

4-1-2019

Heads I Win, Tails You Lose: The "Expense" of a *De Novo* Review of USPTO Decisions

Sarah Murphy

Boston College Law School, sarah.murphy.8@bc.edu

Follow this and additional works at: <https://lawdigitalcommons.bc.edu/bclr>



Part of the [Intellectual Property Law Commons](#)

Recommended Citation

Sarah Murphy, *Heads I Win, Tails You Lose: The "Expense" of a De Novo Review of USPTO Decisions*, 60 B.C.L. Rev. II.-197 (2019), <https://lawdigitalcommons.bc.edu/bclr/vol60/iss9/15>

This Comments is brought to you for free and open access by the Law Journals at Digital Commons @ Boston College Law School. It has been accepted for inclusion in Boston College Law Review by an authorized editor of Digital Commons @ Boston College Law School. For more information, please contact nick.szydowski@bc.edu.

HEADS I WIN, TAILS YOU LOSE: THE “EXPENSE” OF A *DE NOVO* REVIEW OF USPTO DECISIONS

Abstract: Courts have traditionally deferred to the American Rule presumption against awarding attorney’s fees. On February 4, 2019, however, in *Booking.com v. USPTO*, the United States Court of Appeals for the Fourth Circuit held that the term “expenses” in 35 U.S.C. § 1071 allows the USPTO to recover attorney’s fees when an applicant challenges the denial of its trademark. In contrast, on July 17, 2018, the *en banc* United States Court of Appeals for the Federal Circuit in *NantKwest, Inc. v. Iancu*, held that the USPTO was not entitled to recover attorney’s fees pursuant to 35 U.S.C. § 145—the patent analog to 15 U.S.C. § 1071. Both statutes require an applicant to pay “all of the expenses of the proceeding,” even if the applicant proves that the USPTO wrongly rejected their trademark or patent. On March 4, 2019, the Supreme Court granted certiorari in *NantKwest* to resolve the issue. This Comment argues that the statutory interpretation employed by the Federal Circuit in *NantKwest* is more faithful to Supreme Court precedent and canons of statutory construction than the interpretation employed by the Fourth Circuit in *Booking.com*. Accordingly, the Supreme Court should reaffirm the decision in *NantKwest* and disallow an award of attorney’s fees under 35 U.S.C. § 145 and 15 U.S.C. § 1071.

INTRODUCTION

The United States Patent and Trademark Office (the “USPTO”) may deny patent applications and trademark registrations to applicants who do not meet the necessary requirements.¹ Applicants who seek to challenge the denial of their trademark registration or patent application may appeal to the United States Court of Appeals for the Federal Circuit or initiate a *de novo* appeal in

¹ 35 U.S.C. § 2(a) (2012). A granted patent is an award of intellectual property, with the right to exclude others from making or using an invention for, typically, twenty years. *Id.* § 154; *General Information Concerning Patents*, USPTO (Feb. 21, 2019), <https://www.uspto.gov/patents-getting-started/general-information-concerning-patents#heading-2> [<https://perma.cc/Y5AQ-WDCT>] [hereinafter *General Patent Information*]. When an applicant applies for a patent, the USPTO investigates and examines the applicant’s claimed invention. 35 U.S.C. § 131. For something to be patentable, it must have patentable subject matter, be novel, non-obvious, and useful. *Id.* §§ 101–103. Similarly, the USPTO evaluates trademark registrability. 15 U.S.C. § 1051 (2012). A trademark is a word or symbol that is used to allow the general public to associate the mark with certain goods and services. *General Patent Information, supra*. Trademark registration is also an award of intellectual property, with the right to exclude others from using a similar mark that might confuse the public. *Id.* To register a trademark, the mark must be distinct and used in commerce. 15 U.S.C. § 1052(d)–(f).

the United States District Court for the Eastern District of Virginia.² If an appeal is filed in the Federal Circuit, the proceeding operates on a closed record from the Patent Trial and Appeal Board (the “PTAB”) or the Trademark Trial and Appeal Board (the “TTAB”).³ Alternatively, if an appeal is filed in the district court, new evidence and testimony may be introduced at trial.⁴ Applicants who choose to file a *de novo* appeal pursuant to 35 U.S.C. § 145 or 15 U.S.C. § 1071, however, must bear “all the expenses of the proceeding” regardless of whether the applicant prevails.⁵

Prior to 2013, the USPTO had not petitioned the district court to recover attorney’s fees, but rather, successfully sought minimal “expenses,” such as travel costs and expert fees.⁶ Beginning in 2013, however, the USPTO argued that attorney’s fees were included in their “expenses.”⁷ Some believe that this policy change was the result of the USPTO’s rising costs and was designed to

² 15 U.S.C. § 1071(b)(4); 35 U.S.C. § 145. Some have suggested that Congress created the Federal Circuit in order to resolve patent disputes and standardize patent law. Paul R. Gugliuzza, *Rethinking Federal Circuit Jurisdiction*, 100 GEO. L.J. 1437, 1453–54 (2012). Patents and trademarks are registered at the USPTO headquarters in Alexandria, Virginia. *USPTO Locations*, USPTO, <https://www.uspto.gov/about-us/uspto-office-locations> (last visited Mar. 12, 2019) [<https://perma.cc/C6XJ-USYQ>]. The Eastern District of Virginia hears cases from Alexandria due to its geographic location. *Eastern District of Virginia Jurisdiction*, U.S. DIST. COURT E. DIST. OF VA., <http://www.vaed.uscourts.gov/jury/jurisdiction.html> (last visited Mar. 12, 2019) [<https://perma.cc/7VRJ-6JNG>]. Because the Federal Circuit has exclusive jurisdiction over patent cases and the Eastern District of Virginia has jurisdiction in Alexandria, Virginia, both courts may hear appeals from the Trademark Trial and Appeal Board (“TTAB”) or Patent Trial and Appeal Board (“PTAB”). 15 U.S.C. § 1071(b)(4); 35 U.S.C. § 145; Gugliuzza, *supra*, at 1453–54; *USPTO Locations*, *supra*; *Eastern District of Virginia Jurisdiction*, *supra*. When an applicant chooses to forgo an appeal to the Federal Circuit, the district court makes determinations about the case *de novo* because it is the first court to hear the new evidence. *Kappos v. Hyatt*, 566 U.S. 431, 444 (2012). Thus, the district court acts as a factfinder by evaluating and weighing the new evidence in light of the existing administrative record. *Id.*

³ 15 U.S.C. § 1071(a)(4); 35 U.S.C. §§ 141–143. The Federal Circuit reviews the USPTO’s factual findings pursuant to the Administrative Procedure Act (the “APA”), which sets forth standards governing judicial review of findings of fact made by federal administrative agencies. *See Dickinson v. Zurko*, 528 U.S. 150, 152 (1999) (holding that the APA applies to the Federal Circuit when reviewing the USPTO’s findings of fact).

⁴ 15 U.S.C. § 1071(b)(1); *Kappos*, 566 U.S. at 444 (holding that the applicant may introduce evidence that the USPTO had not previously considered to prove that his or her claimed invention is patentable).

⁵ 15 U.S.C. § 1071(b)(3); 35 U.S.C. § 145.

⁶ *See, e.g., Cook v. Watson*, 208 F.2d 529, 531 (D.C. Cir. 1953) (allowing the USPTO to recoup printing expenses); *Robertson v. Cooper*, 46 F.2d 766, 769 (4th Cir. 1931) (allowing the USPTO to recoup reasonable travel expenses); *Taylor v. Matal*, No. 1:15-cv-1607, 2017 U.S. Dist. LEXIS 184303, at *14 (E.D. Va. Nov. 6, 2017) (allowing the USPTO to recoup reasonable costs for expert fees). To recover expenses associated with attorney’s fees, the USPTO must file a Motion for Expenses. FED. R. CIV. P. 54(d)(2).

⁷ *Shammas v. Focarino*, 784 F.3d 219, 230 n.4 (4th Cir. 2015) (noting that the USPTO did not dispute the contention that it had never sought an attorney’s fee award under § 1071 or § 145 prior to 2013).

recoup some of the agency's overall expenditures.⁸ Others believe the change was implemented in order to limit the USPTO's caseload by discouraging applicants to appeal to the district court.⁹ Still, others believe the decision to seek attorney's fees was in reaction to the Supreme Court's 2012 decision in *Kappos v. Hyatt*.¹⁰ There, the Court ruled against the USPTO when the agency sought to limit a patent applicant's ability to introduce new types of evidence at the § 145 district court proceeding.¹¹ The USPTO argued that the appeal should have proceeded on a closed record, which is typical when there is judi-

⁸ SMITH, GAMBRELL & RUSSEL LLP, *Fourth Circuit Holds That Policy Requiring Payment of USPTO Attorneys' Fees Stands*, WORLD TRADEMARK REV. (May 9, 2017), <https://www.worldtrademarkreview.com/enforcement-and-litigation/fourth-circuit-holds-policy-requiring-payment-uspto-attorneys-fees> [<https://perma.cc/QN5V-E5HW>]. The USPTO expected a \$207 million revenue increase, but only received approximately \$80 million in revenue. USPTO, *Patent Public Advisory Committee Annual Report 2013*, 1396 Off. Gaz. Pat. & Trademark Office 197, Topical Area I.A (Nov. 26, 2013), <https://www.uspto.gov/web/offices/com/sol/og/2013/week48/TOC.htm#PPACAnnualReport2013> [<https://perma.cc/2FC4-SNPA>] [hereinafter *USPTO Annual Report 2013*]. The USPTO attributed their increased costs in 2013 to several provisions of the America Invents Act ("AIA"). See *id.* (noting that patent system underwent major revisions in March 2013, when the United States changed from a first-to-invent system to a first-inventor-to-file system and issued a new user fee structure). The pre-AIA first-to-invent system awarded patent rights to inventor A, who proved that he created the invention prior inventor B filing a patent application. John Villasenor, *The United States Transitions to a 'First-Inventor-to-File' Patent System*, FORBES (Mar. 11, 2013, 11:54PM), <https://www.forbes.com/sites/johnvillasenor/2013/03/11/march-16-2013-america-transitions-to-a-first-inventor-to-file-patent-system/#52e0c59e3324> [<https://perma.cc/L5MJ-VWN7>]. After the AIA, however, the first-inventor-to-file system awarded patent rights to inventor B if inventor A did not take prompt action to protect his invention. *Id.* Overall, the AIA was an expansive patent reform that also created inter partes review, a review process for evaluating patents that had already been issued. Gregory Dolin, *Dubious Patent Reform*, 56 B.C. L. REV. 881, 881 (2015). Ultimately, the AIA disrupted the typical filing behavior of patent applicants, and resulted in a rise of unanticipated costs to the USPTO. *USPTO Annual Report 2013*, *supra*, at Topical Area I.A; see also Matthew Bultman, *USPTO Hikes Patent Fees, Price of AIA Reviews*, LAW360 (Nov. 14, 2017, 4:36PM), <https://www.law360.com/articles/985084/uspto-hikes-patent-fees-price-of-aiareviews> [<https://perma.cc/C634-CVT4>] (discussing the USPTO's fee-increase for applicants challenging patents, the first major restructuring of patent fees since the AIA, in order to help cover the agency's expenses). Additionally, some have posited that the change in policy to start petitioning the court for attorney's fees may have been the result of the USPTO's changing goals. See Bill Donahue, *With Sharp Split, USPTO Fee Rule Could Head to High Court*, LAW360 (July 30, 2018, 8:42PM), <https://www.law360.com/articles/1068403/with-sharp-split-uspto-fee-rule-could-head-to-high-court> [<https://perma.cc/TV3H-JTRP>] (discussing how Andrei Iancu, Under Secretary of Commerce for Intellectual Property and Director of the USPTO, may not be as concerned with recouping attorney's fees as the previous administration, because he has already enacted changes designed to help patent owners).

⁹ A.B.A., REPORT: 108A, at 4 (2016) [hereinafter *Report 108A*]. The American Bar Association noted that applicants incur high costs merely by filing at the district court. *Id.* For example, applicants must pay costs associated with discovery, the introduction of new evidence, and expert and attorney's fees. *Id.* Accordingly, the additional cost to compensate the USPTO with attorney's fees would discourage applicants from filing in the district court to begin with. *Id.*

¹⁰ *Id.* at 5.

¹¹ *Kappos*, 566 U.S. at 438. The Supreme Court held that § 145 does not impose any restrictions on the admission of new evidence. *Id.* at 445-46.

cial review of agency decisions.¹² The Court held that because a § 145 proceeding allows the district court to act as a factfinder, the court is not performing a traditional judicial review.¹³ After the decision, around the same time that the USPTO began requesting attorney's fees, the USPTO sought to completely dispose of *de novo* district court proceedings.¹⁴

The issue of whether to award the USPTO attorney's fees under the Patent Act, 35 U.S.C. § 145, and the Lanham Act, 15 U.S.C. § 1071, is unique in that the Federal Circuit and the Fourth Circuit are the only circuit courts that have the authority to rule on this issue.¹⁵ Moreover, the essentially identical phrasing in § 145 and § 1071 has motivated courts to provide a single interpretation of the statutes.¹⁶ In 2018, in *NantKwest, Inc. v. Iancu*, the Federal Circuit

¹² *Id.* at 438; *see also* 5 U.S.C. § 706 (2012) (limiting judicial review of agency decisions to the administrative record).

¹³ *Kappos*, 566 U.S. at 438.

¹⁴ A.B.A., PROPOSED RESOLUTION 299-2, at 1–12 (2014); Courtney C. Brinkerhoff, *Congressman Goodlatte Proposes Patent Reform to Eliminate Section 145 Actions and Exelisis I-Type Patent Term Adjustment*, PHARMAPATENTSBLOG.COM (Jun. 3, 2013), <https://www.pharmapatentsblog.com/2013/06/03/congressman-goodlatte-proposes-patent-reform-to-eliminate-section-145-actions-and-exelisis-i-type-patent-term-adjustment/> [<https://perma.cc/W5J7-GK4G>]. Moreover, the USPTO has taken the position that *de novo* district court reviews of PTAB and TTAB decisions invades its gatekeeping role to determine trademark registrability and patentability. *Report 108A*, *supra* note 9, at 5.

¹⁵ *See About the Court*, U.S. COURT OF APPEALS FOR THE FOURTH CIRCUIT, <http://www.ca4.uscourts.gov/about-the-court> [<https://perma.cc/Q8QH-W9KW>] [hereinafter *About the Fourth Circuit*] (noting that the United States District Court for the Eastern District of Virginia is one of the various courts that the Fourth Circuit hears appeals from); *Court Jurisdiction*, U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, <http://www.cafc.uscourts.gov/the-court/court-jurisdiction> [<https://perma.cc/Y7L2-VVGP>] [hereinafter *Fed. Circuit Jurisdiction*] (discussing the Federal Circuit's jurisdiction over all of the United States District Courts). Because § 145 and § 1071 require a *de novo* district court proceeding to occur in the United States District Court for the Eastern District of Virginia, only the Fourth Circuit and Federal Circuit Courts of Appeals may hear the resulting appeals. 15 U.S.C. § 1071; 35 U.S.C. § 145; *About the Fourth Circuit*, *supra*; *Fed. Circuit Jurisdiction*, *supra*. In general, a circuit split involving the Federal Circuit is rare because the Federal Circuit has exclusive jurisdiction over federal claims, patents, and veterans' appeals. Ryan Stephenson, *Federal Circuit Case Selection at the Supreme Court: An Empirical Analysis*, 102 GEO. L.J. 271, 272 (2013). Accordingly, the Supreme Court seldom hears appeals from the Federal Circuit as a result of circuit splits. *Id.* In fact, as of 2013, there have only been eight cases where the Supreme Court has granted certiorari due to a circuit split involving the Federal Circuit. *Id.* at 272 n.2. Of those eight cases, only one case involved a circuit split between the Fourth Circuit and the Federal Circuit. *Id.*; *see* *United States v. Morton*, 467 U.S. 822, 826 (1984) (resolving a personal jurisdiction issue involving a military officer).

¹⁶ *Compare* 15 U.S.C. § 1071(b)(3) (“[A]ll the expenses of the proceeding shall be paid by the party bringing the case, whether the final decision is in favor of such party or not.”), *with* 35 U.S.C. § 145 (“[a]ll the expenses of the proceedings shall be paid by the applicant”). *See, e.g., NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1185 (Fed. Cir. 2018), *cert. granted*, 2019 U.S. LEXIS 1635 (U.S. Mar. 4, 2019) (No. 18A-369) (disagreeing with the Fourth Circuit's reasoning in its 2014 opinion in *Shamas v. Focarino*, a trademark case interpreting § 1071, in a patent case regarding § 145); *Booking.com B.V. v. Matal (Booking.com I)*, No. 1:16-cv-425, 2017 U.S. Dist. LEXIS 178271 (E.D. Va. Oct. 26, 2017), at *16 (applying the Federal Circuit's reasoning from its 2017 opinion in *NantKwest, Inc. v. Lee (Lee II)*, 686 F. App'x 864, 865–67 (Fed. Cir. 2017), a § 145 patent case, to a § 1071 trademark case).

held that § 145 did not permit the USPTO to recover attorney’s fees.¹⁷ In 2017, in a similar case, *Booking.com v. Matal (Booking.com I)*, the District Court for the Eastern District of Virginia relied on Fourth Circuit precedent and held that § 1071 did allow the USPTO to recoup attorney’s fees.¹⁸ On appeal, the Fourth Circuit, in 2019, in *Booking.com v. USPTO (Booking.com II)*, upheld the *Booking.com I* court’s decision.¹⁹

The split over whether “all the expenses of the proceeding” includes attorney’s fees raises questions of statutory interpretation and the breadth of the “American Rule”—the notion that parties pay for their own attorney’s fees absent statutory authority to the contrary.²⁰ Recently, the Supreme Court granted certiorari to resolve the issue.²¹ Part I of this Comment gives an overview of the American Rule, the factual and procedural background of *NantKwest, Inc. v. Iancu*, and the factual and procedural background of *Booking.com v. USPTO*.²² Part II of this Comment discusses the legal significance of the word “expense” in the Lanham Act and Patent Act in relation to the American Rule.²³ Finally, Part III of this Comment argues that the statutory interpretation employed by the Federal Circuit in *NantKwest* is more faithful to Supreme Court precedent than *Booking.com* and thus the United States Supreme Court is likely to rule against the USPTO.²⁴

I. CHALLENGING THE DENIAL OF A TRADEMARK OR PATENT

The Patent Act and Lanham Trademark Act govern patents and trademarks, respectively,²⁵ and offer remedies for applicants who are dissatisfied with the decision of the PTAB or the TTAB.²⁶ Both Acts authorize parties to

¹⁷ *NantKwest*, 898 F.3d at 1196.

¹⁸ *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *18.

¹⁹ *Booking.com B.V. v. USPTO (Booking.com II)*, Nos. 17-2458, 17-2459, 2019 U.S. App. LEXIS 3456 (4th Cir. Feb. 4, 2019), at *29.

²⁰ See *infra* notes 25–127 and accompanying text.

²¹ *NantKwest*, 898 F.3d 1177, *cert. granted*, 2019 U.S. LEXIS 1635 (U.S. Mar. 4, 2019) (No. 18A-369).

²² See *infra* notes 25–70 and accompanying text.

²³ See *infra* notes 71–109 and accompanying text.

²⁴ See *infra* notes 110–127 and accompanying text.

²⁵ The Lanham Act, 15 U.S.C. §§ 1051–1127 (governing trademark law); U.S. Patent Act, 35 U.S.C. §§ 1–390 (governing patent law and establishing the USPTO).

²⁶ 15 U.S.C. § 1071; 35 U.S.C. § 145. If an examiner rejects an applicant’s patent application twice, the applicant may appeal the examiner’s decision to the PTAB. 35 U.S.C. § 134. The PTAB consists of a three-member panel of judges who have “scientific ability.” 35 U.S.C. § 6. Scientific ability usually includes a bachelor’s or higher degree in an engineering or scientific discipline. Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 WM. & MARY L. REV. 1959, 1974 n.66 (2013). Similarly, if an examiner rejects an applicant’s trademark registration, an appeal may be taken to the TTAB. 15 U.S.C. § 1070. Both the PTAB and TTAB are independent tribunals within the USPTO that decide disputes regarding patentability and trademark registration, respectively. *About PTAB*, USPTO, <https://www.uspto.gov/patents-application-process/>

challenge a PTAB or TTAB ruling by filing an appeal in the Federal Circuit or filing a *de novo* civil action against the Director of the USPTO (“the Director”) in the District Court for the Eastern District of Virginia.²⁷ If an applicant opts to file a new civil action, the applicant must pay “all the expenses of the proceeding,” under § 1071 or § 145, regardless of whether the applicant prevails.²⁸ Applying the American Rule presumption against awarding attorney’s fees to the prevailing party, the Federal Circuit in *NantKwest* held that § 145 did not permit the USPTO to recover attorney’s fees.²⁹ In *Booking.com II*, a similar case, the Fourth Circuit affirmed the District Court for the Eastern District of Virginia’s decision in holding that the American Rule did not apply to § 1071 and allowed the USPTO to recoup attorney’s fees.³⁰

This Part provides background on the American Rule and current split between the Fourth and Federal Circuit Courts of Appeals.³¹ Section A of this Part discusses the American Rule and its policies.³² Section B of this Part examines the facts and procedural history of *NantKwest*.³³ Section C of this Part summarizes the facts and procedural history of *Booking.com*.³⁴

A. The American Rule Presumption Against Awarding Attorney’s Fees

Regarded as a “bedrock principle” by the Supreme Court, the American Rule is the standard that litigants are accountable for their own attorney’s fees, regardless of the outcome.³⁵ Some courts have imposed a “success” require-

patent-trial-and-appeal-board/about-ptab (Feb. 22, 2019); *About the Trademark Trial and Appeal Board*, USPTO, <https://www.uspto.gov/trademark/laws-regulations/trademark-trial-and-appeal-board> (Feb. 21, 2019). Congress created the PTAB to reduce the cost of patent litigation by providing a cheaper alternative to a full-fledged trial on patent validity. Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 § 7 (2011); Rebecca Gentili, Note, *Free Bite at the Apple: How Flawed Statutory Drafting Has Undermined the Purpose of the Patent Trial and Appeal Board*, 67 DUKE L.J. 1579, 1579 (2018); see also USPTO, MPEP (8th ed. Rev. 7, Sept. 2008), Ch. 1200 APPEAL (describing the PTAB appeal procedure).

²⁷ See 15 U.S.C. § 1071(b)(4) (designating the District Court for the Eastern District of Virginia as the forum for civil action); 28 U.S.C. § 1295(a)(4)(A)–(B) (2012) (affording the Federal Circuit jurisdiction over PTAB and TTAB appeals); 35 U.S.C. § 145 (authorizing an applicant to file an action in the District Court for the Eastern District of Virginia in lieu of an appeal to the Federal Circuit).

²⁸ 15 U.S.C. § 1071(b)(3); 35 U.S.C. § 145.

²⁹ *NantKwest*, 898 F.3d at 1196.

³⁰ *Booking.com II*, 2019 U.S. App. LEXIS 3456, at *29; *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *18.

³¹ See *infra* notes 35–70 and accompanying text.

³² See *infra* notes 35–43 and accompanying text.

³³ See *infra* notes 44–57 and accompanying text.

³⁴ See *infra* notes 58–70 and accompanying text.

³⁵ *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 253 (2010); *Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240, 245–47 (1975). The American Rule is the opposite of the English Rule, where prevailing litigants may recover attorney’s fees from the losing party. *Ruckelshaus v. Sierra Club*, 463 U.S. 680, 684 (1983); see John F. Vargo, *The American Rule on Attorney Fee Allo-*

ment in their interpretation of the American Rule, defining the standard as one where the prevailing party cannot recover attorney's fees from the losing party.³⁶ Since its adoption, the American Rule has been presumed in courts, overcome only when there is express language in a statute that permits fee-shifting.³⁷ Thus, the American Rule always acts as a starting point when resolving the question of whether to award attorney's fees.³⁸

Historically, the American Rule has protected parties who initiate suits from having to pay the their adversaries' fees.³⁹ This is grounded in the policy of ensuring equal access to the legal system, because awarding attorney's fees to the prevailing party might discourage individuals from bringing actions.⁴⁰ In other words, plaintiffs may be less willing to file lawsuits at the risk that they might be burdened with the defendant's attorney's fees.⁴¹ Thus, one purpose of the American Rule is to ensure everyone can access courts by not imposing extraneous costs on plaintiffs seeking relief.⁴² Congress, however, can create "specific and explicit" statutory exceptions to the American Rule.⁴³

cation: The Injured Person's Access to Justice, 42 AM. U. L. REV. 1567, 1570–90 (1993) (discussing the American Rule, its policies, and contrasting it to the English Rule).

³⁶ See *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598, 602 (2001) ("the prevailing party is not entitled to collect [attorney's fees] from the loser"); *Alyeska*, 421 U.S. at 253 ("attorney's fees recoverable by the prevailing party from the loser"); cf. *Hardt*, 560 U.S. at 252–53 (applying the American Rule despite the fact that the statute made no reference to a "prevailing party"). In 2010, in *Hardt*, the Supreme Court found that because the statute in question gave the court the discretion to award attorney's fees when "appropriate," Congress intended to allow parties that had some success, to obtain fees. 560 U.S. at 252–53.

³⁷ *NantKwest*, 898 F.3d at 1182; see *Hardt*, 560 U.S. at 252–53 (describing the American Rule as the "basic point of reference" when determining whether to allow an award of attorney's fees); *Summit Valley Indus. v. United Bhd. of Carpenters & Joiners*, 456 U.S. 717, 721–22 (1982) (beginning with an analysis of the American Rule and concluding that an award of "damages" is not specific enough to encompass attorney's fees). In 1982, in *Summit Valley v. United Brotherhood of Carpenters & Joiners*, the Supreme Court also noted that the American Rule serves to avoid an "endless stream of litigation that might ensue if successful litigants could recover their attorney's fees in subsequent actions." 456 U.S. at 726.

³⁸ *NantKwest*, 898 F.3d at 1181.

³⁹ *Id.* Though the phrase itself was not coined until much later, the American Rule has been around since the late 1700s. See *Arcambel v. Wiseman*, 3 U.S. (3 Dall.) 306, 306 (1796) (disallowing an award of attorney's fees due to general disapproval).

⁴⁰ *Hardt*, 560 U.S. at 253; *NantKwest*, 898 F.3d at 1881.

⁴¹ *NantKwest*, 898 F.3d at 1881.

⁴² *Id.* Proponents of the American Rule have argued that it also serves to protect our legal system because fees may become inflated if they could be shifted between parties. Gaia Bernstein, *The Rise of the End User in Patent Litigation*, 55 B.C. L. REV. 1443, 1486 (2014) (discussing the fee-shifting debate). Moreover, hearings to determine an award of attorney's fees may unnecessarily clog the courts and result in an inefficient legal process. *Id.* Additional supporters of the American Rule have also posited that lawyers may not advocate to the best of their ability when faced with arguing in front of a judge who will ultimately decide how much to compensate the attorney. *Id.* Opponents of the American Rule, however, have outlined several reasons in support of fee-shifting, or awarding attorney's fees to the prevailing defendant. *Id.* For example, when fees are shifted to a winning defendant, it seems justified to allow the defendant to recoup his or her attorney's fees, thereby becoming

B. Facts and Procedural History of *NantKwest, Inc. v. Iancu*

In 2010, a USPTO examiner rejected NantKwest's patent application, which provided a method for treating cancer using natural killer ("NK") cells.⁴⁴ The examiner rejected the application as being obvious, in violation of 35 U.S.C. § 103.⁴⁵ In 2013, the PTAB affirmed the examiner's rejection of the application.⁴⁶ NantKwest challenged the decision by filing a civil complaint against the Director under § 145 in the District Court for the Eastern District of Virginia.⁴⁷ The USPTO ultimately prevailed on its motion for summary judgment.⁴⁸ On appeal, the Federal Circuit upheld the district court's decision.⁴⁹

"whole," because the defendant was required to engage in the lawsuit. *Id.* Accordingly, supporters of fee-shifting have argued that awarding attorney's fees to a winning defendant would discourage plaintiffs from bringing frivolous lawsuits or pursuing weak claims. *Id.* at 1486, 1488.

⁴³ See *Summit Valley*, 456 U.S. at 726 (disallowing an award of attorney's fees because it cannot be clearly construed from the language of the statute); *Alyeska*, 421 U.S. at 260 (noting that Congress can make "specific and explicit" statutes in order to carve out exceptions to the American Rule); see also *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015) (providing that the Equal Access to Justice Act, which mentions "fees," a "prevailing party," and a "civil action," is a good example of the explicitness required in a statute that would justify a departure from the American Rule). But see *Ruckelshaus*, 463 U.S. 680, 682–83 (finding that the Clean Air Act, which allowed a court to "award costs of litigation [including reasonable attorney and expert fees] whenever it determines that such award is appropriate[.]" was not explicit enough to warrant a departure from the American Rule).

⁴⁴ *NantKwest*, 898 F.3d at 1183; see *Lee II*, 686 F. App'x at 865–67 (detailing the science behind NantKwest's patent application). In short, the immune system contains both an innate response, responsible for the automatic detection and initial attack of an "invader," and an adaptive response, a second line of defense that multiplies cells to continue to attack the "invader." *NantKwest*, 898 F.3d at 1183; *What Is Innate Immunity?*, CTR. FOR INNATE IMMUNITY & IMMUNE DISEASE, <https://ciiid.washington.edu/content/what-innate-immunity>. The innate response consists of NK cells, whereas the adaptive response consists of T cells. *Lee II*, 686 Fed. App'x at 865. Both NK and T cells have been proven to destroy cancer cells *in vitro*, *ex vivo*, and *in vivo*. *Id.* at 866; see also U.S. Patent Application No. 10/008,955, Unpublished (filing date Dec. 7, 2001) (Hans Klingemann, applicant) [hereinafter '*'955 Patent Application*] (involving NK-92, a cell line of NK cells, to treat cancer).

⁴⁵ *NantKwest*, 898 F.3d at 1183. To be patentable, the subject-matter must be non-obvious. 35 U.S.C. § 103. According to the Manual of Patent Examining Procedure ("MPEP")—a guideline for patent examiners to understand the law—the test for obviousness is whether the claimed invention would have been obvious to a person having ordinary skill in the art, with regard to the prior art. USPTO, MPEP (8th ed. Rev. 7, Sept. 2008), § 2141 EXAMINATION GUIDELINES FOR DETERMINING OBVIOUSNESS UNDER 35 U.S.C. 103 [R-08.2017]. Prior art is anything publically available before the patent's priority date, such as a published patent or printed publication. 35 U.S.C. § 102.

⁴⁶ *NantKwest*, 898 F.3d at 1183.

⁴⁷ *Id.* The USPTO's basis for summary judgment was that NantKwest's claims would have been obvious under § 103. 35 U.S.C. § 103.

⁴⁸ *NantKwest*, 898 F.3d at 1183. NantKwest offered to show results from NK-92's clinical trials to display "unexpected results" in order defeat the USPTO's obviousness claim of NK-92. *Lee II*, 686 Fed. App'x at 873. Additionally, NantKwest put on evidence of a recent \$48 million investment to display their commercial success. *Id.*

⁴⁹ *Lee II*, 686 Fed. App'x at 866, 873. The court held that three claims in the '955 Patent Application were invalid because they were obvious in light of two prior art references. *Id.* The first prior art reference was U.S. Patent No. 5,272,082 ('082 Patent), which provided a method of using T cells *in vivo* to destroy cancer cells. *Id.* The second prior art reference was a study published by the applicants

After the trial, the USPTO filed a motion to recover the expenses of the proceedings, which included \$78,592.50 in attorney's fees.⁵⁰ Citing the American Rule, the district court refused to award the USPTO attorney's fees.⁵¹ The district court explained that there needed to be clear statutory authority for it to rule in the USPTO's favor.⁵² The USPTO appealed and a divided panel of the Federal Circuit reversed the district court's decision.⁵³ The court interpreted "[a]ll the expenses of the proceedings" provision of § 145 to include attorney's fees.⁵⁴ Following that decision, the Federal Circuit voted to hear the case *en banc sua sponte* and ultimately vacated the panel's judgment.⁵⁵ The Federal Circuit agreed with the district court that the American Rule applies to § 145 and that there was no explicit congressional authorization to award attorney's fees.⁵⁶ Currently, a writ of certiorari is pending before the Supreme Court.⁵⁷

C. Facts and Procedural History of *Booking.com v. USPTO*

Between 2011 and 2012, Booking.com ("Booking") made three federal trademark filings and one Madrid Protocol filing for its BOOKING.COM mark.⁵⁸ The USPTO examiner rejected all four applications on the grounds that

("the study") disclosing that NK-92 cells can lyse, or destroy, cancer cells *in vitro*. *Id.* The court agreed with the examiner that through a combination of these references it would have been obvious to a person having ordinary skill in the art to use NK-92 cells to treat cancer *in vivo*, as claimed by the '955 Patent Application. *Id.*

⁵⁰ *NantKwest*, 898 F.3d at 1183. The motion was filed pursuant to FED. R. CIV. P. 54(d)(2). *Id.* For the procedure involved in recovering expenses, see *supra* note 6 and accompanying text.

⁵¹ *NantKwest, Inc. v. Lee (Lee I)*, 162 F. Supp. 3d 540, 542–43 (E.D. Va. 2016), *rev'd sub nom. NantKwest, Inc. v. Matal (Matal I)*, 860 F.3d 1352 (Fed. Cir. 2017), and *aff'd en banc sub nom. NantKwest*, 898 F.3d 1177; see *Alyeska*, 421 U.S. at 247 (providing that in general, the winning litigant is not able to recover attorney's fees from the loser).

⁵² *Lee I*, 162 F. Supp. 3d at 543; see *Alyeska*, 421 U.S. at 269 (discussing how Congress may create a statutory exception to the American Rule). In general, Congress has used unambiguous language when permitting an award of attorney's fees. *Alyeska*, 421 U.S. at 260. For example, Congress allowed an award of "attorney's fees" in the Merchant Marine Act of 1936, 46 U.S.C. § 1227, the Truth in Lending Act, and the Fair Labor Standards Act. *Id.* at 261 n.34; see 15 U.S.C. § 1640(a) (allowing an award of attorney's fees); 29 U.S.C. § 216(b) (2012) (providing that plaintiffs may recoup reasonable attorney's fees); 46 U.S.C. § 2214 (2012) (awarding up to \$1,000 in attorney's fees to a successful plaintiff).

⁵³ *Matal I*, 860 F.3d at 1353.

⁵⁴ *Id.*

⁵⁵ *NantKwest*, 898 F.3d at 1184; *NantKwest, Inc. v. Matal (Matal II)*, 869 F.3d 1327, 1327 (Fed. Cir. 2017).

⁵⁶ *NantKwest*, 898 F.3d at 1184. The court received seven amicus briefs regarding how to interpret the "all expenses of the proceeding" language, but none of the briefs supported the finding that "expenses" included attorney's fees. *Id.*

⁵⁷ See generally *Petition for a Writ of Certiorari, Iancu v. NantKwest, Inc.*, No. 18-801 (U.S. 2018), 2018 WL 6788571.

⁵⁸ *Booking.com v. Matal*, 278 F. Supp. 3d 891, 895–96 (E.D. Va. 2017). Serial No. 85485097 ("097 Application") and Serial No. 79114998 ("998 Application") were filed as Class 39 and Class 43 services, respectively. *Id.* at 896–97. Serial No. 79122365 ("365 Application") and Serial No.

BOOKING.COM was too generic and lacked the requisite distinctiveness trademarks require.⁵⁹ During a consolidated hearing, the TTAB upheld the four refusals for trademark registration.⁶⁰ On April 15, 2016, Booking filed a civil action under § 1071 in the District Court for the Eastern District of Virginia challenging the USPTO's denial of the applications.⁶¹ On a motion for summary judgment, the district court ordered the USPTO to register the BOOKING.COM mark.⁶² The Fourth Circuit affirmed the decision, concluding that BOOKING.COM was a protectable trademark.⁶³

The USPTO subsequently filed a Motion for Expenses pursuant to § 1071, asking the court to order Booking to pay its "reasonable expenses" of \$76,873.61.⁶⁴ The USPTO relied on the precedent set in 2015, in *Shammas v. Focarino*, where the Fourth Circuit interpreted the USPTO's "reasonable ex-

79122366 ("366 Application") were filed only as Class 43 services. *Id.* at 897. A Class 39 service concerns in-person and online travel agency services. *Id.* at 896. A Class 43 service concerns making in-person and online hotel reservations. *Id.* at 897. A Madrid Protocol Filing is when an applicant files his mark and designates it to be protected in several countries. Madrid Protocol, USPTO, <https://www.uspto.gov/trademark/laws-regulations/madrid-protocol> [<https://perma.cc/S5K3-ABHL>].

⁵⁹ *In re Booking.com B.V.*, 2016 TTAB LEXIS 63, at *53 (T.T.A.B. 2016); see 15 U.S.C. § 1052(d)–(f) (requiring a showing that the mark is distinctively associated with the applicant's goods in commerce and not likely to be confusing to the public); see also USPTO, TMEP (5th ed. Sept. 2007), § 1209.01 DISTINCTIVENESS/DESCRIPTIVENESS CONTINUUM (discussing the different standards of proof for distinctiveness). A mark that merely characterizes a service requires proof of distinctiveness. *Id.* Additionally, a mark must be unique enough so that consumers understand its secondary purpose to associate the mark with the service it describes. Qadir Qeidary, *Dilemma of Trade Dress, Informational Values and Enigmatic Distinctiveness*; *Semiotics Illuminating the Status of Distinctiveness*, B.C. INTEL. PROP. & TECH. F. 1, 3–4 (2017).

⁶⁰ *In re Booking.com*, 2016 TTAB LEXIS 63, at *53. Notably, the court relied on previous rejections of similar top-level domain marks such as HOTELS.COM and MATTRESS.COM to point out that adding a ".com" domain to a generic word does not warrant trademark protection. *Id.* at *25–26.

⁶¹ *Booking.com v. Matal*, 278 F. Supp. 3d at 898.

⁶² *Id.* at 896. The motion for summary judgment was granted in part and denied in part. *Id.* The Court held that BOOKING.COM is a descriptive mark and Booking was able to demonstrate the mark's meaning as a Class 43 services (hotel reservation services) but not a Class 39 service (travel agency services). *Id.* The District Court for the Eastern District of Virginia's decision in 2017, *Booking.com I* awarded attorney's fees to the USPTO whereas the Federal Circuit did not, in 2018, in *NantKwest v. Iancu*. 898 F.3d at 1196; *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *15. The *Booking.com I* court also held that the ".COM" trademark was an issue of first impression, thereby departing from Federal Circuit decisions indicating that top level domains are not entitled to trademark protection. *Booking.com v. Matal*, 278 F. Supp. 3d at 908–09; see, e.g., *In re 1800Mattress.com IP, LLC*, 586 F.3d 1359, 1359 (Fed. Cir. 2009) (denying the trademark for MATTRESS.COM); *In re Hotels.com, L.P.*, 573 F.3d 1300, 1301 (Fed. Cir. 2009) (denying the trademark for HOTELS.COM).

⁶³ See *Booking.com II*, 2019 U.S. App. LEXIS 3456, at *12. The court also rejected the *per se* rule proposed by the USPTO, that trademarks utilizing top level domains will always be generic and unprotectable. *Id.*

⁶⁴ 15 U.S.C. § 1071(b)(3); *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *11. The USPTO defined "reasonable expenses" to include the salaries of the paralegals and attorneys who worked on the case. *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *11.

penses” to include attorney’s fees.⁶⁵ Booking argued that the USPTO’s motion violated the American Rule.⁶⁶ The district court sided with the USPTO, and following *Shammas*, held that the American Rule did not apply.⁶⁷ Consequently, the district court interpreted “expenses” to include attorney’s fees.⁶⁸ The court ordered Booking to pay the USPTO \$76,873.61—despite the fact that it won the appeal of its trademark registration—pursuant to § 1071, which requires the initiating party to pay the expenses of the proceeding, regardless of who prevails.⁶⁹ Booking appealed and the Fourth Circuit upheld the decision, unwilling to depart from Fourth Circuit precedent in *Shammas*.⁷⁰

II. INTERPRETING § 145 AND § 1071: APPLICABILITY OF THE AMERICAN RULE AND EXAMINING CONGRESSIONAL INTENT

In 2018, in *NantKwest, Inc. v. Iancu*, the United States Court of Appeals for the Federal Circuit held that the American Rule applied to 35 U.S.C. § 145, whereas in 2019, in *Booking.com v. USPTO (Booking.com II)*, the United States Court of Appeals for the Fourth Circuit found the opposite in its evaluation of 15 U.S.C. § 1071.⁷¹ To resolve the issue, a court must first determine if the American Rule is implicated in the “all the expenses of the proceeding” statutes.⁷² If so, then Congress’s intent to include an award of attorney’s fees

⁶⁵ *Shammas*, 784 F.3d at 221; *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *11. In *Shammas*, the TTAB upheld the USPTO’s decision to deny Milo Shammas’ trademark application for the trademark, PROBIOTIC, on the grounds that it was a generic term. 784 F.3d at 221. Shammas filed a *de novo* appeal pursuant to § 1071, where the district court granted summary judgment to the USPTO. *Shammas*, 784 F.3d at 221. After the USPTO filed a Motion for Expenses, the district court ordered Milo Shammas to pay the USPTO \$36,320.49 in expenses, including attorney’s fees. *Id.* The Fourth Circuit affirmed and found that the word “all” in the statute significantly modified the word “expenses,” meaning that the “expenses” were not subject to any limitations. *Id.* at 222.

⁶⁶ *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *11.

⁶⁷ *Shammas*, 784 F.3d at 221; *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *12. In *Shammas*, the Fourth Circuit found that “regardless of whether he wins or loses” language in § 1071(b)(3) to be significant. *Shammas*, 784 F.3d at 221. Specifically, the court held that the American Rule was not implicated because the statute did not impose the prevailing party’s attorney’s fees on the losing party. *Id.* Therefore, the court stated that the statute was not a form of fee-shifting because it only imposed an “unconditional compensatory charge.” *Id.*

⁶⁸ *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *15.

⁶⁹ 15 U.S.C. § 1071(b)(3); *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *8, *15.

⁷⁰ *Booking.com II*, 2019 U.S. App. LEXIS 3456, at *29.

⁷¹ 15 U.S.C. § 1071 (2012); 35 U.S.C. § 145 (2012); *Booking.com B.V. v. USPTO (Booking.com II)*, Nos. 17-2458, 17-2459, 2019 U.S. App. LEXIS 3456 (4th Cir. Feb. 4, 2019), at *29; *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1196 (Fed. Cir. 2018), *cert. granted*, 2019 U.S. LEXIS 1635 (U.S. Mar. 4, 2019) (No. 18A-369); *Booking.com B.V. v. Matal (Booking.com I)*, No. 1:16-cv-425, 2017 U.S. Dist. LEXIS 178271 (E.D. Va. Oct. 26, 2017), at *15.

⁷² See *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2164 (2015) (determining first whether the American Rule applies to a statute permitting compensation for professionals who aided trustees in bankruptcy proceedings); *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 253 (2010) (considering whether the American Rule applies to a statute that awards “reasonable attorney’s fee[s]”); *Key Tronic Corp. v. United States*, 511 U.S. 809, 815 (1994) (determining whether the

must be “specific and explicit” enough to overcome the American Rule presumption against awarding them.⁷³ If the American Rule does not apply, the threshold for proving that “expenses” encompasses attorney’s fees is much lower.⁷⁴ *NantKwest* and *Booking.com II* diverge in their analysis of the American Rule’s applicability.⁷⁵ Accordingly, the cases also diverge in their statutory interpretation of “expenses” and their determination of congressional intent in § 145 and § 1071.⁷⁶

Section A of this Part explains the Federal Circuit’s application of the American Rule to 35 U.S.C. § 145 and the Fourth Circuit’s finding that the American Rule is not applicable to 15 U.S.C. § 1071.⁷⁷ Section B of this Part discusses the Federal Circuit’s and Fourth Circuit’s interpretation of “expenses” and legislative intent in 35 U.S.C. § 145 and 15 U.S.C. § 1071, respectively.⁷⁸

A. *NantKwest, Inc. v. Iancu and Booking.com v. USPTO’s Divergent Analysis of the American Rule’s Applicability*

In both *NantKwest* and *Booking.com v. Matal (Booking.com I)*, the USPTO relied on the Fourth Circuit’s 2015 decision in *Shammas v. Focarino* to support its argument that the American Rule only applies when a statute shifts fees from the winning party to the losing party.⁷⁹ Because § 145 and

American Rule applied to a statute that permitted recovery of “necessary costs”); *Summit Valley Indus. v. United Bhd. of Carpenters & Joiners*, 456 U.S. 717, 722 (1982) (discussing the American Rule’s application to a statute that does not explicitly provide for an award of attorney’s fees); *Alyeska Pipeline Serv. Co. v. Wilderness Soc’y*, 421 U.S. 240, 269 (1975) (holding that the American Rule presumptively applies to statutes); *NantKwest*, 898 F.3d at 1184 (noting that the American Rule is the starting point when resolving fee-shifting statutes).

⁷³ *Alyeska*, 421 U.S. at 260; see *NantKwest*, 898 F.3d at 1186 (concluding that § 145 should not be able to bypass the heightened requirement of a specific congressional intent in order to depart from the American Rule). When evaluating whether Congress intended an award of attorney’s fees, courts typically look to the text of the statute and its legislative history. See *Summit Valley*, 456 U.S. at 722–23 (finding no support for an award of attorney’s fees in the language of the statute nor its legislative history); see also *Baker Botts*, 135 S. Ct. at 2165 (looking at Congress’ choice of words in the bankruptcy statute at issue compared to other provisions in the Bankruptcy code); *Hardt*, 560 U.S. at 423 (contrasting two provisions in the Employee Retirement Income Security Act to show that “Congress knows how to impose express limits on the availability of attorney’s fees.”); *Key Tronic*, 511 U.S. at 817–18 (exploring whether there was congressional authorization for fee awards in the Comprehensive Environmental Response, Compensation, and Liability Act).

⁷⁴ Cf. *NantKwest*, 898 F.3d at 1182 (noting that the American Rule imposes a “high bar” for allowing an award of attorney’s fees).

⁷⁵ See *infra* notes 79–92 and accompanying text.

⁷⁶ See *infra* notes 93–109 and accompanying text.

⁷⁷ See *infra* notes 79–92 and accompanying text.

⁷⁸ See *infra* notes 93–109 and accompanying text.

⁷⁹ *Booking.com II*, 2019 U.S. App. LEXIS 3456, at *27–29; *NantKwest*, 898 F.3d at 1183; *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *13–14; see *Shammas v. Focarino*, 784 F.3d 219, 223 (4th Cir. 2015) (concluding that the American Rule applies only when the party who makes a Motion for Expenses has prevailed). In addition to Fourth Circuit Court of Appeals’ 2015 decision in *Shammas v. Focarino*, the USPTO also cited the Supreme Court’s decision in 2013 in *Sebelius v. Cloer*. *NantKwest*,

§ 1071 impose expenses on the applicant, win or lose, the USPTO argued that the American Rule was not implicated.⁸⁰ Ultimately, the courts diverged in their response to the USPTO's argument and, as a result, came to opposite conclusions on what were otherwise remarkably similar questions in remarkably similar procedural postures.⁸¹

Holding that the USPTO was not entitled to recover attorney's fees, the *NantKwest* court characterized the distinction between statutes that shift fees from the winner to the loser, and statutes that shift fees regardless of the outcome, as trivial.⁸² In the court's opinion, the fact that there was no mention of a "prevailing party" in the statute was an insufficient reason to refrain from applying the American Rule.⁸³ Specifically, the *NantKwest* court noted that the Supreme Court has broadly applied the American Rule to fee-shifting statutes, regardless of how the fees are being shifted.⁸⁴ Moreover, the court opined that the American Rule would be *even more applicable* when the winning party is faced with bearing the cost of the losing party's attorney's fees.⁸⁵ Additionally, the court noted that it was unaware of any statute that requires a winning private party to bear the cost of the government's attorney's fees.⁸⁶

898 F.3d at 1186 (citing *Sebelius v. Cloer*, 569 U.S. 369, 373–74 (2013)). In *Cloer*, the Supreme Court granted an award of attorney's fees pursuant to the National Childhood Vaccine Injury Act. 569 U.S. at 371–82. The Court, however, made no explicit mention of the American Rule when interpreting the statute. *Id.*; *NantKwest*, 898 F.3d at 1186. The USPTO argued in *NantKwest v. Iancu* that because the Supreme Court did not consider the American Rule in *Cloer*, the American Rule does not apply when statutes do not impose a "success" requirement. *NantKwest*, 898 F.3d at 1186. The Federal Circuit Court of Appeals in 2018, in its opinion in *NantKwest*, rejected this, and instead found that because the statute in *Cloer* used the phrase "attorney's fees," the Supreme Court implicitly applied the American Rule and found that it was displaced by congressional authorization. *See id.* (noting that the Supreme Court's method of analysis in *Cloer* had no bearing on whether the American Rule applied to § 145).

⁸⁰ *NantKwest*, 898 F.3d at 1184; *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *13–14.

⁸¹ *See NantKwest*, 898 F.3d at 1185–86 (arguing that the decision in *Shammas* is inconsistent with Supreme Court precedent that allows for an award of attorney's fees to the losing party); *Booking.com II*, 2019 U.S. App. LEXIS 3456, at *27–29 (upholding *Shammas*).

⁸² *NantKwest*, 898 F.3d at 1184.

⁸³ *Id.* The court also provided examples of statutes where the Supreme Court applied the American Rule to statutes that made no mention of a "prevailing party." *Id.* at 1185–86. Though the *Shammas* court found the distinction to be substantial, Judge King, in his dissent in *Shammas*, did not address this distinction. *See Shammas*, 784 F.3d at 227 (King, J., dissenting) (discussing how the historical importance and policy behind the American Rule requires its recognition in the case).

⁸⁴ *NantKwest*, 898 F.3d at 1185; *see, e.g., Baker Botts*, 135 S. Ct. at 2165 (applying the American Rule to a bankruptcy statute that permitted recovery of "reasonable compensation for . . . [an] attorney"); *Key Tronic*, 511 U.S. at 815 (applying the American Rule to an environmental statute that allowed recovery of "necessary costs of response").

⁸⁵ *NantKwest*, 898 F.3d at 1184–85.

⁸⁶ *Id.* at 1191–92. In *Shammas*, the court addressed the argument that, because the USPTO had salaried attorneys, it may have been unfair to make applicant's pay for attorney's fees. *Shammas*, 784 F.3d at 223. The *Shammas* court ultimately held that when the USPTO's attorneys are required to defend the Director, the USPTO's resources are being diverted. *Id.* Though not contemplated by the courts, it has been argued that the USPTO should not be awarded attorney's fees even in cases where it prevails. *See*

In finding in 2017 that the USPTO was entitled to recover attorney's fees, the United States District Court for the Eastern District of Virginia highlighted in *Booking.com I* the distinction between statutes that shift fees from the winning party to the losing party and ones that shift fees, regardless of who wins, to be substantial.⁸⁷ Specifically, the court held that the American Rule did not apply because § 1071 made no mention of a prevailing party, nor did it require any success on the part of the USPTO.⁸⁸ Accordingly, the *Booking.com I* court found that fee-shifting statutes that do not contain a "success" requirement do not implicate the American rule.⁸⁹ In determining this, the court followed *Shammas*, where the Fourth Circuit concluded that § 1071 allows for an award of attorney's fees.⁹⁰ Similarly, the Fourth Circuit, in *Booking.com II*, emphasized that *Shammas* was the law in the Fourth Circuit.⁹¹ Therefore, despite the

Report 108A, supra note 9, at 4 (noting that the USPTO "is not a typical litigant that requires an award of attorney fees to be made whole"). This is because, as a government agency, the USPTO is not placed in the same situation as an average litigant when it comes time for trial. *Id.* Because the USPTO can set fees at appropriate levels to cover their costs, the agency has the ability to offset their litigation-related costs, such as attorney's fees, unlike the average litigant. *Id.*; see also *NantKwest*, 898 F.3d at 1196 (providing that if that the USPTO spends one million dollars in attorney's fees each year due to § 145 proceedings, the agency would only have to charge patent applicants \$1.60 more per application to recoup their loss). But see *Shammas*, 784 F.3d at 224 (distinguishing the USPTO from other governmental agencies that are ordinarily able to operate similar types of judicial review proceedings under a closed record).

⁸⁷ See *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *14 (agreeing with the Fourth Circuit in *Shammas* that the American Rule only applies when the statute requires that a party seeking fees obtains some success).

⁸⁸ See *id.* at *16–18 (discussing the Federal Circuit's opinion in 2017 in *NantKwest v. Matal* (*Matal II*), 860 F.3d 1352 (Fed. Cir. 2017), which reversed the United States District Court for the Eastern District of Virginia's decision in 2016, in *NantKwest v. Lee*, 162 F. Supp. 3d 540 (E.D. Va. 2016), due to questions about whether an application of the American Rule to § 145 was warranted without a mention of a "prevailing party" in the statute). The district court in 2017, in *Booking.com B.V. v. Matal* (*Booking.com I*), also noted that the Federal Circuit would only provide persuasive authority on the whether to award attorney's fees under § 1071. *Id.* at *18 n.5.

⁸⁹ *Id.* at *13–14.

⁹⁰ *Id.* at *14. The *Booking.com I* court rejected Booking.com's argument that the reasoning in *Shammas* was overruled by the Supreme Court in 2015, in *Baker Botts v. ASARCO*, where a provision of the Bankruptcy Code did not authorize a bankruptcy court to award attorney's fees. See *id.* at *15 (finding the Fourth Circuit in *Shammas* as more persuasive than the Supreme Court in *Baker Botts* because *Shammas* directly addressed § 1071, whereas the *Baker Botts* case only interpreted the Bankruptcy Code). In *Shammas*, the Fourth Circuit relied on the Supreme Court's decision in 1983, in *Ruckelshaus v. Sierra Club*. *Shammas*, 784 F.3d at 223 (citing *Ruckelshaus v. Sierra Club*, 463 U.S. 680, 684 (1983)). In *Ruckelshaus*, the Court held that virtually all fee-shifting statutes that implicate the American Rule deal with imposing attorney's fees specifically on the losing party. 463 U.S. at 682–85. The *Shammas* court interpreted *Ruckelshaus* narrowly by claiming that any statute that does not shift fees based on one party's success does not implicate the American Rule. *Shammas*, 784 F.3d at 223. In interpreting *Ruckelshaus*, the *NantKwest* court, however, noted that the absence of a "success" requirement does not necessarily mean that the American Rule cannot be applied. *NantKwest*, 898 F.3d at 1185.

⁹¹ *Booking.com II*, 2019 U.S. App. LEXIS 3456, at *29. The *Booking.com II* court recognized that the American Rule has been applied in *NantKwest* and *Baker Botts* to statutes that do not mention a

fact that Booking was the prevailing party in the § 1071 proceeding, the USPTO was entitled to recover attorney's fees.⁹²

B. NantKwest, Inc. v. Iancu and Booking.com v. USPTO's Divergent Interpretations of "Expense" and Congressional Intent

When interpreting statutes, courts give words their "ordinary meaning" at the time the statute was enacted.⁹³ Because the *NantKwest* court applied the American Rule, the court required the ordinary meaning of "expenses" to display a "specific and explicit" congressional intent to authorize an award of attorney's fees.⁹⁴ The *Booking.com I* court also looked to the ordinary meaning of "expenses" and congressional intent, but did not apply the heightened "specific and explicit" standard imposed by the American Rule.⁹⁵

The *Booking.com I* court held that "all of the expenses of the proceeding" encompassed an award of attorney's fees.⁹⁶ To support this, the court noted that the Supreme Court has found the word "expenses" to be much broader than "costs."⁹⁷ Citing dictionary definitions of "expense" to support its reasoning, the court additionally found the use of the "all" modifier in front of the word "expenses" to be compelling.⁹⁸ Further, the *Booking.com I* court considered the

prevailing party. *Id.* Notably, the *Booking.com II* court conceded that this might indicate that the American Rule does apply to § 1071. *Id.* Nonetheless, the *Booking.com II* court noted that *Shammas* was binding and upheld the decision in *Booking.com I* to award the USPTO attorney's fees. *Id.*

⁹² *Id.*; *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *14, *32.

⁹³ *Perrin v. United States*, 444 U.S. 37, 42 (1979) (providing that a cardinal canon of statutory interpretation is to give words their ordinary meaning when they are not defined). In 1979, in *Perrin v. United States*, the Court was faced with an interpretation of "bribery" in the Travel Act, 18 U.S.C. § 1952, and looked to the ordinary meaning of the word when Congress enacted the statute. *Id.*

⁹⁴ *NantKwest*, 898 F.3d at 1187 (defining "expenses" in 1839 when Congress enacted the predecessor to § 145 as "[a] laying out or expending; the disbursing of money, or the employment and consumption, as of time or labor") (quoting Noah Webster, *American Dictionary of the English Language* (1st ed. 1828)).

⁹⁵ See *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *16–18 (discussing the word "expenses" without applying the "specific and explicit" congressional intent standard to defeat the American rule presumption against awarding attorney's fees).

⁹⁶ See *id.* at *16–18 (agreeing with the Fourth Circuit's interpretation of "expenses" to include "attorney's fees" in *Shammas*).

⁹⁷ *Id.* at *16; see *Kouichi Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012) (concluding that "costs" only represent a subset of "expenses"). In *Shammas*, the Fourth Circuit looked at the use of the words "costs" and "expenses" in the sentence following the "all expenses of the proceeding" language in § 1071(b)(3). *Shammas*, 784 F.3d at 224. There, the court applied the canon of statutory construction that presumes that no word in a statute is superfluous to conclude that Congress intended "expenses" and "costs" to be different. *Id.*

⁹⁸ *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *12. The court cited *Wright & Miller* on Federal Practice and Procedure, which defined "expenses" as "includ[ing] all the expenditures actually made by a litigant in connection with the action," including "attorney's fees." *Id.* (citing CHARLES ALAN WRIGHT ET AL., *FEDERAL PRACTICE AND PROCEDURE* § 2666 (3d ed. 1998)). The court also cited *Black's Law Dictionary* defining "expenses" as "expenditure[s] of money, time, labor, or re-

legislative history of § 1071, noting that § 1071 was derived from a provision in the Patent Act of 1836, which distinguished between attorney's fees and expenses.⁹⁹ The *Booking.com I* court reasoned that § 1071's origins made it clear that an award of attorney's fees were subsumed in the expenses.¹⁰⁰

Applying the American Rule, however, the *NantKwest* court found that "expenses" was not "specific and explicit" enough to warrant an award of attorney's fees.¹⁰¹ Though the court agreed that "expenses" is broader than "costs," it found the distinction to be irrelevant to whether expenses specifically included attorney's fees.¹⁰² Moreover, the *NantKwest* court found that the "all" modifier did not clarify whether attorney's fees was included in expenses.¹⁰³ Additionally, the court criticized the use of legislative history to discern congressional intent.¹⁰⁴ This is because, the *NantKwest* court explained, the "specific and explicit" requirement to displace the American Rule demands a textual analysis of the statute at hand.¹⁰⁵ Therefore, the court evaluated the statute's language.¹⁰⁶ This included examining other statutes that distinguished between expenses and attorney's fees.¹⁰⁷ This method of statutory interpreta-

sources to accomplish a result." *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *12 (citing *Expenses*, BLACK'S LAW DICTIONARY (10th ed. 2014)).

⁹⁹ *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *14 (citing the Patent Act of 1836, which established "a fund for the payment of the salaries of the officers and clerks herein provided for, and all other expenses of the Patent Office"). This argument was highly relied upon by Chief Judge Prost in her dissent in *NantKwest*. See 898 F.3d at 1196–99 (Prost, C.J., dissenting) (noting that the Patent Act of 1836 characterized attorney's fees as expenses).

¹⁰⁰ *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *14.

¹⁰¹ *NantKwest*, 898 F.3d at 1194–95.

¹⁰² *Id.* at 1188 (finding Congress's use of "expenses," and "attorney's fees" in other statutes to be more telling on the issue than dictionary definitions).

¹⁰³ *Id.* at 1194 (providing that "the word 'all' sheds no light on the breadth of 'expenses'" but rather, "only to clarify that, whatever the 'expenses' are, all of them must be paid by the applicant").

¹⁰⁴ *Id.* In addressing the legislative history, the *NantKwest* court noted that the provision in the Patent Act of 1836 that indicated that attorney's fees were included in "expenses" was taken out of context. *Id.* at 1195. That provision, the court noted, was a provision that focused solely on accounting the money the USPTO receives, which is unlike § 145 that governs the *de novo* district court proceedings. *Id.* Additionally, the court expressed hesitation that "the salaries of the officers and clerks herein provided for," included the USPTO's attorney's fees. *Id.*

¹⁰⁵ *Id.* at 1194. The *NantKwest* court was skeptical of the use of legislative history in discerning "specific and explicit" congressional intent, which, in the court's opinion, was a text-based test. *Id.*

¹⁰⁶ *Id.* at 1188. This method of statutory interpretation is consistent with Supreme Court precedent. See, e.g., *W. Va. Univ. Hosps., Inc. v. Casey*, 499 U.S. 83, 88 (1991) (looking at "the record of statutory usage" to discern whether Congress regarded "attorney's fees" and "expert fees" as distinct in fee-shifting statutes).

¹⁰⁷ *NantKwest*, 898 F.3d at 1188; see, e.g., 11 U.S.C. § 363(n) (2012) (allowing recovery of "any costs, attorneys' fees, or expenses incurred"); 12 U.S.C. § 1464(d)(1)(B)(vii) (2012) ("court . . . may allow to any such party reasonable expenses and attorneys' fees"); 26 U.S.C. § 6673(a)(2)(A) (2012) (allowing recovery of "excess costs, expenses, and attorneys' fees"); 31 U.S.C. § 3730(d)(1) (2012) (awarding "reasonable expenses . . . plus reasonable attorneys' fees and costs"); 38 U.S.C. § 4323(h)(2) (2012) (awarding "reasonable attorney fees, expert witness fees, and other litigation expenses"). Though the *Booking.com I* court looked at other statutes enacted by Congress, the court

tion also enabled the court to look at other provisions in the Patent Act that used the phrase, “attorney’s fees.”¹⁰⁸ In doing so, the *NantKwest* court found that Congress enacted many statutes and explicit provisions that differentiate between expenses and attorney’s fees, which supported its finding that the USPTO was not entitled to an award of attorney’s fees.¹⁰⁹

III. THE USPTO SHOULD NOT BE ALLOWED TO RECOUP ATTORNEY’S FEES

As a result of not applying the American Rule and interpreting expenses in 15 U.S.C. § 1071 broadly, the United States Court of Appeals for the Fourth Circuit in 2019, in *Booking.com v. USPTO (Booking.com II)*, has deterred applicants from filing *de novo* appeals.¹¹⁰ This is because the process will become too costly if applicants are always required to bear the cost of the USPTO’s attorney’s fees.¹¹¹ Additionally, because Congress has not specifically called for an award of attorney’s fees in 15 U.S.C. § 1071 nor 35 U.S.C. § 145, they should be disallowed under both statutes to resolve the conflict.¹¹² Thus, the Supreme Court should err on the side of the American Rule and uphold Federal Circuit’s decision to not award attorney’s fees.¹¹³

The American Rule, which works to ensure equal access to the legal system, supports the contention that applicants should not be penalized with the

distinguished only between “expenses” and “costs,” not “expenses” and “attorneys’ fees.” See 2017 U.S. Dist. LEXIS 178271, at *15 (finding “expenses” to be broader than “costs”).

¹⁰⁸ *NantKwest*, 898 F.3d at 1190; see, e.g., 35 U.S.C. § 285 (providing that “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party”); 35 U.S.C. § 297(b)(1) (permitting recovery of “reasonable costs and attorneys’ fees”).

¹⁰⁹ *Id.* at 1188, 1190.

¹¹⁰ See *Booking.com B.V. v. USPTO (Booking.com II)*, Nos. 17-2458, 17-2459, 2019 U.S. App. LEXIS 3456 (4th Cir. Feb. 4, 2019), at *29 (upholding the decision of the *Booking.com I* court); *Booking.com B.V. v. Matal (Booking.com I)*, No. 1:16-cv-425, 2017 U.S. Dist. LEXIS 178271 (E.D. Va. Oct. 26, 2017), at *14 (refusing to apply the American Rule and interpreting “expenses” to include “attorney’s fees”); *Report 108A*, *supra* note 9, at 4 (discussing how applicants would be less willing to file district court appeals if they were forced to pay the USPTO’s attorney’s fees).

¹¹¹ See *Report 108A*, *supra* note 9, at 4 (discussing how the fee-shifting of attorney’s salaries would deter applicants who have already invested a significant amount of money by the time they have to file a *de novo* action).

¹¹² 15 U.S.C. § 1071 (2012); 35 U.S.C. § 145 (2012). Though these statutes refer to two different types of intellectual property, trademarks and patents, courts should aim to provide a consistent interpretation because they both require “all the expenses of the proceeding” to be paid by the applicant and regulate *de novo* appeals to the United States District Court for the Eastern District of Virginia. See *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1185 (Fed. Cir. 2018), *cert. granted*, 2019 U.S. LEXIS 1635 (U.S. Mar. 4, 2019) (No. 18A-369) (discussing the Fourth Circuit’s interpretation of § 1071); *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *16 (discussing the district court’s interpretation of § 145).

¹¹³ *NantKwest*, 898 F.3d at 1196 (disallowing an award of attorney’s fees under § 145 because the text of the statute was not “specific and explicit” enough to overcome the American Rule presumption); see *supra* notes 35–43 and accompanying text.

USPTO's attorney's fees absent specific congressional authority.¹¹⁴ If the USPTO is awarded attorney's fees, applicants seeking to challenge the USPTO's decisions would face an overwhelming financial hurdle.¹¹⁵ Given the high cost of attorney's fees,¹¹⁶ the financial burden would deprive applicants of the strategic opportunity to introduce new evidence by filing a *de novo* civil action.¹¹⁷ Though applicants can pursue relief at the Federal Circuit to avoid additional costs, such appeals are limited to the record of the PTAB or TTAB proceeding and thus, are not a viable alternative when the introduction of new evidence is essential to an applicant's case.¹¹⁸ Despite the fact that the statutes do not mention of a prevailing party, the American Rule should be applied to both § 145 and § 1071.¹¹⁹

The *Booking.com II* court recognized that legislative history may have indicated Congress' intent for expenses to include the salaries of USPTO em-

¹¹⁴ See *Summit Valley Indus. v. United Bhd. of Carpenters & Joiners*, 456 U.S. 717, 726 (1982) (refusing to award attorney's fees because such an award could not be clearly construed from the text of the statute); *Report 108A*, *supra* note 9, at 3 (arguing that awarding the USPTO attorney's fees would undermine the purpose of the American Rule).

¹¹⁵ *Report 108A*, *supra* note 9, at 1.

¹¹⁶ See, e.g., *NantKwest*, 898 F.3d at 1183 (noting that the USPTO sought to recover \$78,592.50 in attorney's fees); *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *11 (awarding the USPTO \$76,873.61 in attorney's fees). By the time the applicant has reached this stage, he has likely spent around \$25,000 on the application and prosecution process. Dennis Crouch, *Challenging USPTO Decisions in the Courts*, PATENTLYO.COM (Apr. 9, 2011), <https://patentlyo.com/patent/2011/04/challenging-uspto-decisions-in-the-courts.html> [<https://perma.cc/Z27C-PKKC>]; see also Bernstein, *supra* note 42, at 1465 (discussing the high cost of patent litigation).

¹¹⁷ *Report 108A*, *supra* note 9, at 1; see Bill Donahue, *The Next 4 Big Copyright and Trademark Rulings Are . . .*, LAW360 (Jun. 26, 2018, 7:33PM), <https://www.law360.com/ip/articles/1055408> [<https://perma.cc/Q57K-JYSF>] (noting that the USPTO is taking it upon themselves to create rules by demanding an outrageous amount of money from trademark and patent applicants who appeal to the district court). See generally Marvin Petry & Robert E. Scully Jr., *Advantages of Challenging USPTO Decisions in the EDVA*, STITES & HARBISON PLLC (May 6, 2013), <https://www.stites.com/resources/articles/advantages-of-challenging-uspto-decisions-in-the-edva> [<https://perma.cc/48ZF-89H2>] (discussing several advantages of an appeal to the Eastern District of Virginia, such as a speedy decision due to the court's "rocket docket") The USPTO is effectively discouraging applicants to appeal to the district court even when it is a better option for them strategically because most applicants cannot afford to bear the exorbitant costs, even if the USPTO was wrong in denying their patent or trademark application. Donahue, *supra*.

¹¹⁸ 15 U.S.C. § 1071(a)(4); 35 U.S.C. §§ 141–143; *Report 108A*, *supra* note 9, at 4. *Contra Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *23 (arguing that an applicant can avoid incurring additional expenses by filing in the Federal Circuit).

¹¹⁹ See *NantKwest*, 898 F.3d at 1183 (applying the American Rule to § 145); *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *18 n.5 (noting that the Federal Circuit provides persuasive authority on the issue because § 145 is the patent analogue to § 1071); *Booking.com II*, 2019 U.S. App. LEXIS 3456, at *29 (noting that *NantKwest* and *Baker Botts v. ASARCO* may indicate that the American Rule can be applied to statutes, such as § 1071 that do not refer to a prevailing party); see, e.g., *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158, 2165 (2015) (applying the American Rule to a statute that made no mention of a prevailing party); *Key Tronic Corp. v. United States*, 511 U.S. 809, 815 (1994) (concluding that the American Rule applied to a statute that allowed recovery of "necessary costs").

ployees.¹²⁰ The record of statutory usage, however, is more probative than the legislative history in this case.¹²¹ This is because, in applying the American Rule, the question is whether there is “specific and explicit” congressional intent for expenses to include attorney’s fees.¹²² Congress has enacted many statutes that differentiate between expenses and attorney’s fees and has also explicitly defined expenses to include attorney’s fees.¹²³ The *NantKwest* court posited that Congress would not specify whether expenses encompassed attorney’s fees in some statutes if Congress had the “specific and explicit” intent for expenses to include attorney’s fees in all statutes.¹²⁴

Additionally, by looking at Congress’s award of attorney’s fees in other sections of the Patent Act, it is unlikely that Congress intended to award attorney’s fees in § 145.¹²⁵ Applying a similar mode of analysis to the Lanham Act would likely lead a court to the same conclusion about § 1071.¹²⁶ Because

¹²⁰ *Booking.com I*, 2017 U.S. Dist. LEXIS 178271, at *12.

¹²¹ See *supra* note 99 and accompanying text (discussing how the Patent Act of 1836 showed Congress’ intent for “attorney’s fees” to be included in “expenses”); *NantKwest*, 898 F.3d at 1188 (inquiring into the record of statutory usage); see also *W. Va. Univ. Hosps., Inc. v. Casey*, 499 U.S. 83, 88 (1991) (looking at the record of statutory usage to discern between “attorney’s fees” and “expert fees.”). But see Abbe R. Gluck & Lisa S. Bressman, *Statutory Interpretation from the Inside—An Empirical Study of Drafting, Delegation, and the Canons*, 65 STAN. L. REV. 901, 965 (2013) (finding that both Democratic and Republican legislative drafters viewed legislative history as the most important tool of interpretation). See generally Larry M. Eig, Cong. Research Serv., 97-589, *Statutory Interpretation: General Principles and Recent Trends* (2014), <https://fas.org/sgp/crs/misc/97-589.pdf> [<https://perma.cc/82L9-7U8U>] (summarizing different methods of statutory interpretation).

¹²² See *NantKwest*, 898 F.3d at 1194 (expressing that a textual inquiry is required in order to satisfy the explicitness required to displace the American Rule).

¹²³ *NantKwest*, 898 F.3d at 1188; see, e.g., 2 U.S.C. § 396 (awarding “reimbursement from . . . the House of Representatives of his reasonable expenses of the contested election case, including reasonable attorneys fees”); 10 U.S.C. § 2409(c)(1)(C) (defining “all costs and expenses” to include “attorneys’ fees and expert witnesses’ fees”); 12 U.S.C. § 5005(b)(2)(B) (defining “interest and expenses” to include “costs and reasonable attorney’s fees and other expenses”); 28 U.S.C. § 1447(c) (defining “just costs and any actual expenses” to include “attorney fees”); 29 U.S.C. § 1370(e)(1) (“[T]he court . . . may award all or a portion of the costs and expenses incurred . . . including reasonable attorney’s fees”); 42 U.S.C. § 247d-6d(e)(9) (awarding “reasonable expenses incurred . . . including a reasonable attorney’s fee”).

¹²⁴ See *NantKwest*, 898 F.3d at 1189 (inferring that Congress would not logically add redundancies to statutes); see also *Montclair v. Ramsdell*, 107 U.S. 147, 152 (1883) (noting that courts should assume that every word in a statute has meaning, and avoid construing statutes in a way that “implies that the legislature was ignorant of the meaning of the language it employed”). Ironically, this is the same canon of statutory interpretation that the Fourth Circuit used in 2015 in its opinion in *Shammas v. Focarino* to prove that Congress meant to distinguish between “expenses” and “costs.” 784 F.3d 219, 223 (4th Cir. 2015); see *supra* note 97 and accompanying text.

¹²⁵ *NantKwest*, 898 F.3d at 1190; see, e.g., 35 U.S.C. § 285 (awarding prevailing litigants “reasonable attorney fees”); see also *Rusello v. United States*, 464 U.S. 16, 23 (1983) (noting that it is generally presumed that Congress acts purposefully when particular language is included in one section of a statute but omitted in others).

¹²⁶ See *Shammas*, 784 F.3d at 228 (King, J., dissenting) (noting that Congress has explicitly authorized attorney’s fees in five other provisions of the Lanham Act); see, e.g., 15 U.S.C. § 1116(d)(11)

Congress did not specifically provide for an award of attorney's fees to overcome the American Rule presumption, the USPTO should not be allowed to recoup attorney's fees.¹²⁷

CONCLUSION

The debate over whether to award the USPTO attorney's fees under 35 U.S.C. § 145 and 15 U.S.C. § 1071 is unique in that only the Federal Circuit and the Fourth Circuit Court of Appeals have the authority to rule on this issue. Although the Federal Circuit applied the American Rule presumption against awarding attorney's fees in *NantKwest v. Iancu*, the Fourth Circuit in *Shammas v. Focarino* did not. *Shammas* constrained the United States District Court for the Eastern District of Virginia in concluding the same in *Booking.com I* and the Fourth Circuit in *Booking.com II*. An application of American Rule to § 1071 and § 145, however, would serve to preserve access to the district court for the Eastern District of Virginia for individuals, small businesses, and inventors. Ultimately, by not applying the American rule and interpreting "expenses" broadly, the Fourth Circuit has deterred applicants from filing *de novo* appeals, because the process will become too expensive if applicants are always burdened with the government's attorney's fees. Because Congress has not "specifically and explicitly" provided for an award of attorney's fees, the Supreme Court should err on the side of the American Rule and uphold the Federal Circuit's decision.

SARAH MURPHY

Preferred citation: Sarah Murphy, Comment, *Heads I Win, Tails You Lose: The "Expense" of a De Novo Review of USPTO Decisions*, 60 B.C. L. REV. E. SUPP. II.-197 (2019), <http://lawdigitalcommons.bc.edu/bclr/vol60/iss9/14/>.

(awarding "reasonable attorney's fee"); 15 U.S.C. § 1117(a) (awarding "reasonable attorney fees" to prevailing parties).

¹²⁷ See 15 U.S.C. § 1071(b)(4) (allowing recovery for "all the expenses of the proceeding"); 35 U.S.C. § 145 (providing that "[a]ll the expenses of the proceedings shall be paid by the applicant"); *Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240, 260 (1975) (requiring "specific and explicit" language to displace the American Rule).