

Nos. 17-2458 (L), 17-2459

United States Court of Appeals
for the
Fourth Circuit

BOOKING.COM B.V.,

Plaintiff-Appellee,

– v. –

THE UNITED STATES PATENT AND TRADEMARK OFFICE; ANDREI
IANCU, in his official capacity as Under Secretary of Commerce for Intellectual
Property and Director of the United States Patent and Trademark Office,

Defendants-Appellants.

AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION,

Amicus Curiae.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA IN CASE NO. 1:16-CV-00425-LMB-IDD
LEONIE M. BRINKEMA, U. S. DISTRICT COURT JUDGE

OPENING BRIEF FOR PLAINTIFF-APPELLEE

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CORPORATE DISCLOSURE STATEMENT

Plaintiff-Appellee Booking.com B.V. is a wholly owned subsidiary of
Booking Holdings, Inc., f/k/a The Priceline Group, Inc.

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I. INTRODUCTION

The Trademark Act of 1946 (“Lanham Act”) was enacted to prevent consumer confusion by protecting names and symbols that consumers recognize as trademarks. The undisputed evidence shows that the name BOOKING.COM represents one of the best-known travel and accommodations services in the United States (and the world), with millions of active followers and users. An unrebutted consumer survey confirms that 74% of consumers of travel services recognize BOOKING.COM as a trademark. The BOOKING.COM travel service was recently picked by the premier research and analytics firm, JD Power and Associates, as having the highest customer satisfaction rate of any travel site in the United States. The Patent and Trademark Office (“PTO”) offered no evidence to challenge Appellee’s showing that BOOKING.COM enjoys unparalleled consumer loyalty in the travel industry and has *never* been used generically for such services. Nor does the PTO challenge the finding below that BOOKING.COM enjoys secondary meaning. To deny protection to BOOKING.COM would subvert the purpose of the Lanham Act by inviting competing businesses to deceive customers by falsely advertising who they are and stripping Booking.com of its power to prevent such piracy. It in no way limits the statutory fair use rights of anyone to use the word “booking” in any of its many accepted meanings (principal of which is theatrical engagement).

Contrary to the PTO's central argument, the Lanham Act creates no special class of "TLD" trademarks, and the PTO incorrectly seeks to transform what the statute itself says is a purely factual issue into one of law. Seminal Supreme Court precedent and the statute itself expressly require the PTO to prove by *clear evidence* that the "*primary significance*" of the name among *actual consumers* is as a generic name for such travel services in general. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938); 15 U.S.C. § 1064(3) (defining genericness as "primary significance" to the "relevant public"). Although genericism is purely a fact question, in denying registration of BOOKING.COM, the PTO expressly conceded that it is *impossible* to use the name generically (e.g., "I just logged on to my 'booking.com'") and offered no evidence the entire name BOOKING.COM (or even the component word "booking") has ever been used generically by any other travel services or consumers to designate travel services of any kind. Instead, the PTO merely *theorized* that BOOKING.COM might somehow be "understood" to have a generic meaning entirely divorced from use. Yet, the PTO failed to rebut the testimony of the Director of Princeton's linguistics department, Dr. Leslie (not simply the philosopher, Ludwig Wittgenstein), that there is *no basis in linguistic science* for this theory of meaning (much less *primary* meaning) severed from use. Moreover, the PTO's argument that protecting millions of loyal BOOKING.COM customers will harm competition by denying others the right to use the name

generically is specious, because the PTO admits it is impossible to do so.

Tellingly, contrary to Fed. R. App. P. 28(f), the PTO recites virtually no facts, instead merely analogizing to the conclusions in other cases. That a party in some other case presented insufficient evidence of consumer recognition hardly justifies disregarding the law defining genericness and actual facts here. And, even in the Federal Circuit, these cases could not did not overrule prior controlling precedent directly supporting Booking.com. What is the “primary significance” of the specific mark BOOKING.COM and whether the PTO has met its substantial burden of proving genericness must be decided on the facts of *this* case. Nor need this Court purport to establish a general rule for other cases, which must be decided on their facts. The relevant standard of review of this purely factual question is clear error.

The PTO routinely registers marks such as DIAPERS.COM; ANCESTRY.COM; DICTIONARY.COM; TUTOR.COM and WEATHER.COM, yet recently, in desultory fashion, denies others (as it would now to a top brand such as BOOKING.COM). Just so, relying exclusively on *dicta* below as to the meaning of the word “booking” alone, and a misstatement from an ambiguous 1888 case involving the *descriptiveness* of corporate designations such as “Inc.” or “Corp.” (which also misrepresents the PTO’s own current practice in registering just such marks), the PTO disregards the bedrock legal principle (which informed

Judge Brinkema's decision) that a mark must be assessed in its entirety, not component pieces. *Estate of P.D. Beckwith v. Comm'r of Patents*, 252 U.S. 538, 545-46 (1920). Under the PTO's theory (never clearly explained), even COCA-COLA should be cast into the public domain. That the PTO Brief never even mentions *P.D. Beckwith* itself confirms why its arguments, divorced from the facts, do not justify destroying the trademark BOOKING.COM. There is simply no special class of "TLD" trademarks, and no legal basis for the PTO to transform a purely factual question into one of law.

Nor is the PTO entitled to attorneys' fees. Since 1946, the Lanham Act has permitted parties dissatisfied with PTO decisions to seek *de novo* review in the United States District Courts. 15 U.S.C. § 1071(b)(3) provides that "all the expenses of the proceeding shall be paid by the party bringing the case," but for 175 years, when the PTO sought recovery from intellectual property owners of any of "the expenses of the proceedings" under the Patent Statute¹ or Lanham Act, it never sought to include attorneys' fees, instead (at most) occasionally seeking narrow expenses such as travel costs or expert witness fees. Four years ago, however, the PTO began to seek recovery of attorneys' fees as "expenses." *Shammas v. Focarino*, 990 F. Supp. 2d 587 (E.D. Va. 2014), *aff'd*, 784 F.3d 219

¹ The 1952 Patent Act, 35 U.S.C. § 145 contains a virtually identical provision that traces to the Patent Act of 1836.

(4th Cir. 2015), *cert. denied*, 136 S. Ct. 1376 (2016), noted that “[t]he question whether ‘all expenses of the proceeding’ includes attorney’s fees appears to be one of first impression” 990 F. Supp. 2d at 590.

After *Shammas* adopted the PTO’s new interpretation of “expenses,” the Supreme Court, in *Baker Botts L.L.P. v. ASARCO LLC*, 135 S. Ct. 2158 (2015), unequivocally reaffirmed the breadth of the so-called “American Rule,” prohibiting fee-shifting in the absence of “specific and explicit” authority from Congress. *Id.* at 2161. Soon thereafter, the Virginia District Court in *NantKwest, Inc.* declined to follow *Shammas* as irreconcilable with *Baker Botts*. *Nantkwest, Inc. v. Lee*, 162 F. Supp. 3d 540, 545-46 (E.D. Va. 2016), rev’d in part sub nom. *Nantkwest, Inc. v. Matal*, 860 F.3d 1352 (Fed. Cir. 2017), reh’g *en banc* granted, opinion vacated, 869 F.3d 1327 (Fed. Cir. 2017). *NantKwest, Inc.* is now being reviewed *en banc*. 869 F.3d 1327 (Fed. Cir. 2017).

Consistent with *Baker Botts* and other controlling precedents applying the American Rule, the PTO’s new interpretation of 15 U.S.C. § 1071(b) cannot be sustained. *Shammas* began its analysis from too narrow a statement of the American Rule, which *Baker Botts* established applies to *all* parties, *win or lose*, not merely prevailing parties, as *Shammas* concluded. Further, “expenses” simply is not a “specific and explicit” Congressional authorization to shift attorneys’ fees. The very effort to demonstrate a contrary *implicit* meaning runs afoul of *Baker*

Botts. Moreover, accepted rules of statutory construction (cited in *Baker Botts*) require rejecting the PTO's proposed interpretation of 35 U.S.C. § 145, which is in derogation of common law and inconsistent with how the same terms - "expenses" and "attorneys' fees" - are used elsewhere in the Lanham Act (and Patent Statute).

The PTO's new interpretation of "expenses" in Section 1071(b) also violates the First Amendment right to petition the government for redress of grievances, permitting the agency to exact a price, even from successful litigants such as Booking.com, forced to incur not only their own costs and fees to correct the government's erroneous decisions, but the government's claimed fees as well, potentially tens or hundreds of thousands of dollars. Because the Lanham Act provides that the PTO is self-funding from registration fees, and because Booking.com already paid such fees in full, it is indeed an inherently unfair double-recovery.

II. STATEMENT OF THE ISSUES

Whether the PTO sustained its burden of proving by clear evidence that the primary significance of the well-known trademark BOOKING.COM among users of some properly defined genus of services is as a generic term for such services.

Whether the phrase "expenses of the proceeding" explicitly and specifically authorizes attorneys' fees, even against a prevailing party, and whether so-construing the Lanham Act unconstitutionally burdens the First Amendment right

to petition for redress of grievances.

III. STATEMENT OF THE CASE

Booking.com operates one of the best-known travel and accommodations sites in the United States and the world under the name BOOKING.COM. JA 1182-87, 1189; JA 237-42. Appellee has been using the name BOOKING.COM since at least as early as 2006, before which it used BOOKINGS.NL since at least as early as 1996. JA 237. A recent consumer survey demonstrates that 74% of consumers of online travel services recognize BOOKING.COM as a trademark, not a generic term. JA 737. The PTO offered no contrary survey results. JA 1130; JA 861.

Based on consumer surveys, Appellee's BOOKING.COM branded website was recently picked by JD Power and Associates, a premier research and analytics firm, as having the highest customer satisfaction rate of any United States travel site. JA 243-47; JA 239; JA 360-61.

As of September 2016, over 9.7 million users had voluntarily placed themselves on BOOKING.COM's mailing list, (JA 1189); 5.2 million Facebook members voluntarily liked Booking.com, (JA 1186-87); the site received over 550 billion visits, and approximately 5.4 million U.S. customers freely chose to download its mobile application since 2014. JA 1183. Extensive other evidence shows the brand recognition. JA 360-61; JA 263; JA 1186-87; JA 360-61; JA 261.

Appellee's BOOKING.COM branded website generates billions of dollars in U.S. revenues and transactions. JA 1192-93. On average, almost 2.5 million room nights are reserved through Appellee's BOOKING.COM service every day. JA 1189. As of October 2014, tens of thousands of consumers posted unsolicited reviews of the BOOKING.COM service on third party review websites. JA 308; JA 260. Over 1,200 U.S. news articles referenced BOOKING.COM between January 2015 and September 2016. JA 1186. A Google News search for BOOKING.COM generated over two thousand unsolicited news articles. JA 308; JA 240. In none was the name BOOKING.COM used as generically for any class of services.

Appellee owns the trademark BOOKINGS.COM on the Supplemental Register in the PTO, and BOOKING.YEAH. JA 63; JA 264. The trademark BOOKING.COM is also widely registered internationally. JA 896-98.

Booking.com separately filed four applications here at issue for its name BOOKING.COM. On October 13, 2012, an application was *approved* by the PTO, but later withdrawn from publication. JA 860-61. It and the other three applications at issue were later refused registration by the TTAB (collectively, the "TTAB Decision") as either generic, or, if descriptive, as lacking secondary meaning. JA 151-53, 189, 326-28, 363-64, 380-82, 417.

The TTAB conceded, however, that "it is impossible to use

BOOKING.COM in a grammatically coherent way to refer generically to anything,” and that “it is not at all logical to refer to a type of product or service as a ‘booking.com.’” JA 175-76, 348, 402-03 . Despite conceding the impossibility of using BOOKING.COM generically, the TTAB concluded consumers might nonetheless “understand” the term generically. *Id.* However, it is undisputedly contrary to linguistic science to believe that individuals can understand terms in ways they are precluded from using them. JA 837, 839-40. The PTO repeats its admission now (PTO Opening Br. at 30), but cites no basis to rebut such scientific fact. JA 1130-31; JA 861.

The PTO has offered no direct evidence of the primary meaning of BOOKING.COM to any given class of consumers, such as a survey or evidence of actual use. Consistent with the TTAB finding that it is impossible to use BOOKING.COM generically, there is no evidence that any other businesses *offering* travel services or consumers *using* travel services have ever referred to such services as “Booking.coms” or even as “Bookings.” JA 1130; JA 861; *see generally* JA 326-64. The PTO instead cited computer-generated searches of character strings of third party domain names, such as “instantworldbooking.com,” in which one must hunt to find the characters “b-o-o-k-i-n-g-.-c-o-m.” JA 1131-32; JA 337-38. As the District Court noted, none of these sites uses the name BOOKING.COM generically (JA 1131-32) nor is there any evidence how many (if

any) consumers have even visited such sites. Moreover, it is undisputed that “no cognitive scientist or linguist would endorse” such reasoning in which a portion of a longer expression is for this reason alone accepted in place of a component of that expression. JA 828, 839-40; JA 1130-31.

The primary meaning of the word “booking” alone in the dictionaries the PTO cited is “an arrangement for a person or group (such as a singer or band) to perform at a particular place.” JA 332-33; JA 1112-13. A further meaning is (in soccer): “the act of officially recording the name of a player who has broken the rules in a game.” JA 214; JA 215. Yet another colloquial meaning is “running really fast.” JA 216. As the PTO admitted below, there is no evidence anyone has ever used the word “booking” to denote a class of travel services (*e.g.*, “I just contacted my booking to make a reservation”). *Compare* Booking.com Memo in Support of MSJ, Docket No. 64, at 9, ¶ 38, *with* PTO Opposition to Booking.com MSJ, Docket No. 71, at 2-3 (where the PTO did not dispute Booking.com’s statement of fact in ¶ 38).

The PTO has registered dozens of trademarks consisting of descriptive or generic terms combined with a top level domain extension, including LOCAL.COM; CHEAPROOMS.COM; MONEYLUNDERING.COM; WWW.HEDGEFUNDRESEARCH.COM; WEATHER.COM; WORKOUT.COM; PARTYDIGEST.COM; UNIVERSITYJOBS.COM; ORANGECOUNTY.COM;

DEALER.COM; DIAPERS.COM; REPLACEYOURCELL.COM; SKI.COM; BUYLIGHTFIXTURES.COM; ENTERTAINMENT.COM; ANCESTRY.COM; ANSWERS.COM; DICTIONARY.COM; REGISTER.COM; TUTOR.COM; WEBMD; CHEAPTICKETS.COM; STAPLES.COM; BESTBUY.COM. JA 66-78, 220-36.

IV. SUMMARY OF ARGUMENT

A generic term does not “identify in the public’s mind the particular source of a product or service but rather identifies a class of product or service, regardless of source.” *Glover v. Ampak Inc.*, 74 F.3d 57, 59 (4th Cir. 1996), citing 15 U.S.C. § 1064(3); accord, *Princeton Vanguard, LLC v. Frito-Lay N. Am., Inc.*, 786 F.3d 960, 965 (Fed. Cir. 2015). Genericness is a question of fact, *In re Reed Elsevier Props., Inc.*, 482 F.3d 1376, 1378 (Fed. Cir. 2007), and the PTO had the burden to prove such facts by clear evidence. *In re Merrill, Lynch, Pierce, Fenner & Smith, Inc.*, 828 F.2d 1567, 1571 (Fed. Cir. 1987). *Trademark Manual of Examining Procedure* 1209.01(c)(i) (8th Ed., revised April 2013) (“The Examining Attorney has the burden of proving that a term is generic by clear evidence.”)

There are three main errors to the PTO’s position. First, offering virtually no *facts* to sustain its burden of proof, the PTO’s simply cites other cases with other marks and other facts, asking this court to draw an impermissible inference that some marks can be assumed generic as a matter of law. This approach not

only violates the statute and Supreme Court precedent, but as Judge Brinkema noted, in each cited case the Federal Circuit was reviewing TTAB decisions under a substantial evidence standard, not the *de novo* review she applied. JA 1121. Deference now to Judge Brinkema's factual findings under the clear error standard compels affirmance. *See Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1526–27 (4th Cir. 1984) (“clearly erroneous” means “there is no evidence in the record supportive of it and also, when, even though there is some evidence to support the finding, the reviewing court, on review of the record, is left with a definite and firm conviction that a mistake has been made in the finding.”) The clear, indeed uncontroverted, evidence is that BOOKING.COM is a trademark, not the name of some entire class of services. No one has ever referred to travel agents as “booking.coms,” and the PTO itself admitted it is impossible to do so. It would be unprecedented and a clear misuse of the legal term “generic” to find BOOKING.COM when it *has never* and *can never* be used generically. Moreover, none of these cases reversed *en banc* the prior holding in *In re Oppedahl & Larson LLP*, 373 F.3d 1171, 1173 (Fed. Cir. 2004), holding that TLD marks (there PATENTS.COM) are registrable on a showing of secondary meaning, and therefore none are entitled to any weight.

Second, the PTO fails to distinguish between generic terms, like “refrigerator” or “aspirin,” actually used by a majority of the market to name a

class of goods or services, and descriptive or suggestive marks, which also convey information. To prove BOOKING.COM is generic, the PTO had the burden to demonstrate that the “*primary* significance of the term in the minds of the consuming public is not the product but the producer.” *Kellogg Co.*, 305 U.S. at 118 (emphasis added). The statute likewise expressly provides: “The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.” 15 U.S.C. § 1064(3). The Fourth Circuit agreed in *Glover*: “proof that a mark has become an indicator of a class of product or service and not its source requires more than the subjective view of a casual purchaser; there must be evidence that this is the mark’s primary significance to members of the ‘relevant public.’” 74 F.3d at 59. Primary significance “is determined by the use and understanding of the mark *in the context of purchasing decisions.*” *JFJ Toys, Inc. v. Sears Holdings Corp.*, 237 F. Supp. 3d 311, 331 (D. Md. 2017) (emphasis added) (quoting *Elliot v. Google Inc.*, 45 F.Supp.3d 1156, 1162 (D. Ariz. 2014)). *Accord Restatement (Third) of Unfair Competition*, § 15 cmt. c (1995).

Even if it is true as the PTO argues that BOOKING.COM “communicates clearly and directly that [plaintiff] operates a commercial website that provides its customers with booking information and reservation booking services,” (PTO

Opening Br. at 22), under the very precedent it cites, that only proves descriptiveness, not genericness, which requires considerably more – namely that the primary meaning of actual users is to designate the class of services. *In re Chamber of Commerce*, 675 F.3d 1297, 1300 (Fed. Cir. 2012) (“A term is merely descriptive if it immediately conveys knowledge of a quality, feature, function, or characteristic of the goods or services with which it is used.”) Legally, there is a quantum difference between generic terms, which cannot be protected, from descriptive terms, such as AMERICAN AIRLINES (clearly communicating “an airline in America”) or PATENTS.COM (clearly communicating information about patents), *Oppedahl & Larson, supra*, or STEELBUILDING.COM, *In re Steelbuilding.com*, 415 F.3d 1293, 1298 (Fed. Cir. 2005). Such terms simply require proof of secondary meaning to be protected. Exemplifying “suggestive” terms communicating clearly the nature of the goods or services but nonetheless immediately protectable on adoption are FIRE CHIEF for a *magazine* for firefighters (as distinct from “fire chiefs” themselves), *H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, Inc.*, 782 F.2d 987, 991 (Fed. Cir. 1986), or SEATS, which is generic for chairs themselves but *cannot* be generic or even descriptive for reservation *services*, because it merely describes the end result (a seat), not the *service itself*. *In re Seats, Inc.*, 757 F.2d 274, 277-78 (Fed. Cir. 1985).² Likewise,

² Appellant contends that BOOKING.COM is “suggestive” under *Perini*

Elliot v. Google Inc., 860 F.3d 1151 (9th Cir. 2017), held that “GOOGLE” can be generic for internet searching (a verb) but not for “internet search engines.”

“[P]lacement of a mark on the fanciful-suggestive-descriptive-generic continuum is a question of fact.” *Oppedahl & Larson*, 373 F.3d at 1173. As Judge Brinkema acknowledged, precisely because “categorizing trademarks is necessarily an imperfect science, *Fortune Dynamic, Inc. v. Victoria’s Secret Stores Brand Mgmt., Inc.*, 618 F.3d 1025, 1033 (9th Cir. 2010), it would be imprudent to adopt a sweeping presumption denying trademark protection to a whole category of domain name marks in the absence of robust evidence ...” (JA 1121). Her decision should be upheld absent clear error.

Trying to turn this fact issue into one of law, the PTO also misstates Judge Brinkema’s conclusion that *some* “.com” marks are now protectable to one that *all must* now be protected. *Compare* JA 1121 (“the combination of a generic SLD and a TLD is generally a descriptive mark”), *with* PTO Opening Br. at 32 (“[The

Corp. v Perini Constr., Inc., 915 F.2d 121, 125 (4th Cir. 1990). Considered alone, the element “BOOKING” ambiguously could imply many disparate things. JA 1112-13; JA 214-16.. Even the meaning “reservation” does not literally describe Appellant’s travel agency *services* as such, but only the *result* of one of reservation-related service, just as “SEATS” is suggestive. *In re Seats*, 757 F.2d at 277-78. The full trademark BOOKING.COM is not even a known word in the English language. Examples of marks *held* suggestive include: *Pom Wonderful LLC v. Hubbard*, 775 F.3d 1118 (9th Cir. 2014) (“Pom” for pomegranate juice); *Bose Corp. v. Int’l Jensen, Inc.*, 963 F.2d 1517 (Fed. Cir. 1992) (“Acoustic Research” for loudspeakers); *Citibank, N.A. v. Citibanc Group, Inc.*, 724 F.2d 1540 (11th Cir. 1984) (“Citibank” for urban bank).

district court] further held, as a blanket rule, that the combination of a top-level domain and a generic term ‘creates a descriptive mark . . .’”). However, the clear error standard applies to her limited factual conclusion.

The PTO concedes that BOOKING.COM has acquired secondary meaning, which, practically speaking, is inconsistent with its contention that the term is generic and hence incapable of acquiring such recognition as a trademark.³ Even if BOOKING.COM is an apt name for a travel agency service, it is not the *generic* name for that service because it is not how the term is primarily used by actual consumers. *In re American Fertility Soc’y*, 188 F.3d 1341, 1347 (Fed. Cir. 1999) (“AMERICAN BAR ASSOCIATION is certainly an apt name for a national association of lawyers; however, it is not used as a generic name for national associations of lawyers.”) Likewise, the record in this case is replete with examples of actual generic terms for Appellee’s services, *e.g.*, online travel sites, accommodation sites, hotel search, online hotel reservations, central reservation services, and the like, which counsels against finding genericness. (*Infra* p. 24-26).

Despite the PTO’s acknowledgement that genericness is a fact issue, its

³ Although the PTO is correct that once a name is held generic, it is impossible to revive the mark with proof of secondary meaning (PTO Opening Br. at 40 n.6 (citing *Retail Servs. v. Freebies Publ’g*, 364 F.3d 535, 547 (4th Cir. 2004))), BOOKING.COM has rightly been held not generic, and because the statute and Supreme Court have confirmed the test is purely factual, to ignore evidence confirming that BOOKING.COM is recognized as a mark is circular. There can be no *a priori* or per se legal test of genericness.

Statement of the Case includes no facts. *See* Fed. R. App. P. 28(f).⁴ Although the PTO seeks to defend its position as a “policy judgment,” or “pragmatic” approach, only by violating the statute and disregarding Supreme Court precedent can genericness be decided as an issue of law. As the Federal Circuit recently explained, there simply can be no such procedural short-cut in deciding the factual question of genericness of compound terms. *Princeton Vanguard*, 786 F.3d at 966.

Third, the PTO never considers the mark BOOKING.COM as a whole. The Supreme Court established the bedrock rule of trademark law in 1920 in *P.D. Beckwith*, that the impression of a trademark is derived from it as a whole, not its elements separated and considered in detail. Yet the PTO never once cites *P.D. Beckwith* or attempts to consider the primary significance of BOOKING.COM in its entirety. Under the PTO’s logic, even the famous trademark COCA-COLA is generic because it consists of two generic terms.

V. STANDARD OF REVIEW

As the PTO notes, under 15 U.S.C. § 1071(b), the district court’s factual findings are reviewed for clear error and its legal conclusions *de novo*. *Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 154-55 (4th Cir. 2014). “The strength

⁴ Similarly, opposing summary judgment below, the PTO addressed virtually none of the facts presented by Booking.com under Fed. R. Civ. P. 56(e) or Local Rule 56. Its Answer (Dkt. 15) to the Complaint (JA 11-27) likewise violated Fed. R. Civ. P. 8(b).

of a mark and whether it is capable of being registered are also questions of fact that we review for clear error.” *Id.* Regarding the award of attorneys’ fees, statutory interpretation “is a question of law that [the court] review[s] *de novo.*” *Stone v. Instrumentation Lab. Co.*, 591 F.3d 239, 243 (4th Cir. 2009).

VI. ARGUMENT

A. **BOOKING.COM Is A Top Recognized Brand**

On appeal (as in the District Court) the PTO simply sidesteps substantial *direct* evidence that BOOKING.COM is one of the best known trademarks in the travel industry, including ten million Americans who *chose* to join Plaintiff’s BOOKING.COM mailing list, five million who *chose* to “like” its Facebook page, 5.4 million who *chose* to download its app and multitudes that picked it as the top travel site in a *JD Power* survey. JA 243-47, 1183, 1186-87, 1189.⁵ Such direct evidence of proactive engagement confirms consumers recognize and are loyal to

⁵ Although Judge Brinkema declined to consider the JD Power report because it was not a controlled litigation survey (JA 1140-41), the simple practical point is not that it established any particular level of secondary meaning (which is no longer even in dispute) but that consumers could not possibly pick BOOKING.COM as a top travel site if they understood it primarily as a generic name for *all* travel sites. Courts regularly accept non-litigation surveys because their reliability is established by practical business considerations, unlike litigation surveys that can be misused for advocacy purposes and must follow special rules. *McNeil-PPC, Inc. v. Merisant Co.*, No. CIV. 04-1090 (JAG), 2004 WL 3316380, at *13 (D.P.R. July 29, 2004); *Binney & Smith v. Rose Art Indus.*, No. CIV. A. 00-2939, 2001 WL 910943, at *3 n.2 (E.D. Pa. Aug. 9, 2001) (same); *Quaker Oats Co. v. Mel Appel Enterprises, Inc.*, 703 F. Supp. 1054, 1058, 1061 (S.D.N.Y. 1989) (same); *Chase Fed. Sav. & Loan Ass’n v. Chase Manhattan Fin. Servs., Inc.*, 681 F. Supp. 771, 780 (S.D. Fla. 1987).

the brand BOOKING.COM in a way that consumers are not loyal to generic terms such as “refrigerator” or “travel agent,” and that the “primary significance of the term in the minds of the consuming public,” *Kellogg Co.*, 305 U.S. at 118, is as a brand name. The PTO presented no contrary evidence to sustain *its* burden and conspicuously fails to challenge the District Court’s finding of secondary meaning, which logically could not arise if consumers did not recognize BOOKING.COM as a brand.

The consumer survey Booking.com offered confirms that 74% of consumers recognize BOOKING.COM as a trademark. *Princeton Vanguard*, 786 F.3d at 969 (“[C]onsumer surveys may be a preferred method of proving genericness.”); *Berner Int’l Corp. v. Mars Sales Co.*, 987 F.2d 975, 982–83 (3d Cir. 1993) (in evaluating genericness, “direct consumer evidence, e.g., consumer surveys and testimony is preferable to indirect forms of evidence”); *see also George & Co. LLC v. Imagination Entm’t Ltd.*, 575 F.3d 383, 395–96 (4th Cir. 2009) (“[C]onsumer studies . . . [are] generally thought to be the most direct and persuasive way of establishing secondary meaning.”).

Conversely, “[t]he absence of such evidence is telling.” *Id.* at 396. The PTO conspicuously elected not to offer a survey to sustain its burden or cast any doubt on the survey Booking.com offered. Instead, citing *Hunt Masters, Inc. v. Landry’s Seafood Rest., Inc.*, 240 F.3d 251 (4th Cir. 2001), upholding a finding

that an indistinct restaurant name “Crab House” was generic, the PTO insists the Court should disregard valid survey evidence conducted following accepted survey research principles. Because the plaintiff there had earlier *admitted* the ubiquitous name was unprotectable, it could not *later* be removed from the public domain. The court nowhere suggested that proper “Teflon” surveys⁶ could be rejected whenever there are *disputes* about possible descriptiveness of a term. Any such rule would be circular in first simply assuming a mark is generic on some *a priori* grounds. As Judge Brinkema correctly found, there is no evidence the mark BOOKING.COM was commonly used before its association with Appellee. JA 1135. Indeed, the PTO here admitted that neither BOOKING.COM nor the word “booking” alone have ever been used generically, confirming there is no basis for the PTO’s bare *a priori* assumption BOOKING.COM is generic. Moreover, “Teflon” studies are routinely accepted in exactly these circumstances.⁷

⁶ A “Teflon” survey first instructs respondents on the difference between generic terms and trademarks, and then has them categorize the mark in issue along with other controls. *E.I. DuPont de Nemours & Co. v Yoshida Int’l, Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975).

⁷ *Automobile Club of Southern Cal. v. The Auto Club, Ltd.*, 2007 WL 704892 at *4 (C.D. Cal. Mar 15, 2007) (AUTO CLUB); *Ty, Inc. v. Softbelly’s, Inc.*, 353 F.3d 528 (7th Cir. 2003) (BEANIES for beanbag toys); *Burger King Corp. v. Pilgrim’s Pride Corp.*, 705 F. Supp. 1522, 1525-26, (S.D. Fla. 1988), *aff’d*, 894 F.2d 412 (11th Cir. 1990) (“CHICKEN TENDERS”); *Sportschannell Assocs. v. Commissioner of Patents and Trademarks*, 903 F. Supp. 418 (E.D.N.Y. 1995) (SPORTSCHANNEL for cable channel devoted to sports). *March Madness Athletic Ass’n, LLC v. Netfire, Inc.*, 310 F. Supp. 2d 786, 804-09 (N.D. Tex. 2003)

Not only is there great affirmative evidence of BOOKING.COM's recognition as a trademark, the TTAB conceded it is logically impossible to use the name BOOKING.COM generically. Ignoring this admission, the PTO here adopts the TTAB's bare assumption from a double negative: that "does not mean [it] could not be understood" generically (PTO Opening Br. at 30). The only basis for this assumption is citation to similar (unchallenged) assumptions in *In re 1800Mattress.com IP, LLC*, 586 F.3d 1359 (Fed. Cir. 2009), theorizing (on unknown grounds) that it might be possible to have "understanding" divorced from "use." However, *1800Mattress.com* did not address the *linguistic science* that meaning cannot be divorced from use. Genericness being a purely empirical question of what consumers understand is the primary significance of the term in issue, the PTO failed to meet its burden of proof. Whatever the basis (if any) for the assumptions made in other cases, involving different facts, as to how consumers might understand other marks does not relieve the PTO's burden of proving the primary significance of BOOKING.COM by clear evidence. Nor did any of these cases purport to overrule *Oppedahl & Larson*.

Viewed properly as an issue of fact, it is undisputed *here* under *scientific principles of linguistics* that BOOKING.COM cannot be "understood" generically

(MARCH MADNESS); *In re Callaway Golf Co.*, 2001 WL 902004 at *7 (T.T.A.B. Aug. 9, 2001) (STEELHEAD for golf clubs).

if it cannot be *used* generically. The PTO's bare speculation how consumers might understand BOOKING.COM is not only contrary to basic science, but no principle of jurisprudence permits stripping Appellee of its rights simply because of different facts presented in other cases, including factual assumptions or errors unchallenged by other parties in those cases.

Somewhat disingenuously, the PTO ignores the *scientific* basis for Judge Brinkema's conclusion that "understanding" cannot be separated from "use." Citing only the philosopher, Ludwig Wittgenstein, who first had this insight, the PTO ignores the underlying report of Dr. Leslie, cited by Judge Brinkema (JA 1130-31), confirming that linguistic science now accepts his insight that "meaning is use" and that "[l]inguistic understanding is not some further mental condition, feeling or association that is somehow independent of how one uses those terms." JA 837. If the PTO wished to raise issues of *fact* challenging either this fundamental tenet of linguistic science or showing consumers of travel services actually understand BOOKING.COM differently from how it actually is used, it failed to meet its burden. Dr. Leslie's report is uncontroverted, and the enormously valuable name BOOKING.COM should not lightly be cast into the public domain, and its millions of loyal followers be deprived of the right to rely on a familiar and trusted name, based on an unsupported theory contrary to actual science. Because the PTO failed in its burden to rebut such scientific fact, it could

only prevail now were the Court were to reject Supreme Court precedent and statutory language establishing the factual test of genericness as primary significance. Moreover, it would surely be unprecedented to find that the primary significance of a term is generic when the party with the burden of proof admits it is logically impossible to use the term generically.

B. The PTO's Evidence Of Genericness Failed To Meet Its Burden

Disregarding entirely Booking.com's direct evidence of recognition among millions of loyal consumers, the PTO instead solely offered inferences from two kinds of evidence: (i) examples dictionary definitions and other *descriptive* (not generic) uses of the word "booking" (in one of its many meanings) separate from ".com;" and (ii) examples of lengthier domain names that happen to include the embedded character string "b-o-o-k-i-n-g-.c-o-m," such as "hotelbooking.com" or "instantworldbooking.com."

The meaning of the noun "booking" was not the issue before Judge Brinkema (or this Court), as it is not the subject of any of the four trademark applications. Moreover, the PTO admitted below that consumers never use even the word "booking" alone to refer to travel agency services. *Supra* p. 8-9. Nor do competitors such as EXPEDIA or TRAVELOCITY refer to their services as "bookings." The *noun* may refer to specific travel reservations, but the mark in issue, BOOKING.COM, refers to a complex web of *services*. *Seats, supra*.

The entire PTO argument also turns on improperly dissecting the mark in issue into components and creating some new per se rule of law (which it itself does not follow, JA66-78, 220-36) of denying registrations when it wishes for some such marks. Examples of descriptive uses of “booking” and “.com” separately simply prove that consumers and English language speakers are well able to understand the difference between the noun “booking” and the mark BOOKING.COM. Contrary to settled law (*infra* Part VI.D), the PTO’s analytical “short-cut” (condemned in *Princeton Vanguard*) ignores the actual test of genericness as a question of fact based on the primary significance of the actual composite term. Even in articles cited by the PTO using descriptive phrases such as “online travel booking sites,” the authors distinguish between descriptive use of “booking” alone and plaintiff’s mark BOOKING.COM. One exemplary article states: “We’re starting 2014 by looking at the top online booking sites in travel . . . Booking.com is still the king in travel, by a large margin, over Expedia and TripAdvisor.” Admin. Rec., Docket No. 18-3, at A691-92. This plainly shows that the author distinguishes between *descriptive* use of a longer phrase “online booking sites” (which is *not* Appellee’s trademark) and the brand name, BOOKING.COM, and distinguishes BOOKING.COM as a brand from other travel agency brands such as Expedia or TripAdvisor.

The PTO’s other evidence – instances of lengthier character strings with the

letters “b-o-o-k-i-n-g-.c-o-m” embedded (such as “instantworldbooking.com) – has no apparent relevance to consumer understanding. It simply demonstrates that computer searches can locate random character strings, but nothing about actual consumer usage. The PTO failed even to show use at these sites of the actual name in issue, BOOKING.COM (Judge Brinkema noted there is none (JA 1131-32), much less generic use or that a single consumer has ever used them. As Dr. Leslie’s uncontroverted report explains, it would be like saying that because the name Brunswick appears in the longer name East Brunswick, Brunswick standing alone refers to a kind or genus. “[N]o cognitive scientist or linguist would endorse” such reasoning, which Dr. Leslie describes as an “egregious error.” JA 828, 841-42.

Given the definition of genericness, common sense dictates how unlikely it is a *unique* identifier such as a domain name can become generic. Although it is possible a patented article can become generic as a result of exclusivity for a new category of goods or services, Booking.com has no patent. Where, as here, there are ample readily available terms for the genus of services, such as “travel agency” or “travel site” or “accommodation site,” this is positive evidence that the disputed term is *not* generic. *Elliot v. Google*, 860 F.3d at 1162 (“Elliott must show that there is no way to describe ‘internet search engines’ without calling them ‘googles.’”), citing *Q-TIPS, Inc. v. Johnson & Johnson*, 108 F. Supp. 845, 863

(1952) (distinguishing the claimed mark, Q-TIPS, from the descriptor, “double-tipped applicator”); *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1346 (Fed. Cir. 2001) (“Telephone shop-at-home mattresses” or “mattresses by phone” more apt generic descriptions than “1-888-M-A-T-R-E-S-S”). Booking.com’s competitors such as Orbitz, Expedia, Travelocity, Trip Advisor all seem quite able to provide travel services under other trademarks without any need to use BOOKING.COM descriptively, much less generically. In the marketplace, BOOKING.COM uniquely identifies Booking.com and its services.

The PTO position requires fundamentally redefining the term “generic” – both as a matter of law and language. Contrary to the PTO’s arguments (PTO Opening Br. at 36-37), just as the Federal Circuit recognized in *In re Dial-A-Mattress* that a phone number can reach only one entity and, thus, the claimed mark, 1-888-MATRESS, can identify only one source, 240 F.3d at 1346, so too, a specific URL such as <Booking.com> can identify only one entity. Because a generic term, by definition, identifies a *class* or *genus* of goods or services, a term such as BOOKING.COM that is also a URL capable of pointing to only one entity is the very antithesis of genericness. As shown above, the PTO’s further argument that “booking.com” is used by third parties to identify their internet addresses (e.g., “dreamvacationbooking.com”) both contradicts its arguments about the exclusivity of the domain name – and is flatly incorrect, as Judge Brinkema held none actually

use the mark.⁸ JA 1131-32.

The PTO's new argument that URLs are functional addresses none of the elements of functionality, which has no relevance here. It was not raised below so is not properly raised now. The limitless available URLs for travel sites defeats any such argument, and merely that a URL has a function is consistent with the name also being a trademark (e.g., AMAZON.COM).

C. Genericness Is Not An Issue Of Law

Despite urging the Court to decide the facts of this case by analogy to the facts of another, the PTO cites not a single precedent (including *In re Hotels.com, L.P.*, 573 F.3d 1300 (Fed. Cir. 2009) or *Advertise.com, Inc. v. AOL Adver., Inc.*, 616 F.3d 974 (9th Cir. 2010)) where a mark was held generic despite an undisputed finding of fact that it is logically impossible to use the term generically. There never has been such a ruling. *Princeton Vanguard* succinctly explained why there can be no such procedural short-cut in deciding the factual issue of genericness:

[T]o determine whether a mark is generic ... the Board must first identify the genus of goods or services at issue, and then assess whether the public understands the mark, as a whole, to refer to that

⁸ The TTAB took the position below that a domain name can change ownership. JA 354 There is no point speculating about unlikely events. Booking.com has had exclusive use of the domain name without interruption since at least 2006, and even if the ownership were to change, the mere fact that only one entity can use the address at any one time makes it impossible for an entire industry to do so. Moreover, the domain name has always been Booking.com's commercial name *and* brand.

genus. *Marvin Ginn*, 782 F.2d at 990. On appeal, Frito-Lay cites our decisions in *Gould* and *American Fertility* to suggest that the Board can somehow short-cut its analysis of the public's perception where "the purported mark is a compound term consisting merely of two generic words." ... [H]owever, there is no such short-cut, and the test for genericness is the same, regardless of whether the mark is a compound term or a phrase.

786 F.3d at 966.

The Fourth Circuit correctly explained in *Glover*, in rejecting a claim that "White Tail" had become generic for knives: "[t]here is no testimony, however, that 'White Tail' was a term *used* generically for pocket knives. From the evidence Aslam offered, it was not clear error to conclude that when buyers walk into retail stores and ask for white tails, they do not mean any brand of pocket or hunting knife." 74 F.3d at 60 (emphasis added).

Lacking any such evidence of generic *use* of BOOKING.COM for travel services, the PTO instead simply cites (or mis-cites) other cases holding *other* domain name marks generic. No principle of jurisprudence permits adjudicating purely factual issues in one case based on holdings in another where the claimant was not even a party. Regardless whether *Hotels.com*, 573 F.3d at 1300, was correctly decided on its facts, there is direct evidence here (absent there) that BOOKING.COM is recognized as a trademark, including an unrebutted survey here (different from the one rejected in *Hotels.com*, and conducted with the benefit of and consistent with the guidance provided in that case) confirming that 74% of

consumers of travel services online (well above the typical 50% threshold) recognize BOOKING.COM as a trademark; millions of loyal customers following BOOKING.COM on Facebook and Twitter, and who have actively requested company mailings and downloaded its app; and an independent ranking from JD Power as the number one brand in customer satisfaction. There is the PTO's critical admission (absent in *Hotels.com*) that grammatically and logically BOOKING.COM cannot be used generically, and unrebutted evidence of linguistic science confirming that the name BOOKING.COM cannot be "understood" generically when it cannot be used generically. Moreover, the word "hotel" has only one unambiguous meaning, whereas the primary meaning of the word "booking" (even in the dictionaries cited by the PTO) is for theatrical engagements. JA 1113, 214. This no doubt explains why most of the uses of the word "booking" cited by the PTO have to be modified by other terms such as "travel booking site," or "hotel booking site" or "internet booking site," none of which is Appellee's mark. Moreover, the PTO admits that consumers never use even the word "booking" alone to refer to travel agency services. *Supra* p. 8-9. And the TTAB has already registered Appellee's BOOKINGS.COM, thus acknowledging it is at least descriptive, not generic.

The other Federal Circuit cases cited by the PTO are no different. Indeed, as Judge Brinkema noted (JA 1121), those cases all reviewed TTAB decisions under

a substantial evidence standard, not the *de novo* review she conducted. *Accord LHO Chi. River, L.L.C. v. Rosemoor Suites, L.L.C.*, 2017 U.S. Dist. LEXIS 15693 *23 (N.D. Ill. 2017) (limiting *Hotels.com* to a finding the PTO “satisfied its evidentiary burden”). Her own decision is entitled now to even greater deference under the clear error standard. No clear error has been shown. Moreover, if those cases were all decided on a mistaken assumption there could be generic meaning independent of use, that would not justify perpetuating such errors in the face of unchallenged scientific evidence to the contrary.

Moreover, because no *en banc* panel of the Federal Circuit has ever overruled *Oppedahl & Larson* (*infra* p. 34-35), it remains controlling over later inconsistent Federal Circuit decisions. *Newell Cos. v. Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988); *McMellon v. United States*, 387 F.3d 329, 334 (4th Cir. 2004).

In *Advertise.com*, the parties agreed that the proper genus was “online advertising” or “internet advertising,” 616 F.3d at 977, and the court specifically held (unlike here) that it was grammatically possible to use the term generically, as in “Could you refer me to an advertising dot-com?” *Id.* at 978. On its facts, the case thus is very different from the facts here, where the PTO has admitted the term BOOKING.COM cannot be used in a generic sense. Nor was there a survey or other evidence in *Advertise.com* that the claimed mark in issue was in fact

widely recognized as a trademark – indeed as one of the top brands in its field.

The PTO mistakenly cites *Goodyear's India Rubber Glove Mfg. Co. v. Goodyear Rubber Co.*, 128 U.S. 598 (1888), as proof that “.com” marks cannot acquire secondary meaning. *Goodyear's*, decided 60 years before the Lanham Act (and 110 years before the commercial internet), made no finding of genericness. It held only that “‘Goodyear Rubber’ are terms descriptive of well-known classes of goods produced by the process known as ‘Goodyear’s Invention.’ Names which are thus descriptive of a class of goods cannot be exclusively appropriated by any one.” *Id.* at 602. It did not articulate the “primary significance” test, so it is impossible to know what standard it used. *Oppedahl & Larson*, held both PATENTS.COM *and the element “.com” itself*, descriptive, not generic, and distinguished *Goodyear's*, finding that even if entity designations such as “Corp.” have no inherent source-identifying function, “TLDs immediately suggest a relationship to the Internet. Thus, the *per se* rule in *Goodyear* that ‘Corp.’, etc. never possess source-indicating significance does not operate as a *per se* rule, but more as a general rule, with respect to TLDs.” 373 F.3d at 1175. Moreover, the Court can take judicial notice⁹ that the PTO itself has registered several such

⁹ *In re Chippendales USA, Inc.*, 622 F.3d 1346, 1356 (Fed. Cir. 2010) (taking judicial notice of registered trademarks); *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1064 n.2 (9th Cir. 2006); *Zinner v. Olenych*, 108 F. Supp. 3d 369, 377 (E.D. Va. 2015); *Field of Screams, LLC v.*

marks, including the well-known retail chain, THE LIMITED (Reg. Nos. 4,108,367 and 1,062,519); INC. (Reg. No. 3,303,369), INCORPORATED (Reg. No. 5,276,951) and COMPANY (Reg. No. 1,192,531). As a factual matter, the PTO is simply wrong. Such marks can acquire secondary meaning. It offered no contrary proof below and should be precluded from doing so now.

Although the PTO has registered as trademarks dozens of domain name marks (JA 66-78, 220-36), including BOOKINGS.COM owned by plaintiff (JA 63), and although precedent cited by Booking.com showed that domain name marks *can* be protected, *In re Steelbuilding.com*, 415 F.3d at 1301 (reversing holding that STEELBUILDING.COM was generic), or treated as descriptive (not generic), *Oppedahl & Larson*, 373 F.3d at 1175-76 (PATENTS.COM); *In re Microsoft Corp.*, 68 U.S.P.Q.2d 1195, 1203 (TTAB 2003) (OFFICE.NET merely descriptive), the PTO decided this case simply by analogy to *In re Hotels.com*. Whether or not *Hotels.com* was correctly decided *on its facts*, the entirely factual issue of primary significance of BOOKING.COM must be decided on the facts of *this* case.

D. The PTO Mistakenly Dissects The Mark

There is no evidence whatsoever that consumers isolate and separately

Olney Boys & Girls Cmty. Sports Ass'n, No. CV DKC 10-0327, 2011 WL 13223658, at *4 n.15 (D. Md. Mar. 14, 2011).

consider “BOOKING” and “.COM” in Appellee’s mark any more than they isolate and separately consider the two generic terms “COCA” and “COLA” in the famous mark COCA-COLA. Consistent with Judge Brinkema’s factual conclusions about the general impression of .com marks (which the PTO misstates as being that .com marks are *always* protectable), the addition of .com plainly affects meaning. Obvious examples include the Amazon river versus Amazon.com or generic office supplies (“staples”) and the office supplier Staples.com. This is precisely why the PTO conspicuously avoids ever citing controlling Supreme Court and Federal Circuit law that has always required that marks be considered in their entirety. *P.D. Beckwith, Inc.*, 252 U.S. at 545-46 (“The commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail. For this reason it should be considered in its entirety . . .”). As *Princeton Vanguard* explained in language directly applicable here, “there is only one legal standard for there is no such short-cut, and the test for genericness is the same, regardless of whether the mark is a compound term or a phrase.” 786 F.3d at 966. Although it is permissible to give some consideration to the meaning of the separate elements of a mark, ultimately the mark must be viewed in its entirety, which the PTO never does. Indeed, it never even cites *P.D. Beckwith* or addresses the issue.

In the closely analogous case, *Dial-A-Mattress* (relied on by Judge Brinkema

but which the PTO conspicuously omits), the Federal Circuit acknowledged that “(888)” was devoid of source-identifying significance and that “MATRESS” was generic, yet held that the composite mark “1-888-MATRESS,” considered in its entirety, was not, because, like a .com mark, the telephone-based name was inherently unique and there was “no record evidence that the relevant public refers to the class of shop-at-home telephone mattress retailers as ‘1-888-M-A-T-R-E-S-S.’” 240 F.3d at 1346. *Oppedahl & Larson* applied these principles to the internet, holding “that TLD marks may obtain registration upon a showing of distinctiveness” and that for internet services “.com is descriptive.” 373 F.3d at 1175-76. It further held that such marks cannot be broken into component pieces to assess separately whether each is descriptive or generic and then simply assume that the whole is generic without any evidence of genericness of the whole, specifically relying on *P.D. Beckwith* and *Dial-A-Mattress* in explaining that a mark must be “considered in its entirety.” *Oppedahl & Larson* thus noted that “the Board may weigh the individual components of the mark *to determine the overall impression* or the descriptiveness of the mark and its various components,” *id.* (emphasis added), not that the elements can stand alone, re-emphasizing in conclusion that: “When examining domain name marks, the PTO must evaluate the commercial impression of the mark as a whole, including the TLD indicator.” *Id.* at 1177. No en banc panel has ever overruled *Oppedahl & Larson*.

Even the PTO's evidence of use of the word "booking" alone or as part of longer phrases such as "travel booking site" confirms the word itself is never used generically for Appellant's services. Not one dictionary cited by the PTO defines the word "booking" as a travel agency service. The *primary* dictionary definition of the word is for theatrical engagements, and there are several other definitions. JA 1113, 214-19. No consumers refer to any of the many competing travel sites (e.g. Travelocity, Expedia, Orbitz, etc.) as "bookings," and no brick and mortar or online travel services call themselves "bookings." No one ever says "I called my booking (much less my BOOKING.COM) to make a reservation" or anything like it. That actual English usage requires additional words (e.g., "travel booking site" or "hotel booking site") confirms that "booking" alone does not denote or even describe any *class* of services.

The PTO simply conflates the legal category of "descriptiveness" or "suggestiveness" with "genericness." (*Supra* Part VI.B). There is a quantum divide. It is one thing to say that consumers, additively, can recognize combinations of descriptive elements, e.g., "patents" and ".com" as indicating an informative website about patents. It is something else entirely to say the *entire term* is both *used* by consumers to designate a genus of goods or services *and* has that meaning as its *primary significance*. Professor Leslie explained that the TTAB erroneously conflates the "reference" of a term with what it merely "brings

to mind.” JA 819-20, 838, 841-42. In legal terms, the Federal Circuit explained: “[l]ike the title ‘Fire Chief’ for a magazine in the field of fire-fighting, a phone number is not literally a genus or class name, but is at most descriptive of the class.” *In re Dial-A-Mattress*, 240 F.3d at 1346; *accord*, *In re Seats*, 757 F.2d at 277-78. Neither “booking” nor “BOOKING.COM is a class of services any more than a *magazine* called “Fire Chief” is a fire chief. Likewise, SEATS may be generic for chairs but *cannot* be generic or even descriptive for reservation *services*, because it is simply a word for the end result (a seat), not the *service itself*. *In re Seats*, 757 F.2d at 277-78; *see also Elliot v. Google*, 860 F.3d at 1159-60 (generic use of a word as a verb is not proof it is generic as a noun). Likewise, the domain name BOOKING.COM is not literally a genus or class name. It is the name of a specific business that at most contains elements descriptive or suggestive of its services.

E. Denying Registration of BOOKING.COM Frustrates the Purposes of the Lanham Act

Enacting the Lanham Act in 1946, Congress recognized two reasons to protect trademarks: (1) “to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get”; and (2) “where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and

cheats.” S. Rep. 1333, at 1 (1946), reprinted in 1946 U.S. Code & Cong. Serv. 1274, 1274. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163-164 (1995) (“[B]y preventing others from copying a source-identifying mark, [trademark law] reduce[s] the customer’s costs of shopping and making purchasing decisions” by assuring them they can rely on known marks).¹⁰ When Congress confirmed the meaning of the term “generic” in 1984, it explained:

Because of their importance to our nation’s commerce, trademarks long have been protected from appropriation and misuse by others, both to protect the consumer from deception and confusion and to insure that producers are rewarded for their investment in the manufacture and marketing of their product.

S. Rep. No. 98-627, at 2, reprinted in 1984 U.S.C.C.A.N. 5718, 5719. Refusing to protect BOOKING.COM defeats the very purposes of the Lanham Act by encouraging third parties to trade on plaintiff’s singular reputation and blatantly mislead consumers. The PTO suggested that the recognition for BOOKING.COM might be the result of a lack of competition (JA 356), ignoring the reality that dozens of accommodations services compete actively with Booking.com without any need to use the name. The PTO also asserted that registering BOOKING.COM might “deprive competing manufacturers of the right to call an

¹⁰ “The trademark laws exist not to ‘protect’ trademarks, but . . . to protect the consuming public from confusion, concomitantly protecting the trademark owner’s right to a non-confused public.” *James Burroughs, Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 276 (7th Cir. 1976).

article by its name” (JA 355), which is impossible to reconcile with the PTO’s admission that it is *logically impossible* to use the name to denote travel agency services.

Registering BOOKING.COM will have no effect on competitors’ right to make *descriptive fair use* of the word “booking.” See 15 U.S.C. § 1115(b)(4); *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004). Nor is there any basis for the PTO’s improper baseless speculation that Booking.com might abuse its registration once issued. (PTO Opening Br. at 36-37). Denying registration will only free unscrupulous competitors to prey on its millions of loyal consumers by falsely advertising as “Booking.com” or making deceitful direct promotions. Given the extraordinary popularity of Booking.com, such risks are substantial.

Judge Posner noted in *Ty, Inc. v. Softbelly’s Inc.*, 353 F.3d 528 (7th Cir. 2003), that “[t]o determine that a trademark is generic and thus pitch it into the public domain is a fateful step.” *Id.* at 531. For the PTO conclude that the consumer-ranked top accommodations website with literally *millions* of active followers and 74% recognition rate as a brand is not permitted to protect the trust reposed in the service by millions of loyal customers or its millions of dollars invested in its name or is a step that should not be lightly taken. It is entirely unsupported by the evidence and frustrates the very purpose of the Lanham Act.

VII. THE PTO IS NOT ENTITLED TO ATTORNEYS' FEES

As an alternative to direct appeal to the Federal Circuit, 15 U.S.C. § 1071(b)(3) permits *de novo* review of PTO decisions in the United States district courts, further providing that: “unless the court finds the expenses to be unreasonable, all 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.”¹¹

The PTO’s new reading of Section § 1071(b)(3) is inconsistent with the American Rule as articulated by *Baker Botts* and other like precedents for four reasons: (i) *Shammas* turns on an unduly narrow statement of the American Rule itself, which applies to *all* cases, not just those where the prevailing party seeks fees; (ii) the word “expenses” is not an “explicit” or “specific” fee-shifting authorization; indeed, it is less specific in authorizing fee shifting than the provision in *Baker Botts* allowing “reasonable compensation” for attorneys, which the Supreme Court held could not justify a fee award; (iii) basic rules of statutory construction require reading the term “expenses” narrowly because the PTO’s proposed interpretation is in derogation of common law and because the Lanham Act (and the Patent Statute, which includes the same text) use the terms “expenses” and “attorneys’ fees” in specific ways at odds with the new reading of the old laws;

¹¹ The Patent Statute, 35 U.S.C. § 145 likewise provides for *de novo* review in which “[a]ll the expenses of the proceedings shall be paid by the applicant.”

and (iv) although legislative history would be entitled to little if any weight in understanding the actual statutory text, there is no relevant indication of legislative intent to include “attorneys’ fees” in the non-specific term “expenses of the proceeding,” and the history of the twin statutory provisions strongly counsels against the new statutory interpretation.

Furthermore, irrespective of the American Rule, interpreting the statute to award attorneys’ fees in all cases would violate the First Amendment right to petition for redress of grievances.

A. The PTO’s New Interpretation of Expenses Violates the American Rule

1. The PTO Relies On a Misstatement of the American Rule

Baker Botts summarized the American Rule: “Each litigant pays his own attorney’s fees, win or lose, unless a statute or contract provides otherwise.” 135 S. Ct. at 2164. *Accord, Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 253 (2010) (same). Because the American Rule applies to *all* litigants, win or lose, *Shammas*, decided two months before *Baker Botts*, unduly limited the American Rule in holding that it “applies only where the award of attorney[‘]s fees turns on whether a party seeking fees has prevailed to at least some degree.” 784 F.3d at 223. If “all” means all or “each” means each, then the starting premise of *Shammas* appears incorrect.

Baker Botts made clear that the few departures from the American Rule refer

specifically and explicitly to the prevailing party, 135 S. Ct. at 2164, expressly rejecting a proposed broad reading of the term “reasonable compensation for services rendered” in Section 327 of the Bankruptcy Code because it “could end up compensating attorneys for the *unsuccessful* defense of a fee application.” *Id.* at 2166 (emphasis in original). The Supreme Court viewed this as an “unnatural interpretation” of the neutral term “services rendered” and a “particularly unnatural deviation from the American Rule as well,” noting that “most fee-shifting provisions permit a court to award attorneys’ fees only to a ‘prevailing party,’ a ‘substantially prevailing party,’ or ‘a successful litigant.’” *Id.* (internal citations omitted). In *Baker Botts* (as here) “[t]here is no indication that Congress departed from the American Rule in §330(a)(1) with respect to fee-defense litigation, let alone that it did so in such an unusual manner.” *Id.* Thus, the very notion of awarding fees for an unsuccessful defense was rejected as a *reductio ad absurdum*. Booking.com submits that *Shammas* incorrectly truncated the American Rule, which applies to all parties, win or lose.

2. “Expenses of the Proceeding” Is Not Explicit and Specific

Baker Botts confirmed that a court cannot award attorneys’ fees unless the cost-shifting statute “specifically” and “explicitly” authorizes such an award. Even as to prevailing parties, only *explicit statutory exceptions* to the American Rule permit fee-shifting. 135 S. Ct. at 2164. *Accord, Alyeska Pipeline Serv. Co. v.*

Wilderness Soc’y, 421 U.S. 240, 260, 269 (1975). Because “expenses of the proceeding” on its face neither specifically nor explicitly says “attorneys’ fees,” here the inquiry should end.¹²

Baker Botts held that Section 330 of the Bankruptcy Code, which *explicitly* provided for “reasonable compensation for actual, necessary services rendered by the ... professional person, *or attorney* and by any paraprofessional person employed by any such person” (emphasis added), is not sufficiently “specific and explicit” to avoid the American Rule for attorneys’ fees during the fee defense litigation that results from bankruptcy proceedings. 135 S. Ct. at 2164-66. Yet even where attorneys’ fees were expressly allowed, the Court found no explicit authority to extend fees to preparing fee applications, which are not in service of the client. Analytically, the Court thus began from the premise that there was no “specific and express” allowance (applying the presumption against any interpretation in derogation of common law) and could find *in the actual text* no specific and explicit fee-shifting authorization. 135 S. Ct. at 2165. The Bankruptcy Code provision there at issue “[did] not authorize courts to award

¹² *Baker Botts* cited the Equal Access to Justice Act, which states “a court shall award to a prevailing party other than the United States fees and other expenses . . . incurred by that party in any civil action . . . brought by or against the United States’ under certain conditions,” as “offer[ing] a good example of the clarity we have required to deviate from the American Rule because it explicitly mentions fees.” 135 S. Ct. at 2164.

‘reasonable compensation’ *simpliciter*, but ‘reasonable compensation for actual, necessary services rendered by’ the §327(a) professional.” *Id.* at 2167. Said the Court: “The open-ended phrase ‘reasonable compensation,’ standing alone, is not the sort of ‘specific and explicit provisio[n]’ that Congress must provide in order to alter this default rule.” *Id.* at 2168.

Section 1071(b)(3) contains no such clear exception to the American Rule, providing only that “[a]ll the expenses of the proceedings shall be paid by the party bringing the case.” It nowhere explicitly or specifically mentions attorneys’ fees. If even the “open-ended phrase reasonable compensation” *for an attorney* is not specific and explicit enough, then the non-specific and non-explicit text “expenses of the proceeding” *a fortiori* cannot suffice. Using here the same analytical approach as in *Baker Botts* can yield only one result: that Congress did not specifically or explicitly authorize attorneys’ fees in Section 1071(b)(3).

That *Shammas* had to employ extrinsic tools of statutory construction (*infra* Parts VII.A.2–3) demonstrates that the text Congress actually chose is not “specific and explicit.” *Merriam Webster* defines “explicit” to mean “fully revealed or expressed without vagueness, implication, or ambiguity: leaving no question as to meaning or intent” or “fully developed or formulated.” It defines “specific” as “free from ambiguity.” Only by redefining “specific” and “explicit” can “expenses of the proceeding” be construed to leave no question as to intent or

meaning or be free from ambiguity. In seeking some *implicit* basis to interpret Section 1071(b) to determine Congressional intent, even absent any explicit text, *Shammas*' is inconsistent with *Baker Botts*.

3. Under Rules of Statutory Interpretation “Expenses” Cannot Mean Attorneys’ Fees

The American Rule long predates enactment of 1946 Lanham Act (or 1952 Patent Statute). *Alyeska Pipeline Serv. Co.* traces the 1796 origins of the rule, 421 U.S. at 249 (citing *Arcambel v. Wiseman*, 3 U.S. (3 Dall.) 306 (1796)). Section 1071(b)(3) must be assessed against this long historical backdrop.

Baker Botts recognized that a statute in derogation of common law must be strictly construed: “[s]tatutes which invade the common law are to be read with a presumption favoring the retention of long-established and familiar [legal] principles.” 135 S. Ct. at 2164 (citation omitted). “We consequently will not deviate from the American Rule ‘absent explicit statutory authority.’” *Id.* (citations omitted). Strictly construing the term “expenses” (so as not to offend settled common law principles) it cannot mean attorneys’ fees, and the burden should be on the government to prove Congress explicitly and specifically provided otherwise. As noted below (*infra* Part VII.A.4), unless the text is ambiguous, there is no reason even to consult legislative history or extrinsic sources. For this very reason, simply to acknowledge that Section 1071(b)(3) requires interpretation is to concede it fails the specificity and explicitness

requirement of *Baker Botts*.

In interpreting Section 330 of the Bankruptcy Code, *Baker Botts* also acknowledged the fundamental rule that the same term or expression is typically presumed to have the same meaning throughout a statute. *Gustafson v. Alloyd Co.*, 513 U.S. 561, 568 (1995) (“In seeking to interpret the term “prospectus,” we adopt the premise that the term should be construed, if possible, to give it a consistent meaning throughout the Act. That principle follows from our duty to construe statutes, not isolated provisions.”). The corollary is that when the legislature uses different terms they are intended to have different meanings. *Russello v. United States*, 464 U.S. 16, 23 (1983) (“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.”).

The Lanham Act demonstrates Congressional understanding of the differences between attorneys’ fees and expenses. The statute employs the term “attorneys’ fees” explicitly only concerning exceptional conduct warranting punitive measures. 15 U.S.C. § 1114(2)(D)(iv) (“costs and attorney’s fees” for knowing and material misrepresentation to domain name registrar, etc.); 15 U.S.C. § 1117(a) (“attorney fees to the prevailing party” in “exceptional cases”); 15

U.S.C. § 1122(c) (“costs and attorney’s fees” as a remedy).¹³ In *Fleischmann Distilling Co. v. Maier Brewing Co.*, 386 U.S. 714 (1967), the Supreme Court held that the Lanham Act permitted no implied right to attorneys’ fees outside its explicit “meticulously detailed” text, *id.* at 719, concluding that “§ 35 of the Lanham Act ... mark[s] the boundaries of the power to award monetary relief in cases arising under the Act,” and that “[a] judicially created compensatory remedy in addition to the express statutory remedies [stated there] is inappropriate” *Id.* at 721. Although Congress amended the Lanham Act many times since 1967, including each of the above three provisions, it never amended Section 1071(b)(3) to provide expressly for attorneys’ fees. To conclude now that Section 1071(b)(3) impliedly allows such a remedy is inconsistent with *Fleischmann Distilling*. It would have been simple for Congress to have said specifically and explicitly in Section 1071(b)(3) that a plaintiff must pay attorneys’ fees, as it added to other sections of the same statute. It did not.

Tellingly, every provision of the Lanham Act (and Patent Statute) specifically and explicitly using the words “attorneys’ fees” does so not only for prevailing parties, but also has some predicate requirement of impropriety, making

¹³ The Patent Statute is similar. See Section 273(f) (explicitly providing for attorney fees under Section 285 for affirmative defense to having no “reasonable basis for [assertion]”); Section 285 (explicitly providing for attorney fees in “exceptional cases”); Section 297(b)(1) (explicitly providing for attorney fees in civil actions against an invention promoter).

fee awards punitive. By contrast, Congress nowhere suggested that trademark owners or inventors seeking *de novo* review to vindicate their rights under the Lanham Act or Patent Statute should be penalized like willful infringers, even when it was the PTO that erred.

Similar distinctions in other statutes demonstrate that “expenses” in the Lanham Act has no accepted meaning encompassing attorneys’ fees. *See, e.g.*, 28 U.S.C. § 1927 (counsel multiplying proceedings unreasonably and vexatiously potentially liable for “the excess *costs, expenses, and attorneys’ fees* reasonably incurred” (emphasis added)); 28 U.S.C. § 2412 (“...fees and expenses of attorneys, in addition to the costs...”); 28 U.S.C. § 1920 (“salaries, fees, expenses, and costs of special interpretation services”); Fed. R. Civ. P. 54 (“attorney’s fees and related nontaxable expenses . . .”). Reading these statutes such that “expenses” includes fees would violate the basic tenet of statutory interpretation that a court must “avoid a reading which renders some words altogether redundant.” *Gustafson*, 513 U.S. at 574. *See Deckers Outdoor Corp. v. United States*, 714 F.3d 1363, 1371 (Fed. Cir. 2013) (refusing interpretation that “would render other language in [the provision] superfluous.”) *Nantkwest* similarly explained that “when a statute authorizes a broad term like ‘costs’ or ‘expenses,’ if such terms are intended to include attorney’s fees, Congress will modify the term to specify or clarify the statute’s meanings.” 162 F. Supp. 3d at 544 (citing numerous other statutes

distinguishing “fees” from “expenses”).

The PTO’s new position requires concluding that even though Congress in the Lanham Act only saw fit *expressly* to allow attorneys’ fees in exceptional cases, where an unsuccessful litigant has advanced frivolous positions or acted in bad faith, Congress at the same time decided to reward the PTO with fees in all cases, even when it is the losing party defending its own erroneous decisions. Stated differently, under the PTO’s new position, even the prevailing party should be burdened with the government’s fees, despite the vast disparity between the resources of the government and private litigants, when the intellectual property owner is forced to seek appellate review to vindicate its rights and correct the PTO’s own errors. *Cf. E.E.O.C. v. Great Steaks, Inc.*, 667 F.3d 510, 519–20 (4th Cir. 2012) (“Congress, cognizant of the vast disparity of resources between the government and private litigants, enacted the EAJA out of concern that the expense involved in litigating against unreasonable government action might deter private litigants from vindicating their rights in civil actions and administrative proceedings in which the United States is a party.”)

Demonstrating the heavy burden of statutory interpretation *Baker Botts* contemplated to permit fee-shifting absent specific and explicit wording, the Court expressly explained that even “[t]he open-ended phrase ‘reasonable compensation,’ standing alone, is not the sort of ‘specific and explicit provisio[n]’ that Congress

must provide in order to alter this default rule.” 135 S. Ct. at 2168. So too, the open-ended phrase “expenses of the proceeding” is not a specific and explicit authorization to pay expenses of any kind imaginable, including attorneys’ fees. The evidence cited by the PTO below is indeed far weaker than in *Baker Botts*.

To be sure, a party dissatisfied with a decision of the PTO can appeal to the Federal Circuit without the risk of paying even “expenses” (however broadly or narrowly that term ultimately is construed). However, Congress specifically provided for independent review by the district courts, and if the right to seek such independent *de novo* review is curtailed, the purpose of Section 1071 will likewise be diminished. Congress, having provided a clear means to permit *de novo* review in the district courts (*i.e.*, to petition for redress of grievances), cannot simply be assumed to have then put in the way of such a remedy the major obstacle, for which there is no known precedent in the history of American jurisprudence, of requiring even successful appellants to pay tens or hundreds of thousands of dollars to correct the PTO’s own errors. Hence, another reason to require a narrow construction of the “expense” shifting provision of 15 U.S.C. § 1071(b)(3) is to avoid unfairly burdening the First Amendment right to petition the government for redress of grievances. (*Infra* Part VII.B)

4. No Relevant Legislative History Supports The PTO’s Proposed Rewriting of Section 1071(b)

If legislative history is ever relevant, it is only so when the text of a statute is

unclear. *Exxon Mobil Corp. v. Allapattah Servs., Inc.*, 545 U.S. 546, 568 (2005) (“As we have repeatedly held, the authoritative statement is the statutory text, not the legislative history or any other extrinsic material.”)¹⁴ Merely to state that the text of 15 U.S.C. § 1071(b) is unclear would seemingly compel the conclusion that fee-shifting is not authorized because, under *Baker Botts*, only an explicit and specific authorization to award attorneys’ fees can support fee-shifting. An unclear or ambiguous statute whose *implicit* meaning must be divined from legislative history by definition cannot also be specific and *explicit*.

In *Shammas*, the only statutory history cited is from more than 175 years ago, 784 F.3d at 226, from the Patent Act of 1836 (which created the right to challenge Patent Office decisions in federal court), 1836 Act § 16, 5 Stat. at 123-24, and an 1839 statutory amendment, Act of March 3, 1839, ch. 88, § 10, 5. Stat. 353, 354. That amendment, like the current statute, merely provides that “the whole of the expenses of the proceeding shall be paid by the applicant,” without specifically and explicitly defining “expenses” to include attorneys’ fees. Instead,

¹⁴ Legislative history is typically entitled to very little weight. *Shady Grove Orthopedic Associates v. Allstate Insurance Company*, 559 U.S. 393, 403 (2010) (“[t]he manner in which the law ‘could have been written,’ has no bearing; what matters is the law the Legislature did enact. We cannot rewrite that to reflect our perception of legislative purpose.”); *Lamie v. U.S. Trustee*, 540 U.S. 526, 542 (2004) (“competing interpretations of the legislative history ... illustrate the difficulty of relying on legislative history here and the advantage of our determination to rest our holding on the statutory text.”).

separately, the 1836 Act provided that *application fees* were to be used to pay the “expenses of the Patent Office,” including “the salaries of the officers and clerks herein provided for.” 1836 Act § 9, 5 Stat. at 121. That *application fees* went into a general fund in 1836 says nothing about whether “expenses of the proceeding” includes attorneys’ fees in 1836, much less in 2018. Indeed, “where Congress includes particular language in one section of a statute but omits it in another section of same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.” *Russello*, 464 U.S. at 23. As with the current statute, that Congress only “expressly and specifically” contemplated a simple flat fee for an initial application to go into a general fund for office staff in no way permits an inference that variable, unpredictable and potentially substantial attorneys’ fees can be imposed on a single applicant. Just the opposite: the vast conceptual difference between modest fixed filing fees (a blended average of overall costs) and large variable attorneys’ fees tied to a specific matter, and the orders of magnitude by which such costs differ,¹⁵ tends to show affirmatively that in using only the general term “expenses of the

¹⁵ Judge Brinkema cited examples of courts and other government entities permitted to charge fees without violating the First Amendment (e.g. \$300 license fee for parades or processions, *Cox v. New Hampshire*, 312 U.S. 569, 576-77 (1941) or \$340 for handgun licenses, *Kwong v. Bloomberg*, 723 F.3d 160, 165-66 (2d Cir. 2013). These are orders of magnitude different from entirely variable sums of \$36,320 to \$78,592 for attorneys’ fees in recent 1071(b) and 145 cases, including here.

proceeding” Congress no more contemplated billing litigants at the end of the proceeding than it did billing applicants for the actual time of the examiner at the end of the application process. Because the statute contemplates that all expenses be paid from registration fees, *In re Tam*, 808 F.3d 1321, 1353 (Fed. Cir. 2015), as corrected (Feb. 11, 2016), *aff’d sub nom. Matal v. Tam*, 137 S. Ct. 1744 (2017) attorneys’ fees incurred in any given case would also represent a double-recovery.

And even if in 1836 Congress had said anything about what expenses were recoverable for proceedings under Section 10 of *that* statute, this would permit no inference what it meant 110 years later when it made no “specific” or “explicit” statement in the statute to support this conclusion. As noted, several provisions of the current statute (and the Patent Statute) explicitly and specifically allow attorneys’ fees as a penalty for egregious misconduct, but not Section 1071. Those other provisions are thus wholly unrelated to the typical proceeding for *de novo* review, brought in good faith.

Shammas acknowledged in 2014 that it was a case of first impression. 990 F. Supp. 2d at 590. Trademark Trial and Appeals Board regulations similarly confirm the PTO’s own understanding of the meaning of “expenses.” Until 2014 the TTAB Manual of Procedure contemplated at most that the PTO might seek recovery of expert witness fees and travel expenses. Compare TBMP § 903.07, Special Provisions For Ex Parte Cases (2014) (expenses include “expert witness

fees and travel”), with TBMP § 903.07 (2017) (expenses include “expert witness fees, copying, travel, and expenses for personnel time spent in defense of the action”).

Such history proves this was never the intent of 15 U.S.C. § 1071(b)(s). The American Rule dates of course at least to 1796. Hence, if Congress had truly meant such an extraordinary remedy, the government would have sought to enforce it sooner than 70 years after enactment of the Lanham Act (or sooner than 175 years after such language first appeared in the precursors of the present Patent Statute).

B. As Interpreted by the PTO, Section 1071(b) Is Unconstitutional

The First Amendment to the Constitution provides that “Congress shall make no law . . . abridging . . . the right of the people . . . to petition the Government for a redress of grievances.” U.S. Const. amend. I. “[T]he right of access to the courts is an aspect of the First Amendment right to petition the Government for redress of grievances.” *Bill Johnson’s Restaurants, Inc. v. NLRB*, 461 U.S. 731, 741 (1983); accord *BE&K Construction Co. v. NLRB*, 536 U.S. 516, 524-25 (2002) (“We have recognized this right to petition as one of ‘the most precious of the liberties safeguarded by the Bill of Rights,’ . . . and have explained that the right is implied by ‘the very idea of a government, republican in form.’” (citations omitted)).

Applying the “right to petition” clause to the National Labor Relations Act, the Supreme Court held in *BE&K Construction* that the NLRB’s standard for imposing liability, under which it could penalize unsuccessful but reasonably-based suits brought for retaliatory motive, unconstitutionally burdened this fundamental First Amendment right. The Court thus reversed an award of attorneys’ fees.¹⁶ 536 U.S. at 524, 532-33.

As now construed by the PTO, 15 U.S.C. § 1071(b) reaches far more broadly than the NLRA in penalizing even successful litigants and chilling the right of all to seek redress from questionable or incorrect PTO decisions. Indeed, the very act of seeking such independent review of PTO decisions is now swept together with other punitive provisions of the Lanham Act (and Patent Statute) where Congress determined that exceptional misconduct warrants fee awards. As the Supreme Court noted in *BE&K Construction*:

even unsuccessful but reasonably based suits advance some First Amendment interests. Like successful suits, unsuccessful suits allow the “public airing of disputed facts,” *Bill Johnson’s, supra*, 461 U.S. at 743 (citation omitted), and raise matters of public concern. They also promote the evolution of the law by supporting the development of legal theories that may not gain acceptance the first time around.

¹⁶ In reviewing an award of attorneys’ fees, the Court noted that this did not affect the power of courts to enter sanctions under Rule 11 or to penalize losing plaintiffs in appropriate circumstances. 536 U.S. at 537. Likewise, nothing here suggests that a party guilty of litigation misconduct in a proceeding under 35 U.S.C. § 145 and 15 U.S.C. § 1071(b) should be immune from appropriate sanctions.

Moreover, the ability to lawfully prosecute even unsuccessful suits adds legitimacy to the court system as a designated alternative to force.

536 U.S. at 532. *BE&K* thus noted that courts must give adequate “‘breathing space’ essential to the fruitful exercise” of the right to petition. *Id.* at 531 (quoting *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 342 (1974)).

BE&K Construction followed from similar jurisprudence under the so-called *Noerr-Pennington* doctrine,¹⁷ which exemplifies why monetary sanctions such as attorneys’ fees cannot be awarded where doing so would risk chilling this important First Amendment right. *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 508 U.S. 49 (1993), summarized key aspects of the doctrine, noting that “[t]hose who petition the government for redress of grievances are generally immune from antitrust liability.” *Id.* at 56. The Court further noted there that we do not “impute to Congress an intent to invade” the First Amendment right to petition.” *Id.* at 56 (citing *Eastern Railroad Presidents Conference v. Noerr Motor Freight Inc.*, 365 U.S. 127, 138 (1961)). *California Motor Transport Co. v. Trucking Unlimited* extended the *Noerr-Pennington* doctrine to encompass “the approach of citizens . . . to administrative agencies and to the courts.” 404 U.S. 508, 510 (1972). *California Motor Transport* explained:

¹⁷ See *Eastern Railroad Presidents Conference v. Noerr Motor Freight Inc.*, 365 U.S. 127 (1961); *United Mine Workers of Am. v. Pennington*, 381 U.S. 657 (1965).

The same philosophy governs the approach of citizens or groups of them to administrative agencies (which are both creatures of the legislature, and arms of the executive) and to courts, the third branch of Government. Certainly, the right to petition extends to all departments of the Government. The right of access to the courts is indeed but one aspect of the right to petition.

Id.; see also *Sosa v. DIRECTV, Inc.*, 437 F.3d 923, 931 (9th Cir. 2006) (applying the right to petition for redress of grievances to RICO claims: “we must construe federal statutes so as to avoid burdening conduct that implicates the protections afforded by the Petition Clause unless the statute clearly provides otherwise.”); *White v. Lee*, 227 F.3d 1214, 1221 (9th Cir. 2000) (Fair Housing Act investigation by HUD “unquestionably chilled plaintiffs” First Amendment rights to petition.)

The District Court here declined to find any constitutional infirmity. However, the only precedent cited below directly addressing the issue, *Premier Electrical Construction Co. v. National Electrical Contractors Ass’n, Inc.*, expressly acknowledged that that case was “an unvarnished effort to enforce a private price-fixing agreement. The first amendment does not protect efforts to enforce private cartels, in court or out.” 814 F.2d 358, 376 (7th Cir. 1987). By contrast, both 15 U.S.C. § 1071(b)(3) and 35 U.S.C. § 145 concern a government agency adjudicating statutory rights granted or denied with the public interest in mind. Whether a trademark owner can challenge a government administrative

decision that he or she is entitled to a registration, a public grant of rights,¹⁸ could scarcely be more different from a private price-fixing agreement. *Premier Electrical*, was also decided in 1987, fifteen years before *BE&K Construction* in 2002 and five years before *Professional Real Estate Investors, Inc.* Indeed, although the District Court declined to follow *BE&K Construction* and *Professional Real Estate Investors* on grounds that those cases involved a federal agency penalizing an individual or entity for filing a lawsuit, that is *exactly* the premise of the PTO's interpretation of 15 U.S.C. § 1071(b): namely, that applicants should pay a penalty to the PTO, a federal agency, for seeking *de novo* review, as Congress allowed, rather than appealing to the Federal Circuit.

Under the PTO's new construction of the term "expenses," reviewing even erroneous PTO decisions penalizes even successful parties, such as Booking.com was below, to pay the government for its own errors. This departure from the American Rule inverts logic. Wherever a small start-up or patent inventor – or indeed any party, large or small – is the victim of a dubious or plainly incorrect PTO decision-making, the First Amendment demands that such parties be able to vindicate their rights by exercising the statutory right of *de novo* review without signing a blank check to the government, which the government can redeem later when it determines what "expenses" it has incurred. The government's argument,

¹⁸ See *Matal v. Tam*, 137 S. Ct. 1744, 1753 (2017).

taken to its logical extreme, might even permit the PTO to decline normal cooperation and needlessly multiply proceedings yet still demand at the end of the day that all the “expenses of the proceedings” be paid by the applicant.

The District Court also suggests there could be some line-drawing in noting that, if taken to its logical conclusion, a finding that mandatory fee-shifting violates the First Amendment would call into question the constitutionality of all filing fees and court costs. JA 1163. However, this ignores the specific holding of *BE&K Construction*, 536 U.S. at 524, specifically finding unconstitutional an award of attorneys’ fees (not filing fees or other costs). Moreover, as noted above (*supra* note 15), there is a difference of kind, not merely degree, in paying a few hundred dollars in predetermined filing fees versus tens or even hundreds of thousands of dollars in attorneys’ fees varying with the needs of the case. Moreover, other court costs typically are imposed only in favor of a prevailing party, whereas the PTO’s new interpretation of 15 U.S.C. § 1071(b) authorizes attorneys’ fees in all cases. Parties with meritorious cases as well as frivolous filers are punished equally, simply to chill the right to seek redress of grievances – not to discourage meritless cases.

Finally, the District Court notes that the PTO is funded by user fees, and that finding 15 U.S.C. § 1071(b) unconstitutional would somehow impact the PTO’s funding. However, a finding that the provision is unconstitutional would not affect

the PTO's funding provisions, as overall filing fees can be adjusted based on overall office costs (including completely unrelated legal costs, rents, utilities and so forth); whereas the purpose of the new policy is directly targeted only at discouraging *de novo* review. Because the statute contemplates that all expenses be paid from filing fees, awarding on top of this the fees incurred in any given case would indeed represent a double-recovery. Moreover, focusing on the issue of funding only calls more attention to the fact that Congress, in enacting the Lanham Act, did not explicitly define "expenses" to mean attorneys' fees.

In short, as against the accepted jurisprudence regarding the broad right to petition government for redress of grievances, 15 U.S.C. § 1071(b), as recently reinterpreted by the PTO, fails to provide the "breathing space essential to [the] fruitful exercise" of the right to petition district courts to review PTO decisions. *BE&K Construction.*, 536 U.S. at 531. It unfairly inhibits even reasonably-based suits, creating obstacles to the airing of matters of public concern and impairing the evolution of the law by allowing development of legal theories that may not gain acceptance the first time around. As newly reinterpreted by the PTO, 15 U.S.C. § 1071(b)(3) is thus unconstitutional.

C. The Requested Fees Are Not "Of This Proceeding"

In permitting recovery of "expenses," Section 1071(b)(3), limits recovery to "expenses of the proceeding." Laying aside whether attorneys' fees are

recoverable at all, the PTO failed to show its claimed fees are “of the proceeding.” Rather, it concedes that the claimed fees are derived simply by taking the attorneys’ annual salaries and dividing this by the percentage of hours worked on this matter. Applying basic accounting principles, the attorneys’ salaries are “fixed costs” of the U.S. government, are no more “of this proceeding” than are utility expenses. The attorneys would have been paid the same amount regardless of whether they had worked on this case. In the context of determining profits in patent cases, for example, courts routinely employ an “incremental profits” analysis, under which *fixed costs* that would have been paid regardless are excluded from determining profits; only relevant *variable costs* are included. *See State Indus., Inc. v. Mor-Flo Indus., Inc.*, 883 F.2d 1573, 1580 (Fed. Cir. 1989); *GuideTech, Inc. v. Brilliant Instruments, Inc.*, No. C 09-5517 CW, 2014 WL 4182340, at *6 (N.D. Cal. Aug. 22, 2014). If salaries would have remained the same regardless of the infringing activity, then those salaries are fixed costs and not used to analyze profits. *See, e.g., King Instrument Corp. v. Perego*, 737 F. Supp. 1227, 1242 (D. Mass. 1990) (excluding “fixed costs, such as management salaries”), *aff’d sub nom.* 65 F.3d 941 (Fed. Cir. 1995); *see also Stewart Title Co. of Memphis v. First Am. Title Ins. Co.*, 44 F. Supp. 2d 942, 957-58 & n.40 (W.D. Tenn. 1999) (excluding fixed costs such as “base salary or rent” in measuring profits for breach of contract claim). Under no known accounting principle can

such fixed costs can be deemed expenses “of this proceeding.”

Nor is there any known rule of statutory construction under which salaries paid regardless of whether this proceeding had ever occurred can be deemed “of this proceeding.” Indeed, given the heavy burden under *Baker Botts L.L.P.* that a statute “specifically and explicitly” authorize fee-shifting, it is incongruous to suppose that Congress meant to authorize payment of a portion of attorneys’ annual salaries by expressly limiting expense shifting to expenses “of the proceeding.”

As a matter of basic statutory interpretation, Congress’s chosen words make explicit that the only expenses that can be recovered must be “of the proceeding.” Only by disregarding the literal wording of the statute can annual salaries, fixed costs that would have to be paid even if there never were “a proceeding” be charged to the plaintiff under Section 1071. By the same logic, Booking.com or other parties could be charged a percentage of the utility expenses or rental charges. The very fact that the government would shift to a litigant seeking to vindicate its legitimate rights and correct an erroneous TTAB decision the salaries of its attorneys that it would have paid anyway demonstrates the extraordinary tension with the First Amendment.

VIII. CONCLUSION

For the foregoing reasons, the decision of the district court on the merits

should be affirmed and its ruling on expenses should be reversed.

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Respectfully submitted,

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STATEMENT REGARDING ORAL ARGUMENT

This case has substantial implications for the federal trademark-registration and patent review systems. Accordingly, Booking.com respectfully requests oral argument.

CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limit of Federal Rule of Appellate Procedure 32(a)(7)(B) because it contains 14,993 words. This brief also complies with the typeface and type-style requirements of Federal Rule of Appellate procedure 32(a)(5)-(6) because it was prepared using Microsoft Word 2010 in Times New Roman 14- point font, a proportionally spaced typeface.

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CERTIFICATE OF FILING AND SERVICE

I, Marianna Iannotta, hereby certify pursuant to Fed. R. App. P. 25(d) that, on April 11, 2018 the foregoing **OPENING BRIEF FOR PLAINTIFF-APPELLEE** was filed through the CM/ECF system and served electronically on the individual registered on the courts CM/ECF system.

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