not apply to 21(b).

Had the majority conducted the analysis required by this Court, it would have determined that attorney's fees are not authorized in this case. Indeed it cannot be disputed that Section 21(b)(3) makes no explicit or clear mention of "attorney's fees." *See* 15 U.S.C. § 1071(b)(3). This alone is sufficient to invalidate the district court's and majority's holdings. Moreover, as set forth in detail by the Petitioner, there are other indications that Congress intended *not* to award attorney's fees under that section. For example, Congress expressly refers to "attorney's fees" in at least five other provisions in the Lanham Act, revealing that Congress in drafting the Lanham Act knew full well how to provide for attorney's fees awards when it intended to do so. Indeed, it is difficult to understand how the PTO can now claim entitlement to attorney's fees under Section 21(b)(3)—much less assert that the statute is clear on that score—in light of the fact that, in the nearly 70-year history of the Lanham Act, this is the very first instance in which the PTO has sought those fees.

The decision by the majority to contravene the American Rule and award attorney's fees to the PTO absent express Congressional authorization has serious consequences, creating a chilling effect by imposing a prohibitive—and highly unpredictable—cost of requiring applicants to fund both its own and its adversary's legal fees regardless of outcome. This is a cost that most trademark applicants could not afford. The result is the effective elimination of a critical mechanism of review expressly permitted by Congress under Section 21(b): initiating an action in district court and benefitting from the discovery process, rather than litigating an appeal in the Federal Circuit where further development of the record is not permitted.

Consequently, the majority's holding constituted a fundamental error in statutory interpretation, and this Court should grant the petition for certiorari.

ARGUMENT

The Fourth Circuit majority's holding cannot be squared with longstanding Supreme Court jurisprudence concerning the American Rule. As a direct consequence of the lower courts' awarding attorney's fees that Congress has not itself explicitly authorized, trademark applicants seeking to avail themselves of the federal district court review provided for in the Lanham Act will find themselves facing such a prohibitive and unpredictable expense that district court review will no longer be a viable option. This is particularly the case since the Eastern District of Virginia (in the Fourth Circuit) is the only court that has the authority to hear *all* actions under Section 21(b).

Certiorari is warranted because the rulings below strike at the very heart of the policies underpinning the American Rule. If Congress wishes to require Section 21(b) applicants to pay all of the PTO's attorney's fees, and thus sharply reduce the availability of an avenue of review that Congress itself established, it is free to do so. But the courts should not remove this decision from the legislature, and certainly not do so when it contravenes clear Supreme Court precedent.

I. THE MAJORITY'S HOLDING FUNDAMENTALLY MISUNDERSTANDS THE AMERICAN RULE AND CONFLICTS WITH THIS COURT'S PRECEDENT

A. The Majority Incorrectly Believed The American Rule Only Applies Where Attorney's Fees Are Recoverable By the Prevailing Party

As this Court has observed on numerous occasions, the "'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 attorney's 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) (emphasis added) (citing *Ruckleshaus v. Sierra Club*, 463 U.S. 680, 683-86 (1983)); *see also Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 247 (1975); *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dept. of Health & Human Resources*, 532 U.S. 598, 602-03 (2001)). Accordingly, Congress always legislates against the backdrop of that Rule, creating a presumption against fee-shifting that only can be rebutted by a statute that contains "specific and explicit provisions" authorizing such an award. *Alyeska Pipeline*, 421 U.S. at 260.

The majority appears to have defined the American Rule in an unduly narrow and incorrect manner. Rather than recognizing that the Rule is a fixed presumption that parties shall bear their own legal fees, which applies to all potential fee-shifting cases, the majority confusingly asserts that the Rule itself "provides only that '*the* *prevailing party* may not recover attorneys' fees' *from the losing party*." *Shammas III*, 784 F.3d at 223 (quoting *Alyeska Pipeline*, 421 U.S. at 245). That premise is simply incorrect. This Court has never intimated that the American Rule—one of the most "deeply rooted" principles of federal jurisprudence, *Aleyska Pipeline*, 421 U.S. at 271—applies *only* in the context of fee-shifting arrangements for prevailing parties. Indeed, this Court's recent discussion of the American Rule in *Hardt v. Reliance Standard Life Insurance Co.* directly contradicts the majority's holding, making it patently clear that the presumption against fee-shifting inherent in the American Rule applies to all statutes, not simply those that would potentially award such fees to successful litigants.

In *Hardt*, the Court considered whether an award of attorney's fees pursuant to 29 U.S.C. § 1132(g)(1) was limited to an award to a prevailing party. The statute itself—unlike the statute at issue in the current litigation—explicitly provided for an attorney's fee award, but stated that "the court in its discretion may allow a reasonable attorney's fee and costs of action *to either party*." 29 U.S.C. § 1132(g)(1) (emphasis added). The Court noted that its "'prevailing party' precedents . . . do not govern the availability of fees awards under § 1132(g)(1), because this provision does not limit the availability of attorney's fees to the 'prevailing party.'" *Hardt*, 560 U.S. at 253. Instead, the Court "interpret[ed] § 1132(g)(1) in light of [its] precedents addressing *statutory deviations from the American Rule that do not limit attorney's fees awards to the 'prevailing party.'*" *Id.* at 254 (emphasis added). Moreover, the Court opined:

> [s]tatutory changes to th[e American] rule take *various forms*. Most fee-shifting provisions permit a court to award attorney's fees only to a "prevailing party." Others permit a "substantially prevailing" party or a "successful" litigant to obtain fees. Still others authorize district courts to award attorney's fees where "appropriate," or simply vest district courts with "discretion" to award fees.

Id. at 253 (emphasis added).

In light of this Court's unambiguous language, it simply cannot be the case that, as the majority concluded, "[t]he requirement that Congress speak with heightened clarity to overcome the presumption of the American Rule . . . applies only where the award of attorneys fees turns on whether a party seeking fees has prevailed to at least some degree." *Shammas III*, 784 F.3d at 223. What *Hardt* makes clear is that the American Rule requires parties to bear their own fees absent some form of *explicit* statutory authorization to the contrary, irrespective of whether that explicit authorization applies to "prevailing parties" or otherwise.

This Court's emphasis on the primary role of the American Rule in a variety of free-shifting situations goes well beyond *Hardt*. This Court has explained, for example, that "the parties bear their own attorney's fees *no matter what the outcome of a case*," and thus a party's status as a winner or loser does not in itself dictate the applicability of the American Rule. *Hensley v. Eckerhart*, 461 U.S. 424, 443 n.2 (1983) (emphasis added); *see also Astrue v. Ratliff*, 560 U.S. 586, 591 (2010) (recognizing that "statutes that award attorney's fees to a prevailing party are exceptions to the 'American Rule' that each *litigant* 'bear [his] own attorney's fees'") (alterations in original).

Moreover, a limitation of the presumption against fee-shifting provided by the American Rule to situations where such fees would only be awarded to a prevailing party would make little sense in light of the Rule's policy underpinnings. This Court has explained that "one of the primary justifications for the American Rule is that 'one should not be *penalized* for merely defending or prosecuting a lawsuit.'" *Summit Valley Indus. Inc. v. Local 112, United Bhd. of Carpenters & Joiners of Am.*, 456 U.S. 717, 724 (1982) (quoting *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 718 (1967)). But that is precisely the result here under the majority's holding: the fee award to the PTO occurs regardless of the outcome, thus imposing a significant "penalty" to trademark applicants merely for asserting their rights under 21(b). If Congress intends to create such a penalty, it may do so; but that it is for Congress to do, not the courts.

B. The Majority's Reliance on this Court's *Ruckelshaus* Decision Is Misplaced

The Fourth Circuit majority's holding rests on its misunderstanding of this Court's opinion in *Ruckleshaus v. Sierra Club*, 463 U.S. 680 (1983). The majority quoted the following language from *Ruckleshaus*:

> [W]hen Congress has chosen to depart from the American Rule by statute, virtually every one of the more than 150 existing federal fee-shifting provisions *predicates fee awards on*

> *some success by the claimant*; while these statutes contain varying standards as to the precise degree of success necessary for an award of fees[,] . . . the *consistent rule is that complete failure will not justify shifting fees* . . . .

Shammas III, 784 F.3d at 223 (quoting *Ruckelshaus*, 463 U.S. at 684). From virtually this language alone, the majority held that "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.*

This conclusion misconstrues the holding in *Ruckelshaus*. In *Ruckelshaus*, this Court was deciding "whether it is 'appropriate,' within the meaning of § 307(f) of the Clean Air Act, to award attorney's fees to a party that achieved no success on the merits of its claims." *Ruckelshaus*, 463 U.S. at 682. The statute at issue there—unlike Section 21(b)(3)—*explicitly* provided for attorney's fees: "In any judicial proceeding under this section, the court may award costs of litigation (including reasonable attorney and expert witness fees) whenever it determines that such an award is appropriate." 42 U.S.C. § 7607(f). Therefore, in *Ruckelshaus* this Court was *not* considering whether Section 307(f) of the Clean Air Act permitted an award of attorney's fees or whether the American Rule applied at all—Congress had already clearly included a provision for such fees and thus had obviously deviated from the American Rule—but rather whether the ambiguous statutory language at issue (i.e., when an award is "appropriate") could be fairly interpreted to permit an award to a *losing* party.

The Court ultimately determined, based on the Clean Air Act's legislative history and "historic fee-shifting principles and intuitive notions of fairness," that it could not conclude Congress intended that completely unsuccessful parties could be awarded attorney's fees under that provision. *Ruckelshaus*, 463 U.S. at 686.[4] The Court's reference to the American Rule and prior, *express* fee-shifting statutes passed by Congress was merely an interpretational tool to attempt to glean Congress' likely intentions when it used the "appropriate" language in the Clean Air Act. *Id.* at 682-84. The question for the Court, then, was not *whether* Congress intended to award attorney's fees at all, but rather *to whom* Congress intended such fees be awarded once the American Rule presumption had already been overcome.

In short, the decision in *Ruckelshaus* has absolutely no bearing on the interpretation of a statute that makes no explicit reference to attorney's fees, such as Section 21(b)(3).

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4. In reaching this conclusion, this Court also noted that "[i]t is clear that generations of American judges, lawyers, and legislators, with [the American] rule as the point of departure, would regard it as quite 'inappropriate' to award the 'loser' an attorney's fee from the 'prevailing litigant.'" *Ruckelshaus*, 463 U.S. at 684. Yet this is precisely the result that would occur under the majority's holding had Petitioner (or any future trademark applicant) prevailed on his appeal to the district court. Under the American Rule, Congress must specifically allow for attorney's fees *and* specifically allow for a loser to recover attorney's fees from a winner. As explained in more detail below, Section 21(b) does not contain any language showing such clear and explicit authority from Congress.

II. THE LANGUAGE AND HISTORY OF SECTION 21(B) DO NOT SUPPORT AN AWARD OF THE PTO'S ATTORNEY'S FEES

A. Section 21(b)(3) Lacks "Explicit Authorization from Congress" to Award Fees

Because the American Rule plainly applies whenever fee-shifting is at issue, parties to a Section 21(b)(3) litigation must bear their own legal fees "'absent explicit statutory authority'" to the contrary. *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015). Section 21(b)(3) makes no mention whatsoever of attorney's fees, instead referring only to payment by the applicant of "all the expenses of the proceeding." 15 U.S.C. § 1071(b)(3). At best, whether attorney's fees can be awarded is ambiguous. Accordingly, there is no "explicit" Congressional mandate to award attorney's fees, and a court should not award them. *See Dean v. United States*, 556 U.S. 568, 572 (2009) (explaining that courts should "'ordinarily resist reading words or elements into a statute that do not appear on its face'" (quoting *Bates v. United States*, 522 U.S. 23, 29 (1997))).

B. Even Absent The American Rule's Presumption, Standard Statutory Interpretation Does Not Support An Award of Attorney's Fees Under Section 21(b)(3)

Notwithstanding the district court's conclusion that Congress' intention to award attorney's fees is "pellucidly clear" from the face of the statute, *Shammas II*, 990 F. Supp. 2d at 591, the far better reading of Section 21(b)(3) is that Congress did *not* provide such relief.

Congress *explicitly* provided for attorney's fees awards in other sections of the Lanham Act. *See, e.g.*, 15 U.S.C. §§ 1114(2)(D)(iv), 1116(d)(11), 1117(a), 1117(b), 1122(c). These illustrate that Congress knew full well how to provide for attorney's fees awards had it wanted to do so in Section 21(b)(3). Yet it did not do so—a critical distinction reflecting Congress' intention in using the word "expenses" that the district court failed to appreciate and the majority did not address. *See Russello v. United States*, 464 U.S. 16, 23 (1983) (noting 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'" (citation omitted)); *see also Keene Corp. v. United States*, 508 U.S. 200, 208 (1993) (noting the "duty to refrain from reading a phrase into the statute when Congress has left it out").

To support its holding, the district court below looked to other federal statutes aside from the Lanham Act to show that "expenses" as used in Section 21(b)(3) includes attorney's fees, but those statutes proved the opposite. Indeed, *all* of the statutes cited by the district court—unlike Section 21(b)(3)—*explicitly* mention "attorney's fees." *See Shammas II*, 990 F. Supp. 2d at 591 (citing 28 U.S.C. § 2412, 5 U.S.C. § 504, 12 U.S.C. § 4246, 28 U.S.C. § 1447(c), 12 U.S.C. § 5009, 42 U.S.C. § 1490s, Fed. R. Civ. P. 37(b)(2)(C)).

Nor does the legislative history of Section 21(b)(3) provide any compelling justification for concluding that Section 21(b)(3) is intended to cover attorney's fees. *See Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 568 (2005) ("Extrinsic materials have a role in statutory interpretation . . . to the extent they shed a reliable light on the enacting Legislature's understanding of otherwise ambiguous terms."). As the Fourth Circuit majority notes, the provision at issue here can be traced back to analogous provisions of the Patent Act of 1839, under which a patent applicant could appeal the Commissioner of Patent's refusal to register a patent to either predecessor courts of the Federal Circuit (on the limited record presented to the Commissioner) or to any court of equity, provided that "the whole of the expenses of the proceeding shall be paid by the applicant, whether the final decision shall be in his favor or otherwise." Ch. 88 § 10, 5 Stat. 353, 354 (Mar. 3, 1839). The majority cites to the 1836 Patent Act's reference to "'*a fund for the payment of the salaries* of the officers and clerks . . . *and all other expenses* of the Patent Office'" as support for the notion that "expenses" was intended to include "salaries." *Shammas III*, 784 F.3d at 226. While that ambiguous provision is hardly dispositive on its own, it also must be counterbalanced by the fact that attorney's fees are not mentioned in the relevant provision of the 1839 Patent Act despite the fact that, even in those early years of the Republic, Congress was already legislating against the backdrop of the American Rule and would have included a reference to attorney's fees if it desired to impose fee-shifting. *See Arcambel v. Wiseman*, 3 U.S. 306, 306 (1796) ("We do not think that this charge [of attorney's fees] ought to be allowed. The general practice of the United States is in opposition to it; and even if that practice were not strictly correct in principle, it is entitled to the respect of the Court, till it is changed, or modified, by statute.").

Until the Lanham Act was amended in 1962, the procedure for appealing decisions of the TTAB was provided for only by reference to 35 U.S.C. § 145 of the Patent Act, which contains the procedures for appeal of Patent Trial and Appeal Board decisions. Pub. L. No. 87-772, § 12, 76 Stat. 769, 771-72 (1962). The 1962 Lanham Act amendments eliminated the express reference to the Patent Act provision, but incorporated that statute's expense-shifting language largely unchanged. *Id.* In reviewing the legislative history of Section 21(b), there is no suggestion that Congress discussed attorney's fees; the issue arose neither when the Patent Act's language was first imported into the Lanham Act, *id.*, nor in the numerous times Section 21 of the Lanham Act was amended in the interim.[5] On the contrary, Pub. L. No. 93-600, enacted in 1975, included not only an amendment to Section 21(b), but also provided authorization for the recovery of attorney's fees in trademark infringement actions under Section 35(a) of the Lanham Act. The accompanying Senate Report on the bill discusses, with respect to the attorney's fees amendment, the American Rule assumption against awarding attorney's fees absent explicit statutory authorization. *See* S. Rep. No. 93-1400 (1974), *reprinted in* 1974 U.S.C.C.A.N. 7132, 7134-36. In simultaneously amending Section 35(a) to include

5. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 9, 125 Stat. 284, 316 (2011); Trademark Technical and Conforming Amendment Act of 2010, Pub. L. No. 111-146, § 3, 124 Stat. 66, 67 (2010); Consolidated Appropriations Act, 2000, Pub. L. No. 106-113, Div. B, § 1000(a)(9), 113 Stat. 1501, 1536 (1999); Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 120, 102 Stat. 3935, 3942 (1988); Trademark Clarification Act of 1984, 1984, Pub. L. No. 98-620, § 414, 98 Stat. 3335 (1984); Act of Apr. 2, 1982, Pub. L. No. 97-164, § 162, 96 Stat. 25 (1982); Act of Jan. 2, 1975, Pub. L. No. 93-600, § 2, 88 Stat. 1955 (1975); Act of Jan. 2, 1975, Pub. L. No. 93-596, 88 Stat. 1949 (1975).

attorney's fees and amending Section 21(b) to address TTAB appeals, Congress had a clear opportunity to incorporate an explicit reference to attorney's fees in Section 21(b) and did not do so.

It is also worth noting the consideration given to Section 21(b) in the Trademark Law Revision Act of 1988. Pub. L. No. 100-667, § 120(4), 102 Stat. 3935, 3942 (1988). Congress directly addressed the expense-shifting language at issue here, adding that "unless the court finds the expenses to be unreasonable," expenses shall be paid by the trademark applicant or registrant. *Id.* Congress explained that imposing a reasonableness standard "gives the courts discretion to refrain from charging the party bringing an *ex parte* appeal all *the costs of* such a proceeding. . . . [and] assure[s] that the PTO seriously considers the need for incurring certain expenses in *ex parte* cases." 133 Cong. Rec. S16545-03, 1987 WL 947884 (1987) (emphasis added).

That Congress carefully considered the expense provisions of Section 21(b) and the incentives created thereby, yet refrained from including PTO attorney's fees, indicates a legislative intent to avoid the district court's broad reading of "expenses" and exclude an award of attorney's fees. *See Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994) ("Such a bold departure from traditional practice [*i.e.*, the American Rule] would have surely drawn more explicit statutory language and legislative comment."). Furthermore, in the nearly 70-year history of the Lanham Act, other than the instant case, we are not aware of any in which the PTO even sought, let alone recovered, attorney's fees under Section 21(b)(3). If Congress' intent was so clear, it would not have taken the

PTO this long to seek attorney's fees under the statute in just a single case.

III. REQUIRING APPLICANTS TO PAY ALL OF THE PTO'S ATTORNEY'S FEES EFFECTIVELY REMOVES SECTION 21(B)(1) DISTRICT COURT PROCEEDINGS AS A VIABLE OPTION FOR TRADEMARK APPLICANTS

The majority's narrow interpretation of the American Rule effectively excises the right to district court review for most trademark applicants by imposing the significant and unpredictable cost of the PTO's attorney's fees on any plaintiff—"without regard to [that] party's success"—who elects to supplement the limited TTAB record through a discovery process that is not available on direct review to the Federal Circuit. The majority's holding is particularly troublesome given that the District Court for the Eastern District of Virginia is the *only* court with the authority to hear every action brought under Section 21(b). *See* 28 U.S.C. § 1391(3)(1); 35 U.S.C. § 1(b) ("The United States Patent and Trademark Office shall be deemed, for purposes of venue in civil actions, to be a resident of the district in which its principal office is located . . . ."). Therefore, the majority's holding has an even greater impact on the ability of trademark applicants to seek district court review.

By creating a review process that allows appellants to commence a plenary action in district court, Congress recognized that an applicant may need a district court's broad jurisdiction and expansive discovery process in order to introduce facts outside the scope of the PTO and TTAB review process. For example, consider a decision by an examiner that a trademark is not registrable because it is confusingly similar to an existing registered mark and, as evidence of the potential conflict between the two marks, presents website references purporting to show how the registered mark is used. In such a circumstance, there are no procedures by which an applicant can obtain non-party discovery, written or otherwise, to rebut the examiner.

To be sure, and as the majority recognized, Congress' imposition of a requirement for the applicant to pay "'the expenses of the proceeding,'" *Shammas III*, 784 F.3d at 226, already creates some disincentive for pursuing action in district court instead of the Federal Circuit. But that disincentive pales in comparison to the exponentially higher costs an applicant would face in having to pay two sets of attorney's fees—its own and the PTO's. Moreover, the applicant will have no control over how much time and investment the PTO invests into an action, thus injecting a great deal of uncertainty about potential costs that is certain to deter such litigation.

CONCLUSION

The Fourth Circuit majority's interpretation of the American Rule and Section 21(b)(3) to require applicants to pay the PTO's attorney's fees in district court proceedings is both unsupportable based on this Court's longstanding precedent and contrary to settled policy. As *Amicus Curaie*, we respectfully request that the Court grant the petition for a writ of certiorari.

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Respectfully submitted,

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