No. 18-801

In the Supreme Court of the United States

LAURA PETER, DEPUTY DIRECTOR,
UNITED STATES PATENT AND TRADEMARK OFFICE,
PETITIONER,
v.
NANTKWEST, INC.,
RESPONDENT.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT EN BANC

BRIEF OF THE INTELLECTUAL PROPERTY LAW ASSOCIATION OF CHICAGO AS AMICUS CURIAE IN SUPPORT OF RESPONDENT NANTKWEST, INC.

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STATEMENT OF INTEREST[1]

The Intellectual Property Law Association of Chicago ("IPLAC") respectfully submits this brief as amicus curiae in support of Respondent NantKwest, Inc. and requests that this Court affirm the Federal Circuit's decision in *NantKwest Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018) (en banc).

Founded in 1884, the Intellectual Property Law Association of Chicago is the country's oldest bar association devoted exclusively to intellectual property matters. Located in Chicago, a principal locus and forum for the nation's authors, artists, inventors, scholarly pursuits, arts, creativity, research and development, innovation, patenting, and patent litigation, IPLAC is a voluntary bar association of over 1,000 members with interests in the areas of patents, trademarks, copyrights, and trade secrets, and the legal issues they present. Its members include attorneys in private and corporate practices before federal bars throughout the United States, from law firm attorneys to sole practitioners, corporate attorneys, law school professors, law

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1 Pursuant to Supreme Court Rule 37.6, no counsel for a party authored this brief in whole or in part and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person or entity, other than Amicus, its members or its counsel, has made a monetary contribution to the preparation or submission of this brief. Pursuant to Supreme Court Rule 37.3(a), both Petitioner and Respondent have provided written consent to IPLAC's filing of this brief.

students, and judges,[2] as well as the U.S. Patent and Trademark Office and the U.S. Copyright Office. IPLAC members prosecute thousands of patent applications and litigate many patent lawsuits in Chicago and across the country. [3]

IPLAC represents both patent holders and other innovators in roughly equal measure. In litigation, IPLAC's members are split roughly equally between plaintiffs and defendants. As part of its central objectives, IPLAC as a not-for-profit is dedicated to aiding in the development of intellectual property law, especially in the federal courts. A principal aim is to aid in the development and administration of intellectual property laws and the manner in which the courts and agencies including the United States Patent and Trademark Office ("USPTO") apply them. IPLAC is also dedicated to maintaining a high standard of professional ethics in the practice of law, providing a medium for the exchange of views on

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[2] Although over 30 federal judges are honorary members of IPLAC, none was consulted on, or participated in, this brief.

3 In addition to the statement of footnote 1, after reasonable investigation, IPLAC believes that (a) no member of its Board or Amicus Committee who voted to prepare this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter; (b) no representative of any party to this litigation participated in the authorship of this brief; and (c) no one other than IPLAC, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

intellectual property law among those practicing in the field, and educating the public at large.

ISSUE PRESENTED

The question presented in the Petition for a Writ of Certiorari is as follows:

> When the United States Patent and Trademark Office (USPTO) denies a patent application, the Patent Act gives the unsuccessful applicant two avenues for seeking judicial review of the agency's decision. The applicant may appeal directly to the Federal Circuit, 35 U.S.C. 141, which "shall review the decision from which an appeal is taken on the record before the [USPTO]," 35 U.S.C. 144. Alternatively, the applicant may bring a civil action against the Director of the USPTO in district court, where the applicant may present additional evidence. 35 U.S.C. 145. If the applicant elects to bring such an action, "[a]ll the expenses of the proceedings shall be paid by the applicant." *Ibid.* The question presented is as follows:
>
> Whether the phrase "[a]ll the expenses of the proceedings" in 35 U.S.C. 145 encompasses the personnel expenses the USPTO incurs when its employees, including attorneys, defend the agency in Section 145 litigation.

In other words, the issue presented is whether the phrase "[a]ll the expenses of the proceedings" in 35 U.S.C. § 145 encompasses the USPTO's attorneys' fees in the form of the pro rata salaries of the USPTO's attorneys and paralegals for time those employees spend to defend the agency in Section 145 litigation.

SUMMARY OF ARGUMENT

The en banc decision of the U.S. Court of Appeals for the Federal Circuit correctly reversed the panel decision and upheld the district court. The en banc Federal Circuit interpreted "all the expenses of the proceedings" under 35 U.S.C. § 145 to not clearly and explicitly authorize awarding the USPTO attorneys' fees in the form of pro rata shares of salaries of the USPTO attorneys and paralegals who worked on the district court proceedings. The en banc decision therefore correctly reaffirmed, first, that the American Rule applies to Section 145's analysis, and, second, correctly found that the phrase "all the expenses of the proceedings" is not sufficiently clear and explicit to authorize fee shifting.

This Court should affirm the Federal Circuit's en banc decision and interpret Section 145 under the American Rule because it is the baseline principle from which all fee-shifting statutory provisions are analyzed. This Court has never narrowed the American Rule to require that fee-shifting statutes explicitly reference a "prevailing party" for the Rule to be applicable. Because no binding decisions narrow the American Rule's scope, the Rule should apply to Section 145.

The Court is also precluded from awarding attorneys' fees to the USPTO because "[a]ll the expenses of the proceedings" in Section 145 is at best ambiguous with respect to fee shifting, and the American Rule requires clear and explicit authorization of fee shifting to award fees. The term "expenses" is not clearly and explicitly broad enough to include fees on its own, and the language modifying "expenses" in Section 145 fails to provide the necessary clarity under the American Rule. The term "all" defines the proportion of expenses paid, and the phrase "of the proceedings" limits the scope of expenses to those incurred at the district court.

Furthermore, the legislative history of Section 145 is unclear and ambiguous as to whether Congress intended to require each applicant filing an action under Section 145 to pay the USPTO's fees regardless of the case's outcome. A scheme where all applicants pay the USPTO's attorneys' fees in all cases not only places reasonable applicants on equal footing with those making unreasonable claims, but also fails to account for other provisions under which a district court may award fees. Congress more likely endorsed a two-tiered disincentive scheme, in which all applicants seeking review under Section 145 would be responsible for the USPTO's "expenses" and not attorneys' fees, leaving district courts with the discretion to award fees in appropriate cases under other statutory provisions or inherent power of the district courts.

Because Section 145 is ambiguous with respect to fee shifting, it fails to clearly and explicitly deviate from the American Rule. Therefore, this Court

should hold that the USPTO's attorneys' fees in the form of a pro rata share of its legal team's salaries are not included within Section 145's "all the expenses of the proceedings."

ARGUMENT

I. THE AMERICAN RULE IS A BEDROCK PRINCIPLE OF AMERICAN JURISPRUDENCE WITH GENERAL APPLICATION

The American Rule is a "bedrock principle" of American jurisprudence under which "[e]ach litigant pays his own attorney's fees, win or lose, unless a statute . . . provides otherwise." *Baker Botts v. ASARCO, LLC*, 135 S. Ct. 2158, 2164 (2015) (quoting *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 252-53 (2010)). The American Rule serves as the "basic point of reference" for awards of attorneys' fees regardless of whether or not a fee-shifting provision makes reference to a "prevailing party." *See id.* at 2166 (applying the American Rule to a statute purporting to shift fees in the "unusual manner" of awarding them to a potentially unsuccessful litigant, even though fee-shifting provisions commonly award fees to a "prevailing party" or a "successful litigant").

The American Rule has general application in that it serves as the "basic point of reference" in every case. This Court has described it as "the general rule that, absent statute or enforceable contract, litigants pay their own attorneys' fees." *Alyeska Pipeline Servs. Co. v. Wilderness Soc'y*, 421

U.S. 240, 257 (1975) (citing *F.D. Rich Co., Inc. v. United States ex. Rel. Industrial Lumber Co., Inc.*, 417 U.S. 116, 128-131 (1974); *Hall v. Cole*, 412 U.S. 1, 4 (1973)). The Rule is a "general rule," not one of limited application.

II. THE FOURTH CIRCUIT ERRED IN *SHAMMAS* BY HOLDING THAT THE AMERICAN RULE IS OF LIMITED APPLICABILITY

In *Shammas v. Focarino*, the U.S. Court of Appeals for the Fourth Circuit, reviewed the meaning of an expense provision of the Lanham Act similar to that of Section 145. The Fourth Circuit found that "all the expenses of the proceeding" in 15 U.S.C. § 1071(b)(3) requires a trademark applicant to pay the USPTO's attorneys' and paralegal fees, win or lose, in a district court action appealing a decision of the USPTO under that section of the Lanham Act. *See Shammas v. Focarino*, 784 F.3d 219 (4th Cir. 2015).

The Fourth Circuit erred in *Shammas* by holding that the American Rule applies only where fee shifting is predicated on the success of the party. *Shammas*, 784 F.3d 219, 223 (4th Cir. 2015) ("The requirement that Congress speak with heightened clarity to overcome the presumption of the American Rule thus applies only where the award of attorneys fees turns on whether a party seeking fees has prevailed to at least some degree."), *cert. denied Shammas v. Hirshfeld*, 136 S. Ct. 1376 (2016).

The Fourth Circuit's error arises first from a misreading of *Alyeska Pipeline*. *See id.* (quoting from *Alyeska Pipeline*, 421 U.S. at 245). Although this Court referred in *Alyeska Pipeline* to "the general 'American rule' that the prevailing party may not recover attorneys' fees" as quoted by the Fourth Circuit, the Court in *Alyeska Pipeline* never stated that the Rule was so limited. To the contrary, as noted above, the Court provided a much simpler formulation of the "general rule" of American jurisprudence: "litigants pay their own attorneys' fees." *Alyeska Pipeline*, 421 U.S. at 257. It was thus error for the Fourth Circuit to conclude that "the American Rule provides *only* that the prevailing party may not recover attorneys' fees . . . ." *Shammas*, 784 F.3d at 223 (internal quotations and emphasis omitted) (emphasis added).[4]

The Fourth Circuit also misinterpreted the history of the American Rule as described by this Court. The Fourth Circuit relied on language in *Ruckelshaus v. Sierra Club*, 463 U.S. 680 (1983), in which the Court observed that:

> . . . [V]irtually every one of the more than 150 existing federal fee-shifting provisions predicates fee awards on

[4] The Fourth Circuit also cited *Buckhannon Bd. & Care Home, Inc. v. W. Va. Dep't of Health & Human Res.*, 532 U.S. 598 (2001) and *E. Associated Coal Corp. v. Fed. Mine Safety & Health Review Comm'n.*, 813 F.2d 639 (4th Cir. 1987). Although these cases both held that the prevailing party is not entitled to collect attorneys' fees from the loser, neither case supports the proposition that the American Rule is so narrow.

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

Shammas, 784 F.3d at 223 (quoting *Ruckelshaus*, 463 U.S. at 684) (emphasis in original)). However, the pattern the Court observed in *Ruckelshaus* is simply explained by the history of the American Rule that this Court laid out in *Alyeska Pipeline*.

In *Alyeska Pipeline*, the Court observed that the American Rule departed from the English Rule under which the prevailing party could generally recover attorneys' fees from the losing party. *Alyeska Pipeline*, 421 U.S. at 247-262. It is thus no surprise that when Congress abrogates the American Rule, it typically reverts to the English Rule, permitting fee shifting predicated on the success of the claimant. Based on the Court's consideration of the "origin and development" of the American Rule, it declined in *Alyeska* "to reallocate the burdens of litigation in the manner and to the extent urged by respondents and approved by the Court of Appeals." *Id.* at 247. Here, the Court should again consider that history and decline to reallocate the burdens of litigation in the manner urged by the USPTO and disapproved by the Court of Appeals for the Federal Circuit en banc.

Moreover, it simply does not follow from the fact that the vast majority of fee-shifting statutes are

predicated on some success by the claimant, that a statute that is alleged to award attorneys' fees is not a "fee-shifting statute" unless it is predicated on such success. When a first party is forced to pay a second party's attorneys' fees, those fees have been shifted from the second party to the first. The Fourth Circuit's analysis would seem to be: If the American Rule that each party must pay its own fees (absent a statutory or contractual provision that requires otherwise) is *typically* replaced by the English Rule (by statutes that require the losing party to pay the *prevailing* party's fees), then the American Rule no longer applies to an analysis of a statute that shifts fees to a party for some other reason. However, that which is typical (fee-shifting statutes awarding fees to a prevailing party) is not necessarily the same as that which is required by the American Rule, which dictates no fee shifting absent a specific statutory or contractual provision. In this case, the USPTO's argument that the American Rule does not apply to Section 145 does not follow from that which is required by the American Rule.

III. THE USPTO'S INTERPRETATION OF SECTION 145 IS AN EXCEPTIONAL DEPARTURE FROM THE AMERICAN RULE

The USPTO's proposed interpretation of Section 145 is an exceptional departure from the American Rule. Rather than shift fees only where the prevailing party is successful, the rule proposed by the USPTO would mandate fee shifting irrespective of outcome based on a statute that does not even use the words "attorneys' fees."

The USPTO's proposed rule would represent as great a departure from the English Rule as from the American Rule but in the opposite direction. The English Rule premises an award of fees on the outcome of the proceedings. The American Rule provides that fees not be shifted regardless of the outcome. Similarly, the USPTO's proposed rule would also be independent of the outcome, but instead of not shifting fees in any case, it would mandate that fees be shifted in favor of the USPTO *in every case*.

As emphasized by other amici, the USPTO's radical departure from the American Rule is so great that no one even imagined it for 170 years of applying Section 145 and its statutory forebears.

This Court has held that the typical abrogation of the American Rule – reversion to the English Rule – requires "explicit statutory authority." *Buckhannon Bd. & Care Home*, 532 U.S. at 602. The Fourth Circuit has recognized that such explicit authority arises when Congress' intent to abrogate the American Rule is expressed "clearly and directly." *Shammas*, 784 F.3d at 223 (citing *In re Crescent City Estates*, 588 F.3d 822, 825 (4th Cir. 2009)). Where, as here, the proposed departure from the American Rule is exceptionally great, the Court should require greater clarity. It was thus additional error for the Fourth Circuit to excuse itself from the "*requirement*" that the statute at issue in *Shammas* (15 U.S.C. § 1071(b)(3)) "*explicitly* provide for the shifting of attorneys fees to overcome the

presumption of the American Rule." *Shammas*, 784 F.3d at 223-24 (emphasis added).

IV. SECTION 145 IS UNCLEAR AND AMBIGUOUS WITH RESPECT TO FEE SHIFTING AND FAILS TO OVERCOME THE AMERICAN RULE'S PRESUMPTION AGAINST FEE SHIFTING

The Court should find that the phrase "[a]ll the expenses of the proceedings" is not sufficiently clear and explicit regarding fee shifting to rebut the American Rule's presumption against awarding attorneys' fees. While the use of phrases like "attorneys' fees" or "prevailing party" are not necessary for fee-shifting, the statute must otherwise "evince[ ] an intent to provide for such fees." *Key Tronic Corp. v. United States*, 511 U.S. 809, 815 (1994). This requires language that clearly and explicitly overrides the American Rule. *Id.* at 817-18. Section 145 is at best ambiguous regarding fees. The Court should not read this ambiguity as a clear and explicit authorization to award the USPTO its attorneys' fees in all actions under Section 145.

The term "expenses" in Section 145 is ambiguous regarding whether it encompasses attorneys' fees. It is reasonably interpreted as not authorizing such fees. The ambiguity of "expenses" is highlighted by several citations in the briefs and judicial opinions in this case assessing whether "expenses" is sufficiently clear and explicit to override the American Rule's presumption against fee shifting.

If Congress had intended to shift fees under Section 145, Congress would have provided ironclad certainty in doing so, especially given the extreme deviation from the American Rule such a scheme would entail. For example, while neither "prevailing party" nor "successful litigant" is required to implicate the American Rule, Congress' keen awareness of the clarity and specificity required to authorize fee shifting results in their usage of these phrases almost every time. *See Ruckelshaus*, 463 U.S. 680 at 684 ("[V]irtually every one of the more than 150 existing federal fee-shifting provisions predicates fee awards on *some* success by the claimant.") (emphasis in original); *see also Baker Botts*, 135 S. Ct. at 2164 (recognizing that deviations from the American Rule "tend to authorize the award of a 'reasonable attorney's 'fees,' or 'litigation costs,' and usually refer to a 'prevailing party'"). *See also* 35 U.S.C. § 285 (fee-shifting provision in the American Invents Act permitting the court "in exceptional cases" to "award reasonable attorney fees to the prevailing party."). In contrast to statutes in which Congress explicitly demonstrates an intent to shift fees, Section 145 uses the ambiguous term "expenses."

Clarity and specificity are required to deviate from the American Rule. Because "all the expenses of the proceedings" in Section 145 is reasonably interpreted as not shifting attorneys' fees, this Court should not award them.

Additionally, the context in which Section 145 uses the term "expenses" does not resolve the lack of clarity and ambiguity in the statute. In particular,

neither the word "all" nor the phrase "of the proceedings" clarifies or broadens the intended meaning of the word "expenses" to clearly and explicitly include attorneys' fees.

First, the word "all" simply identifies the portion of "expenses" applicants must pay and does not elucidate whether the term includes attorneys' fees. To the contrary, that the expenses paid by litigants under Section 145's command that "[a]ll the expenses . . . *shall* be paid" have never included attorneys' fees suggests that the statute does not require payment of such fees. The term "shall" does not, as the USPTO now argues, give the USPTO discretion to demand only a portion of "the expenses." Thus, for the last 170 years, the USPTO and its predecessors interpreted "all the expenses" to exclude attorneys' fees. *See Brief of Respondent NantKwest, Inc.* ("Resp. Br.") at 23 ("[I]n the more than 170 years, after § 145 was enacted, the PTO did not once seek attorneys' fees." If Congress' alleged intent to shift fees under Section 145 were sufficiently clear to overcome the American Rule's presumption against such fee shifting, how could the USPTO have interpreted the statute for 170 years and come to the opposite conclusion? *See Id.* ("The best interpretation of this history is that 'expenses' meant in 1839 what it means now: it does not encompass attorneys' fees.")

Second, "of the proceedings" is a limitation on the scope of "expenses" and not a phrase clearly broadening "expenses" to include fees. The phrase simply limits "expenses" to those incurred during district court proceedings, preventing inconsistent

results in actions under Section 145 and appeals under Section 141.[5]

Section 145 is ambiguous at best with respect to fee shifting. This ambiguity permits a reasonable interpretation of Section 145 to exclude fee shifting. Therefore, this Court should find that the statute does not clearly and explicitly authorize an award of fees in the form of pro rata portions of salaries of the USPTO's attorneys and paralegals.

V. THAT CONGRESS MIGHT HAVE CHOSEN AMONG SEVERAL DISINCENTIVE SCHEMES FURTHER SUPPORTS FINDING AMBIGUITY IN 35 U.S.C. § 145 AND PRECLUDES AWARDING THE USPTO FEES IN THE FORM OF A PRO RATA SHARE OF ITS LEGAL TEAM'S SALARIES

Reference to the legislative purpose of Section 145 does not resolve the ambiguity in the statute because Congress was free to choose among several plausible disincentive schemes. More specifically, that Congress may have intended Section 145 to impose a "heavy economic burden" on applicants seeking district court review, *see NantKwest Inc. v. Matal*, 860 F.3d 1352, 1355 (Fed. Cir. 2017) (citing *Hyatt v. Kappos*, 625 F.3d 1320, 1337 (Fed. Cir. 2010) (en banc)), does not imply that Congress intended to

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[5] *See* 35 U.S.C. § 141 (omitting an award of expenses while providing for appeals from the USPTO directly to the Federal Circuit).

maximize the economic burden as a deterrent to every patent applicant in every such case. The conclusion that Section 145's "expenses" include attorneys' fees in the form of a pro rata share of the USPTO's attorneys and paralegal's salaries therefore does not follow from the premise that Section 145 is meant to be a disincentive scheme to deter patent applicants from pursuing district court litigation.

Similarly, the USPTO's transition to a user-funded business model does not imply that Congress *sought to tie each and every* operational cost of the Office to the users most directly responsible for incurring it. *See* Pet. Br. 7, ("[In the Leahy-Smith America Invents Act (AIA), Congress directed the USPTO to 'set or adjust[]' the fees charged for its services so as 'to recover the aggregate estimated costs to the [USPTO] for processing, activities, services, and materials relating to patents * * * and trademarks." (citations omitted)). *But see* Resp. Br. 3 ("Congress also did not amend § 145 in 2011, when it required the PTO to operate as a user-funded agency under the Leahy-Smith America Invents Act (the 'AIA')." (citations omitted)).

A legislative scheme under which attorneys' fees are always shifted unfairly punishes good-faith litigants whose claims may require a high number of attorney hours to litigate. At the same time, such a scheme counterintuitively places bad-faith litigants in equipoise with good-faith litigants by requiring both to pay the full measure of attorneys' fees. While Congress was free to adopt such a scheme despite its flaws, it is more likely that Congress designed Section 145 to exclude fees from "expenses" and

employ a two-tiered scheme whereby all litigants bear the "heavy economic burden" of non-fee expenses, while bad-faith or unreasonable litigation is further deterred by provisions that explicitly authorize fee shifting.

The USPTO may still be entitled to collect its attorneys' fees under multiple fee-shifting statutes if applicants litigate unreasonably or in bad faith. First, the Patent Statute has a fee-shifting provision at the district court "in exceptional cases," *see* 35 U.S.C. § 285, to deter bad faith litigation and litigation misconduct. Nothing in Section 285 restricts its scope only to infringement cases.[6] Second, district courts retain their inherent powers permitting fee awards in cases of bad faith litigation and litigation misconduct. Third, 28 U.S.C. § 1927 authorizes courts to make counsel personally liable

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[6] "Section 285 … authorizes a district court to award attorney's fees in patent litigation." *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 572 U.S. 545, 548 (2014). A Section 145 action is "patent litigation," a litigation over a patent, whether it is to be granted or not. The USPTO may or may not consider Section 285 to apply to Section 145 actions, but whether it does is at least an open question. Motivated to recover fees in Section 145 actions, the USPTO could take up the case that Section 285 applies; in doing so, it would focus its energies where they should be applied, on exceptional cases. As in *Octane Fitness*, the cases for which the USPTO could obtain fees would broadly and appropriately include the Section 145 cases which "[stand] out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." *Octane,* 572 U.S. at 554.

for fees to prevent counsel from unreasonably or vexatiously multiplying proceedings. Because of the inherent and statutory powers permitting courts to award fees when warranted, it is plausible that Congress envisioned a two-tiered disincentive scheme rather than the single-tiered, automatic approach mandating that all litigants pay the USPTO's fees, regardless of case outcome.

Similarly, the USPTO's transition to a user-funded model fails to necessitate shifting fees in every Section 145 action because Congress could have approached user funding under Section 145 in multiple ways. Specifically, Congress could have assigned the relatively predictable non-fee "expenses" to applicants invoking Section 145 as a constant disincentive, while simultaneously defraying the "high and uncertain costs" of attorneys' fees among all of the USPTO's users, in something of an insurance model. *See NantKwest*, 860 F.3d 1365-66 (Stoll, C.J., dissenting). Economics teaches that insurance-like models are appropriate where an "insured" faces a very small chance of incurring a very large expense,[7] just as individual patent applicants face a very small chance of needing a Section 145 action to present new evidence. It is predictable that the USPTO will face some actions under Section 145 but unpredictable which users will require such proceedings; similarly, it is predictable that some of an insurance company's customers will

[7] *See* Karl Borch, *The Economic Theory of Insurance* at 261-63 (1964), *available at* https://www.casact.org/library/astin/vol4no3/252.pdf.

face, e.g., a health crisis but unpredictable which particular insureds will get sick. An insurance model is therefore an appropriate option for Congress to have adopted, and the statute is reasonably read – and indeed, has been read for 170 years – to provide for just such a model.[8]

Because Congress plausibly intended to spread the variable and unpredictable cost of attorneys' fees across the USPTO's larger user base to maintain a predictable disincentive for "all the expenses" that excludes attorneys' fees, the Court should not find sufficient evidence to authorize an award of attorneys' fees under Section 145 simply because Congress transitioned the USPTO to a user-funded agency.

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[8] Indeed, "[a] back-of-the-envelope calculation elucidates the minuscule impact of [Section 145] proceedings on the overall cost of a patent application. . . . When spread amongst the 627,000+ [patent] applications [estimated by the USPTO for fiscal year 2018], the $1 million price tag [more than the estimated amount of PTO salaries for work on ten Section 145 actions in the same fiscal year] amounts to less than $1.60 per application." *NantKwest, Inc. v. Iancu*, 898 F.3d 1177, 1195-96 (Fed. Cir. 2018) (citations omitted).

CONCLUSION

For the reasons above, the Court should clarify that the proper interpretation of "expenses" in 35 U.S.C. § 145 does not include attorneys' fees in the form of the prorated salaries of the USPTO attorneys and paralegal and reject any definition that includes fee shifting, which is not clearly or explicitly set forth in the statute.

Respectfully submitted,

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