1	IN THE SUPREME COURT OF THE UNITED STATES
2	x
3	GLOBAL CROSSING :
4	TELECOMMUNICATIONS, INC., :
5	Petitioner :
6	v. : No. 05-705
7	METROPHONES :
8	TELECOMMUNICATIONS, INC. :
9	x
10	Washington, D.C.
11	Tuesday, October 10, 2006
12	The above-entitled matter came on for oral
13	argument before the Supreme Court of the United States at
14	11:02 a.m.
15	APPEARANCES:
16	JEFFREY L. FISHER, ESQ., Stanford, Cal.; on behalf of the
17	Petitioner.
18	ROY T. ENGLERT, JR., ESQ., Washington, D.C.; on behalf of
19	the Respondent.
20	JAMES A. FELDMAN, ESQ., Assistant to the Solicitor
21	General, Department of Justice, Washington, D.C.;
22	on behalf the United States, as amicus curiae,
23	supporting Respondent.
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1	PROCEEDINGS
2	(11:02 a.m.)
3	CHIEF JUSTICE ROBERTS: We'll hear argument next
4	in Global Crossing Telecommunications versus Metrophones
5	Telecommunications. Mr. Fisher.
6	ORAL ARGUMENT OF JEFFREY L. FISHER
7	ON BEHALF OF THE PETITIONER
8	MR. FISHER: Thank you, Mr. Chief Justice, and may
9	it please the Court:
10	Complaints alleging violations of the FCC's
11	pay phone compensation regulations allege just that,
12	violations of regulations. The regulatory violations do
13	not give rise to private cause of action under section
14	206 and 207 of the Communications Act. The proper point
15	of departure in this case begins at section 276. There
16	Congress directed the FCC to create a system guaranteeing
17	pay phone providers compensation for the services that
18	they provide to callers who make dial around calls.
19	There can be little doubt that the FCC has ample
20	authority to enforce the system it created
21	administratively.
22	But nothing in Section 276 or anywhere else
23	in the Act contemplates that violations of the FCC's
24	implementing regulations should give rise to a private
25	cause of action for damages in Federal court.

- 1 Accordingly, this Court should reverse the Ninth
- 2 Circuit's decision allowing pay phone operators to bring
- 3 through the back door the kinds of cases that Congress
- 4 declined to allow through the front.
- 5 There's nothing upsetting about reaching
- 6 that result here. The Communications Act quite sensibly
- 7 limits private damages actions in Federal court to those
- 8 alleging violations of the Act itself. And claims that
- 9 long distance providers -- I'm sorry -- claims that long
- 10 distance providers have violated the pay phone
- 11 compensation regulations require the parsing and the
- 12 application of the extraordinarily complex and
- 13 ever-changing FCC rules and regulations and orders.
- JUSTICE STEVENS: Mr. Fisher, may I ask you this
- 15 question? In your view, did the regulations create a
- 16 legally enforceable obligation?
- 17 MR. FISHER: Yes, Justice Stevens.
- JUSTICE STEVENS: And where may that obligation be
- 19 enforced?
- 20 MR. FISHER: Our position is that can be fully
- 21 enforced in the FCC. And in fact, the FCC is hearing
- 22 complaints like this all the time.
- JUSTICE STEVENS: By means of a private action
- 24 before the FCC?
- MR. FISHER: Yes, by means of an administrative

- 1 action before the FCC.
- 2 JUSTICE STEVENS: Where the carrier -- where they
- 3 would file a complaint saying you owe us X dollars, and
- 4 the agency could order them to pay X dollars.
- 5 MR. FISHER: That's right. And if you look at the
- 6 Sprint amicus brief at page 23, the brief cites several
- 7 cases just like this one that the FCC has fully
- 8 adjudicated and in some cases awarded damages.
- 9 JUSTICE STEVENS: And is the obligation
- 10 enforceable in State court?
- 11 MR. FISHER: No, we believe -- of course, this
- 12 Court did not grant certiorari --
- 13 JUSTICE STEVENS: I understand that. I'm curious
- 14 to know what your view is.
- 15 MR. FISHER: If this Court holds there is no
- 16 private cause of action in Federal court, then it is not
- 17 enforceable in state court either. Our position is that
- 18 there is only an administrative remedy that's available.
- 19 JUSTICE GINSBURG: But the administrative remedy
- 20 that you just conceded is a counterpart to a private
- 21 right of action, or isn't it? Would you get the same
- 22 thing? I complained to the agency, and say, I didn't get
- 23 -- the pay phone provider wasn't paid, and X under the
- 24 commission's regulations was supposed to pay it. So I
- 25 complained against X. Could I get before the FCC exactly

- 1 what I could get in court, so that we're only talking
- 2 about which form is proper, or is there a difference in
- 3 the remedy?
- 4 MR. FISHER: In terms of damages, we're talking
- 5 about exactly the same thing, Justice Ginsburg. The only
- 6 difference between being in Federal court as opposed to
- 7 the agency is that if you're in Federal court, the
- 8 Communications Act has a fee shifting provision. And we
- 9 think that further underscores the Congress's scheme
- 10 here, which is to reserve Federal court actions for
- 11 serious violations of the Communications Act, and that's
- 12 where fee shifting kicks in. Ordinary --
- JUSTICE GINSBURG: And before the agency, you
- 14 don't get counsel fees?
- 15 MR. FISHER: That's right.
- 16 JUSTICE SOUTER: Mr. Fisher, I realize you don't
- 17 concede, in fact, quite to the contrary, you deny that
- 18 the failure to pay the full rate is -- could be
- 19 considered a practice here. But let's assume for the
- 20 sake of argument that it is a practice within the meaning
- 21 of the text.
- 22 If the -- if the agency had explicitly said, what
- 23 we are doing here in defining this practice as unlawful
- 24 or unjust, is to define it as such within the meaning of,
- 25 what is it, 201(b), so they make explicit reference to

- 1 the statute and they say, we are fleshing out the
- 2 statute, would your position be the same?
- 3 MR. FISHER: I think that's very much what the
- 4 Commission is contending here Justice Souter.
- 5 JUSTICE SOUTER: But it wasn't textually as nice
- 6 as that?
- 7 MR. FISHER: Right.
- 8 JUSTICE SCALIA: But they have made it that,
- 9 haven't they, in a later regulation? Haven't they said
- 10 just that.
- 11 MR. FISHER: In a later order, Justice Scalia.
- 12 JUSTICE SCALIA: In a later order, yes.
- JUSTICE SOUTER: Let's assume in the reg itself,
- 14 they were that precise. Would your position be exactly
- 15 the same?
- 16 MR. FISHER: Yes. The result would be the same.
- 17 And I think you're asking me to put aside for the moment
- 18 whether the FCC was correct in saying it was a covered
- 19 practice.
- JUSTICE SOUTER: Sure.
- 21 MR. FISHER: And in terms of the FCC calling this
- 22 unjust and unreasonable, the problem with that is that
- 23 the only reason the FCC has ever given that this is
- 24 unjust and unreasonable is because it violates its
- 25 regulations. And if there's one thing we know from the

- 1 structure of the Communications Act, it's that for
- 2 something to be remedial in Federal court, in other
- 3 words -- and if we know something violates 201, it is
- 4 remediable.
- 5 JUSTICE SOUTER: Okay.
- 6 MR. FISHER: It has to be.
- 7 JUSTICE SOUTER: You invite me to change the
- 8 hypothetical, then, by jacking it up in this respect.
- 9 The FCC gives the reason. And it says, the reason it's
- 10 unjust and unreasonable is that the carriers are getting
- 11 a free ride on the pay phones, et cetera.
- 12 So they fill in the gap that you claim.
- 13 They have a reason. Would your answer or your position
- 14 still be the same?
- 15 MR. FISHER: Yes, because the reasoning the FCC
- 16 would give simply would not be a permissible construction
- of the terms unjust and unreasonable in 201(b).
- JUSTICE SOUTER: Are there any times under any
- 19 circumstances that you can think of in which the FCC can
- 20 adequately and validly define a practice as unjust and
- 21 unreasonable within the meaning of the statute so that,
- 22 in fact, in applying the statute, we would follow -- be
- 23 bound to follow the regs?
- MR. FISHER: Of course, in the vast majority. Let
- 25 me give you some examples, and then I'll distinguish it

- 1 from this case. The easiest example is rate of return
- 2 regulations that the FCC can pronounce. So the FCC can
- 3 say how much long distance companies are able to charge
- 4 for certain services. Fleshing out the amount that they
- 5 can charge so that they're not in effect gouging
- 6 consumers is a regulation that this Court could look to,
- 7 but --
- 8 JUSTICE SOUTER: Okay. But why can't they pass a
- 9 regulation that says don't gouge pay phone operators?
- MR. FISHER: Well, that goes to the heart of this
- 11 case, Justice Souter, in the kind of regulations that we
- 12 have. What we have here is not the FCC telling long
- 13 distance providers to give pay phone operators money that
- 14 long distance operators ought to owe pay phone operators.
- 15 The money that's at issue here, the 24 cents per
- 16 call is the money that callers owe the pay phone
- 17 operators. If you look back at the D.C. Circuit's
- 18 decision --
- 19 JUSTICE SOUTER: Well, do they? I mean, the
- 20 statute of the United States says that -- I think I'm
- 21 correct -- the statute of the United States says they
- 22 can't be required, the caller cannot be required to put
- 23 in the quarter in order to get the 800 number and so on.
- So as a matter of law, don't we have to say that
- 25 the, in practical terms, the caller doesn't owe?

- 1 Somebody owes. Somebody ought to pay for the use of this
- 2 facility. But Congress has said it is not the end user.
- 3 MR. FISHER: You are right, Justice Souter,
- 4 insofar as we're trying to capture the money here for
- 5 essentially the equipment rental or the access fee that
- 6 the caller is availing himself of. But Congress has not
- 7 said that money cannot rest on the caller's shoulders.
- 8 All Congress says in Section 226 is that the caller
- 9 cannot be required to pay in advance.
- The FCC during its rulemaking proceedings actually
- 11 considered two alternatives where the caller would have
- 12 paid in full compliance with Section 226. One would be
- 13 the caller paying with a later billing device like a
- 14 credit card, billing it to their home phone number.
- 15 Another option the FCC considered would have been
- 16 where the long distance providers would have billed
- 17 customers on behalf of the pay phone operators. Either
- 18 way, the customer would have paid. Even the respondent
- 19 in his brief openly --
- JUSTICE SOUTER: Well, the customer is going to
- 21 pay if, in fact, the long distance carrier is the one who
- 22 has to make the immediate payment, because that payment
- 23 is going to be figured in the long distance rate. So
- 24 that ultimately, the end user is going to pay for the
- 25 service he gets, and Congress is simply saying, the way

- 1 to make this thing work in a sensible and simple way is
- 2 to require the long distance carrier to make the
- 3 reimbursement.
- 4 The economic end result is exactly the same as it
- 5 would have been if they had said, well, you can send a
- 6 bill for 25 cents to the end user.
- 7 MR. FISHER: The economic result may be the same,
- 8 but with all due respect, Congress has not decreed that
- 9 the administrative system work this way.
- 10 JUSTICE SOUTER: It hasn't decreed
- 11 otherwise.
- 12 MR. FISHER: It hasn't decreed otherwise.
- 13 Congress essentially --
- 14 JUSTICE SOUTER: Isn't that the classic situation
- 15 in which agencies are supposed to figure out what to do?
- 16 MR. FISHER: Congress gave the FCC power in 276 to
- 17 come up with a plan. But this case, as the Ninth Circuit
- 18 decided it is not under 276, it is under 201, so the
- 19 question is whether failing to comply with the
- 20 administrative plan --
- JUSTICE SOUTER: Well, as I understand it, it came
- 22 to the conclusion not that they were not acting under
- 23 276, but that, in fact, the cause of action has to refer
- 24 back to 201.
- 25 MR. FISHER: That's right. I'm sorry. It brings

- 1 us back to the question that you asked: Whether the
- 2 Ninth Circuit, or the FCC for that matter, can shoehorn
- 3 this into 201 as an unjust and unreasonable practice.
- 4 CHIEF JUSTICE ROBERTS: In your answer for why
- 5 they can't, Justice Souter's comment is a classic, this
- 6 is what administrative agencies do all the time in
- 7 typical rate regulations. They make a determination that
- 8 utility shareholders have to bear this cost. The rate
- 9 payers can bear this cost. And at the end of the day, it
- 10 is a determination that a rate is reasonable or
- 11 unreasonable.
- 12 And it seems to me that that is just what is
- involved here. I don't know why their determination
- 14 about how to allocate who has to collect the rates, and
- 15 whether they can pass them on or not makes it an
- 16 impermissible interpretation of what's unjust or
- 17 unreasonable under 201.
- 18 MR. FISHER: Well, Chief Justice Roberts, the FCC
- 19 was unquestionably acting under 276 when it did this. So
- 20 the question is whether you can go back to 201. And as I
- 21 said, you need to start with section 206 and 207 because
- 22 we're in Federal court. And that says that violations of
- 23 the Act are remediable but not of regulations, in
- 24 contrast to numerous other sections.
- 25 So the question in asking whether it violates 201,

- 1 it has to be something more than simply the FCC's
- 2 regulation wasn't followed. And we need to ask ourselves
- 3 what kind of regulation is it.
- 4 JUSTICE SCALIA: Are rate making regulations
- 5 issued under 201, do they purport to be the FCC's
- 6 definition of what is just and reasonable compensation?
- 7 MR. FISHER: That's right. That's what I conceded
- 8 to Justice Souter earlier.
- 9 JUSTICE SCALIA: They are issued under 201.
- 10 MR. FISHER: I think largely they are.
- 11 JUSTICE SCALIA: So they are an interpretation of
- 12 the statutory language in 201.
- 13 MR. FISHER: That's right.
- 14 JUSTICE SCALIA: And you say this one is not.
- MR. FISHER: That's right. And this Court can
- 16 look several places, but it can first look to
- 17 these -- this regulatory regime that was created, which
- 18 was always thought of as being triggered by section 276.
- 19 And then asking --
- 20 CHIEF JUSTICE ROBERTS: When you say it was always
- 21 thought of as being triggered by 276, did the FCC
- 22 reference 201 in issuing its determination that a failure
- 23 to follow these regulations was unjust and unreasonable?
- MR. FISHER: In its order, it references 276 and
- 25 201. In the regulations -- I thought I was being asked

- 1 about the regulations -- it leads with 276.
- 2 JUSTICE KENNEDY: Suppose it issued the regulation
- 3 after notice and comment, and said -- violation of the
- 4 pay phone order is an unjust and unreasonable practice,
- 5 would the case be different?
- 6 MR. FISHER: No, it wouldn't be. And I think I
- 7 want to flesh out and make sure I've gotten across the
- 8 distinction between the rate making --
- 9 JUSTICE BREYER: You haven't. Maybe -- if this
- 10 doesn't clarify it. I think everyone has about the same
- 11 question. You have a bunch of pay phone operators. And
- 12 if the AT&T were charging them too much, I think everybody
- 13 would say that the FCC can say, hey, that's too much. You
- 14 owe them 2 cents a call refund, and everybody would agree
- 15 that the people who are hurt could go into court and bring
- 16 a lawsuit and get the 2 cents. Right under 47 U.S.C.
- 17 201(b).
- Now, the only difference here seems to be that it
- 19 wasn't AT&T that was charging, in my example, too much.
- 20 They weren't paying what they owed. They should have
- 21 paid what they owed. And that, says the FCC, is, under
- 22 201(b), an unreasonable practice. And, therefore, go in
- 23 and collect it in court. Now, what is the answer to
- 24 that?
- 25 So far I have heard nothing that suggests

- 1 that this couldn't be an unreasonable practice under
- 2 201(b), which is just what the FCC said it was. Now,
- 3 what's wrong with what I said? I'm simply trying to
- 4 focus you upon what I think is the question that's
- 5 bothering some of us.
- 6 MR. FISHER: There are two things that are wrong
- 7 with that, Justice Breyer. The first thing is that in
- 8 contrast to ordinary rate making regulations, here, in
- 9 the absence of regulations, long distance providers would
- 10 owe pay phone operators zero. There's no reason why long
- 11 distance providers would give money to pay phone
- 12 operators.
- The 24 cents here is to capture what callers
- 14 owe the pay phone operators. And so the FCC has come up
- 15 with an administrative system. But there's nothing
- 16 unjust or unreasonable about long distance providers not
- 17 giving money to pay phone operators before the regulatory
- 18 regime drops into place, whereas there is plenty that is
- 19 unjust and unreasonable about overcharging, for example
- 20 --
- JUSTICE BREYER: So, my answer -- not answer, but
- 22 my characterization of what you have just said is that the
- 23 FCC did say it was an unreasonable practice. But in your
- 24 view, it was not an unreasonable practice not to pay.
- 25 And you want us to go back and second-guess, which

- 1 we could, if their view of unreasonable practice is
- 2 unreasonable itself. And I guess you would have to
- 3 overturn it. I didn't know that was what the case was
- 4 about, but are you saying now that that's the issue?
- 5 They said it was an unreasonable practice not to pay this
- 6 money, you think it is a reasonable practice not to pay
- 7 the money. There is a dispute. That's what we should
- 8 do.
- 9 MR. FISHER: No.
- 10 JUSTICE BREYER: Okay. Then what should we do?
- MR. FISHER: Well, what you should do is reverse
- 12 the Ninth Circuit.
- JUSTICE SCALIA: You say it would be a reasonable
- 14 practice not to pay the money, but for the existence of
- 15 the regulation.
- 16 MR. FISHER: That's exactly right.
- JUSTICE BREYER: Just like AT&T when, in fact --
- 18 or any other utility that, in fact, runs into situations
- 19 every day of the week, where but for an FCC regulation,
- 20 they would not be overcharging, because they have a way
- 21 of doing it that isn't on its face unjust. But the FCC
- 22 writes some regulations and now it is unjust. So I guess
- 23 to take that argument would overturn, I guess, about a
- 24 hundred years of rate making law. Wouldn't it?
- MR. FISHER: No, it wouldn't. Justice Scalia, I

- 1 think, has captained that position. And what we're
- 2 saying is the FCC can pick a fair rate once it is
- 3 something that long distance providers or any common
- 4 carrier ought to be compensating somebody for. But what
- 5 we are saying here is, this is a purely administrative
- 6 creature. And then it gets to the second reason why --
- 7 JUSTICE BREYER: So in other words, you are saying
- 8 -- I think it is common that the FCC might write some
- 9 accounting rules, for example. And they might say,
- 10 before these accounting rules, Mr. Bell's system in San
- 11 Francisco, you could charge people 8 cents a call. But
- 12 given the way we set up the accounting rules, we think
- 13 this month you have to do 7 cents in the first six
- 14 months, 7 cents, in the next six months, 9 cents. And
- 15 any deviation from that is unreasonable. And the company
- 16 does deviate. I would have always thought when they do
- 17 deviate, they are behaving unreasonably, and someone who
- 18 pays too much could go into court and get money back.
- 19 Am I wrong about that?
- MR. FISHER: No, you would have been right,
- 21 Justice Breyer. We're not asking -- even the Louisiana
- 22 Public Service Commission is another example of
- 23 something. And that brings me -- I think I should go
- 24 back to what --
- JUSTICE SCALIA: Before you go back, let's hear

- 1 about the accounting rules. What would they be issued
- 2 under? Would they be issued under 201?
- 3 MR. FISHER: They might. The question that we
- 4 would ask is whether it affects carriers' relationships
- 5 to their customers. Now, under Justice Breyer's
- 6 hypothetical, and this is the Louisiana Public Service
- 7 Commission --
- 8 JUSTICE SCALIA: It seems to me accounting rules
- 9 -- in order to decide what is just and reasonable, you
- 10 have to have accounting rules. So the accounting rules
- 11 fit very comfortably under 201.
- 12 MR. FISHER: I don't think we're disagreeing.
- 13 What I want to do is distinguish those from the case we
- 14 have here, and go back to Justice Souter's --
- 15 JUSTICE SOUTER: May I focus your return to me?
- 16 Because I want to take up with where your answer to
- 17 Justice Scalia left off. As I understand it, you were
- 18 saying that the rate in this case is unreasonable because
- 19 the party or the person who is responsible for the use of
- 20 the pay phone facilities is the person who's making the
- 21 call, not the long distance carrier.
- 22 My question to you is, isn't that simply a choice
- 23 of characterization? Because another way of looking at
- 24 it would be that the person who makes the call wants to
- 25 use long distance facilities to get to the person he

- 1 wants to talk to. And, therefore, the long distance
- 2 facility in every pay phone case is using the pay phone
- 3 in order to get the customer to what the long distance
- 4 facility provides.
- 5 Why then isn't it just as fair to characterize the
- 6 use of the pay phone here as for the benefit of the
- 7 carrier as for the benefit of the customer? And if that
- 8 is just as fair, doesn't that end the distinction that
- 9 you drew with Justice Scalia saying that it is not fair
- 10 in this case.
- 11 MR. FISHER: No, for two reasons. The first is --
- 12 I just want to be clear, we are not challenging the FCC's
- 13 authority to have created the regulatory regime it did
- 14 under 276. So the FCC could well have picked, as it did,
- 15 long distance providers to be on the ultimate hook here.
- 16 But the reason -- but the problem with saying that
- 17 -- I'm sorry. I lost the train of thought in your
- 18 question.
- 19 JUSTICE SOUTER: My question is simply, you can
- 20 say -- one way of looking at this transaction is, it is
- 21 the guy making the call who's using it. Another way is
- 22 to say the long distance facilities carrier is using it
- 23 to get the call to the long distance facility. If you
- look at it in way B, doesn't your argument for
- 25 unreasonableness disappear?

- 1 MR. FISHER: Thank you. That would be an entirely
- 2 different case than the one we have here, Justice Souter.
- 3 The 24 cents that the respondent is seeking to recoup
- 4 here, if you go back and look at the regulatory system --
- 5 and that's what they are asking for, is the 24 cents that
- 6 the FCC regulations entitle us to -- was calculated -- in
- 7 fact, the D.C. Circuit made the FCC go through this
- 8 exercise three times to get it right. So to calculate
- 9 that 24 cents, it is purely a function of the amount of
- 10 money that the caller owes the pay phone operator.
- 11 JUSTICE SOUTER: What difference does that make?
- 12 What difference does that make? The use of the phone is
- of a value of 24 cents. But the value of using the phone
- is a value not only to the caller, but to the long
- 15 distance provider who couldn't provide anything to the
- 16 caller without the pay phone? Why isn't the alternative
- 17 characterization just as easy, regardless of how they get
- 18 to 24 cents?
- MR. FISHER: I think another way to perhaps
- 20 characterize your position is, why is this like a
- 21 commission that they are seeking. And the reason why is
- 22 because that number may be very different than 24 cents.
- 23 If there was such a commission that could exist, it would
- 24 be far less. And the respondents are not seeking that
- amount of money.

- 1 JUSTICE SOUTER: Excuse me, but aren't you arguing
- 2 with the 24 cents, as opposed to creating an argument
- 3 about what is the proper characterization of the
- 4 transaction?
- 5 MR. FISHER: I don't think so. All I'm saying is
- 6 if you started with trying to compensate pay phone
- 7 operators for the service they provide -- that you're
- 8 characterizing as the service they provide to long
- 9 distance carriers, you end up with a far different
- 10 number. Who knows what you would end up with. Probably
- 11 end up with zero. Because take an example of somebody
- 12 who rents a cell phone for the weekend. They might make
- 13 lots of long distance calls on the cell phone, but nobody
- 14 has ever thought that a long distance carrier ought to be
- 15 kicking back money, for example, to the store that rented
- 16 the cell phone to the customer over the weekend.
- 17 And I want to return, I think in Justice Breyer's
- 18 question --
- 19 JUSTICE SOUTER: The reason is that the store that
- 20 rents the cell phone is getting rental income from the
- 21 cell phone. And in the case of the pay phone, the pay
- 22 phone operator is going to get zero, unless there is some
- 23 such scheme as this.
- MR. FISHER: Right, but then we're back to the
- 25 rental income question, and the question of whether it

- 1 would be unjust or unreasonable for long distance
- 2 providers, absent the regulations, to be the ones paying
- 3 that rental income.
- And the answer, we submit, is no. And the problem
- 5 that I think we've gotten off on a couple times brings us
- 6 back, I think, to the assumption you asked me to make at
- 7 the beginning of the argument, that something is a
- 8 covered practice under the Act.
- 9 And so another way to understand the distinction
- 10 between the accounting rules, the rate making exercises
- 11 and all the rest in this case is that section 201(b) of
- 12 the Act doesn't cover everything in connection with a
- 13 communications service. It only covers certain practices
- 14 in connection. And the history, as well as the text and
- 15 structure, shows that it regulates common carriers acting
- 16 as such.
- 17 CHIEF JUSTICE ROBERTS: It doesn't cover certain
- 18 practices in connection. It covers all practices in
- 19 connection.
- MR. FISHER: I think we agree with respondent, Mr.
- 21 Chief Justice, that in looking at 201(b), you have the
- 22 word such communication practices. And to understand
- 23 what that is referring to, you look back up at 201(a) and
- 24 see the universe. Now, the beginning of 201(a) is what
- 25 we colloquially call the carrier customer section of the

- 1 Act. And that's the core of 201(b), which says that when
- 2 a common carrier is providing service, it needs to act
- 3 justly and reasonably. Here -- and with accounting and
- 4 rate making and all the rest, those are things that
- 5 affect rates and service to customers.
- 6 What we have in this case is something very
- 7 different. This is a carrier-carrier relationship. So
- 8 you need to look somewhere else. And what respondent
- 9 says is you look to the end of 201(a), which talks about
- 10 physical interconnections between carriers. But the
- 11 problem with that argument, and the reason why this falls
- 12 outside 201(b), even if it is somehow unjust and
- 13 unreasonable, is that the carrier-carrier relationships
- 14 are governed only when the FCC has ordered physical
- 15 interconnection.
- 16 CHIEF JUSTICE ROBERTS: So you are saying that,
- 17 putting aside 276, it would clearly be impermissible for
- 18 the FCC to say one way that long distance carriers
- 19 provide service to their customers is when those
- 20 customers use pay phones; and, therefore, we're setting
- 21 up this rate regime in connection with that service. You
- 22 would say that would be outside the scope of 201(a)?
- MR. FISHER: As we're still talking generically, I
- 24 don't think it necessarily would be. Because it could
- 25 regulate the relationship between long distance providers

- 1 and their customers. I mean, that's the core of what 201
- 2 is about. It's about how much they can charge, what kind
- 3 of practices they can have in relationship to their
- 4 customers. But here we're not talking about a long
- 5 distance provider that is a common carrier in
- 6 relationship to its customers or in relation to its rates
- 7 and practices.
- 8 JUSTICE BREYER: That's actually -- that's, I
- 9 think, your strong -- to me that was the strongest
- 10 argument. When I finished reading it, I thought, well,
- 11 so what. You know, I mean, can you see why I thought
- 12 that? I mean, today's rule is different. It is true
- 13 that you don't have simply a single telephone company
- 14 providing service ultimately directly to the customer.
- 15 You have everything mixed up. And there are a lot of
- 16 inter-carrier things. Language covers it. Purpose
- 17 covers it. Facts and circumstances change.
- 18 MR. FISHER: We submit it is a not a "so what,"
- 19 Justice Breyer. Because section 201(b) is broad, but
- 20 it's not all-encompassing. And Congress plenty of times
- 21 in section 276, and in lots of other sections of the
- 22 Communications Act, has responded to modern necessity by
- 23 giving the FCC expanded jurisdiction, just as it did, as
- 24 I said here, in section 276.
- 25 But our core position here is that when Congress

- 1 expands the FCC's authority, and it doesn't create a
- 2 concomitant Federal right of action along with it, it is
- 3 telling the FCC to handle these things administratively,
- 4 use its expertise, craft regulations and enforce them
- 5 accordingly.
- 6 JUSTICE STEVENS: Mr. Fisher, can I go back to the
- 7 first question I asked you? Would the FCC have had
- 8 authority to create an administrative remedy that had a
- 9 fee shifting provision in it?
- 10 MR. FISHER: The FCC might have that authority.
- 11 Section 154(i), as well as other sections in the Act,
- 12 give the Commission broad authority in crafting its
- 13 administrative enforcement regimes. I haven't focused on
- 14 that exact question, but it might well be able to say
- 15 that in order to have this properly enforced, we need to
- 16 have fee shifting.
- 17 JUSTICE STEVENS: It could certainly impose
- 18 penalties of some kind.
- 19 MR. FISHER: Yes, it could, and the FCC could
- 20 double fine -- the FCC could do lots of things. That's
- 21 our very purpose, is that the FCC ought to be the single
- 22 forum deciding what kind of an enforcement mechanism is
- 23 best, not leaving it to Federal courts across the
- 24 country. And as Ninth Circuit invites, state court
- 25 rulings across the country with varying rules.

- 1 If there are no more questions I'll reserve the
- 2 remainder of my time.
- 3 CHIEF JUSTICE ROBERTS: Thank you, Mr. Fisher.
- 4 Mr. Englert?
- 5 ORAL ARGUMENT OF ROY T. ENGLERT, JR.,
- 6 ON BEHALF OF THE RESPONDENT
- 7 MR. ENGLERT: Thank you, Mr. Chief Justice, and
- 8 may it please the Court:
- 9 It is not particularly unusual for the grants of
- 10 authority in the FCC -- to the FCC throughout the
- 11 Communications Act to be enforceable through the
- 12 provisions of section 201(b) barring unjust or
- 13 unreasonable charges, classifications, rates, or
- 14 practices.
- Justice Scalia asked a question during Mr.
- 16 Fisher's argument about, what about the accounting rules?
- 17 Would they be prescribed under section 201? They would
- 18 be prescribed under section 220, which is the provision
- 19 of the Act that governs accounting. And they would also
- 20 be prescribed under the last sentence of section 201,
- 21 which is the general authority given to the FCC to
- 22 promulgate all of its rules.
- But nothing in those facts would keep a violation
- 24 of those rules from being enforced as an unjust or
- 25 unreasonable practice under Section 201(b).

- 1 JUSTICE SCALIA: What can't -- what can't be
- 2 sucked in under section 201? I mean, once the FCC issues
- 3 a regulation, it's easy to say that any violation of that
- 4 regulation is unjust. And that's what's happened here.
- 5 And this just makes a farce of the provision that says
- 6 the only private causes of action are for violations of
- 7 the statute and not for violations of the regulation.
- 8 It seems to me if this thing, 276, can get sucked
- 9 into 201 simply by reason of the fact that failing to
- 10 obey an FCC regulation is unjust, that provision is a
- 11 nullity.
- MR. ENGLERT: Well, Your Honor, first of all, the
- 13 FCC has never argued, and we have never argued that all
- 14 FCC regulations are enforceable through a private right
- 15 of action. I mean, to give an example, as --
- 16 JUSTICE SCALIA: No, I'm saying you'd have to
- 17 argue that if the theory you're propounding for this case
- 18 is correct. Violation of an FCC regulation is unjust.
- 19 Failing to comply with an FCC regulation is unjust.
- MR. ENGLERT: No, no, Your Honor. The phrase
- 21 unjust or unreasonable is a classic phrase delegating to
- 22 the administrative agency the authority to make the
- 23 determinations in the first instance of what's just and
- 24 reasonable. If, for example, there were a violation of
- 25 the regulation forbidding giving credits to political

- 1 candidates, the FCC could decide in the first instance
- 2 whether the violation of that regulation rises to the
- 3 order of unjust or unreasonable.
- 4 JUSTICE SCALIA: So can -- every FCC regulation
- 5 can be enforceable by private action? All the FCC has to
- 6 say is that violation of this regulation is unjust.
- 7 MR. ENGLERT: No, Your Honor.
- 8 JUSTICE SCALIA: No?
- 9 MR. ENGLERT: There are also examples of things
- 10 that fall outside of charges, classification, rates or
- 11 practices. There are examples in the case law. There
- 12 are old ICC cases in which providing a particular type of
- 13 boxcar was deemed not to be a charge, classification,
- 14 rate -- held not to be a charge, classification, rate or
- 15 practice.
- 16 There is a recent D.C. Circuit case involving an
- 17 attempt to dictate, in the FERC context, to an energy
- 18 company who can be on its board of directors.
- 19 JUSTICE SCALIA: But at least -- at least any FCC
- 20 regulations relating to charges, practices -- and you
- 21 want to interpret practices very broadly --
- 22 classifications, and regulations for and in connection
- 23 with communication service, all of those regulations can
- 24 be sued upon in Federal court with all the diverse and
- 25 contradictory rulings that that will produce, so long as

- 1 the FCC says that the failure to obey this regulation is,
- 2 in our view, unjust.
- 3 MR. ENGLERT: Well, Your Honor, let's start with
- 4 statutory text. Section 206 says that there is a damages
- 5 action for anything in this Act declared to be unlawful.
- 6 Section 201(b) says unjust or unreasonable
- 7 classifications, practices, et cetera, are declared to be
- 8 unlawful. So we have a very precise match in statutory
- 9 text between 201(b) and 206.
- Now, what Mr. Fisher's argument amounts to is to
- 11 say that if it is covered in a regulation, it is exempted
- 12 from being called an unjust or unreasonable charge,
- 13 classification, practice, et cetera, because that would
- 14 allow the FCC to enforce too much. But if we start with
- 15 the text Congress enacted, there is a precise match
- 16 between 201(b) and 206.
- 17 And to say that that which the FCC hasn't
- 18 regulated is more subject to judicial review --
- 19 JUSTICE SCALIA: I don't think he's saying that.
- 20 I don't think he's saying that if it is covered under
- 21 regulation, it can't be unjust. Some regulations do
- relate to justness and reasonableness, but not 276.
- 23 I think what he's saying is 276 established a scheme.
- 24 It didn't have to be this scheme. It could have been
- 25 some other scheme. Nothing in the nature of things says

- 1 that the long distance carrier has to be the one liable
- 2 for this.
- 3 It rather was simply imposed by the FCC. That's
- 4 fine. But to say that it would be unjust for them not to
- 5 do that is just unreal, unless you're going to allow any
- 6 violation of any FCC regulation to be unjust.
- 7 MR. ENGLERT: Your Honor, our position doesn't
- 8 require us to argue that it would have been unjust for
- 9 the FCC to adopt some other scheme. Our position is that
- 10 once the scheme is in place, it is unjust to depart from
- 11 that scheme in the way Global Crossing did, just as once
- 12 a scheme of rate regulation is in place, even though
- 13 there could be many different schemes of rate regulation,
- 14 it may be unjust or unreasonable to charge a higher rate
- 15 than that.
- 16 JUSTICE SCALIA: But the rate regulation is -- is
- 17 established in order to determine what reasonableness and
- 18 justness requires. And 276 is something quite different.
- 19 MR. ENGLERT: I respectfully disagree, Your Honor.
- 20 276 is, asks -- was a delegation by Congress to the
- 21 agency to fill in the details of a plan to make sure that
- 22 pay phone service providers were fairly compensated, a
- 23 phrase not very different from just and reasonable, for
- 24 each and every completed interstate and intrastate pay
- 25 phone call. They really fit quite nicely together as

- 1 opposed to being in tension with one another.
- 2 JUSTICE BREYER: Is it possible -- I was worried
- 3 somewhat about, I think, the problem Justice Scalia
- 4 raised, that old regulations become unjust and
- 5 unreasonable. And then I thought, no, but tell me if
- 6 this is right. That they're going to fall within 201(b)
- 7 only if a violation is unjust and unreasonable.
- 8 Now, we could say, and moreover, the FCC has to
- 9 find that a violation of these rates is unjust and
- 10 unreasonable, that is, it has to focus on it, make that
- 11 determination. And then, of course, that determination
- 12 has to be a reasonable interpretation. In other words,
- 13 it can't just call anything unjust and unreasonable --
- 14 MR. ENGLERT: That's right. The usual --
- 15 JUSTICE BREYER: And it has to focus on the fact
- 16 that their doing so will create this private remedy in
- 17 the courts.
- 18 MR. ENGLERT: Well, Your Honor --
- 19 JUSTICE BREYER: That that -- if you have that
- 20 tough -- which I haven't seen anywhere, but I mean, if
- 21 you had that tough a requirement, so they actually have
- 22 to focus on it, it would tend to minimize the problem of
- 23 a thousand different actions in ten thousand different
- 24 courts and a big mess.
- 25 But I mean, how much is written into those words

- 1 unjust and unreasonable? I'm certain you can't squeeze
- 2 any rate -- it is not the case that any and every
- 3 regulation can be -- fall within.
- 4 MR. ENGLERT: No, that's right. The usual Chevron
- 5 limitations apply. And in your question, Justice Breyer,
- 6 you added to the usual Chevron limitations that the FCC
- 7 has to focus on --
- 8 JUSTICE BREYER: Yeah --
- 9 MR. ENGLERT: Well, that's fine. Here the FCC did
- 10 focus on it and is criticized for having focused on the
- 11 consequences for judicial action.
- 12 CHIEF JUSTICE ROBERTS: Well, but reasonably
- 13 criticized for it. I would have thought your answer
- 14 would be unjust or unreasonable has, for generations,
- 15 been given a very expansive reading. And you don't need
- 16 to say that the FCC has to do what typically I would have
- 17 thought was a job for a court, which is to determine
- 18 whether there's a private right of action to bring its
- 19 action within a boilerplate term like unjust or
- 20 unreasonable.
- I would have thought the contact point was what I
- 22 was talking about with Mr. Fisher earlier, which is
- 23 whether or not this is such communication service under
- 24 201(a), which is -- which is, again, I suppose, something
- 25 that the agency gets deference on. But it would seem to

- 1 me, that's where the limitation would come.
- 2 MR. ENGLERT: Mr. Chief Justice, let me address
- 3 the interplay between 201(b) and 201(a), because Mr.
- 4 Fisher has simply misunderstood our position.
- 5 We cited the second half of section 201(a) not to
- 6 say it applies of its own force here, but to say that it
- 7 disproves the contention that the communications services
- 8 referred to in the phrase such communications service in
- 9 201(b) have to be limited to carrier-customer relations,
- 10 because 201(a) isn't limited to carrier-customer
- 11 relations.
- 12 Yes, all 201(a) does of its own force is allow the
- 13 prescribing of through routes and interconnections. But
- 14 there is no possible way to read 201(b) as limited to
- 15 carrier-carrier communications in light of the full
- 16 breadth of practices covered by 201(b). So that's the
- 17 reason to cite 201(a) is simply to disprove Mr. Fisher's
- 18 contention about the limits on 201(b).
- 19 The phrase such communications service is actually
- 20 used in 201(a) and in 201(b), and the antecedent in the
- 21 first few words of 201(a), the such communications
- 22 service, is interstate or foreign communication by wire
- 23 or radio. So 201(b) isn't necessarily restricted to
- 24 either carrier-carrier or carrier-customer relations, but
- 25 such communication service relates back to all

- 1 communication by wire or radio, which is what we have
- 2 here.
- JUSTICE SCALIA: Well, but wait. Wait.
- 4 Wait. It says to furnish such communications service, is
- 5 what (a) says. And they don't furnish such
- 6 communications service to your client.
- 7 MR. ENGLERT: No, but -- well, that's debatable,
- 8 but what 201(b) refers to, in any event, is in connection
- 9 with --
- 10 JUSTICE SCALIA: Such communications service.
- 11 MR. ENGLERT: Right.
- 12 JUSTICE SCALIA: And I would think that would mean
- 13 such communications service that was furnished.
- MR. ENGLERT: Well, they have furnished a
- 15 communications service to a customer, not to us, but to a
- 16 customer. So again, this is connected with that
- 17 communications service. And as the colloquy with Justice
- 18 Souter earlier touched on, the caller pays sooner or
- 19 later.
- 20 Under the FCC's regulatory scheme, and in part
- 21 because of the prohibition on advanced caller payment in
- 22 226(e)(2), what happens is the long distance carrier gets
- 23 the money, and they're saying there's no private right of
- 24 action to make them give it back. In other words, the
- 25 world would look quite different without a regulatory

- 1 scheme, but it would not be a regulatory scheme in which
- 2 they get all the money they are currently purporting to
- 3 keep.
- 4 Now, Mr. Chief Justice, you also asked a question
- 5 about the flash point on whether the FCC was improperly
- 6 or suspiciously commenting on the scope of the private
- 7 right of action as opposed to interpreting a substantive
- 8 provision. The private right of action provisions are
- 9 206 through 208, the provisions that let the complainant
- 10 go to either court or the Commission.
- 11 The FCC said nothing controversial about the scope
- of 206 through 208. The controversy is over the scope of
- 13 201(b), which is a substantive provision. But once you
- 14 have something brought within the scope of 201(b), after
- 15 the application of traditional tools of statutory
- 16 construction with Chevron deference, the private right of
- 17 action follows automatically under 206 and 207.
- It is not a matter of the FCC reaching out to say,
- 19 we are going to create a private right of action. It is
- 20 a matter of the FCC construing a substantive term with
- 21 consequences for a private right of action.
- 22 CHIEF JUSTICE ROBERTS: Well, I think that's
- 23 right, but that's also why I guess I don't regard it as
- 24 particularly helpful that the FCC opines on what the
- 25 consequences of its determination that something is

- 1 unjust or unreasonable under the statute are, with
- 2 respect to a private right of action.
- 3 MR. ENGLERT: Well, it may not be particularly
- 4 helpful, but it is surely not particularly harmful. And
- 5 they did have a reason --
- 6 JUSTICE SCALIA: Well, except that it is none of
- 7 their business.
- 8 MR. ENGLERT: If they were trying to construe --
- 9 JUSTICE SCALIA: We --
- 10 MR. ENGLERT: -- 206 through 208, Your Honor, I
- 11 might agree. But they construed 201(b) and commented on
- 12 the consequence. And this is quite important, that it is
- 13 their business, because 208 is the provision under which
- 14 each and every one of those Commission proceedings cited
- 15 in the Sprint brief, which Mr. Fisher alluded to, has
- 16 proceeded before the agency. 208, just like 206,
- 17 requires a violation of the Act, so it is very much their
- 18 business to decide whether these pay phone controversies
- 19 state violations of the Act. If they don't, the
- 20 Commission has absolutely no power to proceed under 208,
- 21 which is the only provision under which any
- 22 administrative proceeding has ever gone forward.
- There are some arguments made here that they
- 24 clearly have the authority to proceed administratively
- 25 even if you can't go to court, but Mr. Fisher hasn't

- 1 identified the source of that authority. And the sources
- 2 identified in the brief are section 4(i), which has been
- 3 problematic, and others -- and other sections on which
- 4 the FCC has never relied on in this setting, and some
- 5 kind of divination of an action within Section 276
- 6 itself.
- 7 The question was put at one point to Mr. Fisher,
- 8 could the FCC mandate fee-shifting as part of this
- 9 administrative remedy it's going to create. Well, if you
- 10 read 276 broadly, it's giving the Commission great powers
- 11 to create administrative remedies, notwithstanding 208,
- 12 which was supposed to be the administrative provision,
- 13 then maybe anything goes. But we're getting awfully far
- 14 from the statute that Congress wrote and giving the FCC
- 15 awfully expansive powers to construe 276, while also
- 16 denying the FCC rather mundane powers to construe rather
- 17 ordinary phrases of administrative law, "unjust or
- unreasonable," in 201(b).
- Now, with respect to the question of whether this
- 20 is a practice in connection with a communications
- 21 service, Mr. Fisher argues strenuously that it is not.
- JUSTICE STEVENS: Let me just be sure I understand
- 23 your argument on 208. You're saying that 208, like the
- 24 earlier provision of the statute, requires a violation of
- 25 the statute, not just regulations, in order for there to

- 1 be an administrative remedy.
- 2 MR. ENGLERT: Yes, Justice Stevens, and section
- 3 207 expressly gives the complainant a choice of forums.
- 4 JUSTICE STEVENS: So the same statutory
- 5 requirement for the remedy that your opponent challenges
- 6 is the one he acknowledges is available.
- 7 MR. ENGLERT: That's correct, and in fact, Global
- 8 Crossing -- Global Crossing went so far as to argue
- 9 before the Ninth Circuit that there is no administrative
- 10 remedy, that there's simply nothing to do except get
- 11 fines under sections 502 and 503, and has reversed its
- 12 position before this Court.
- 13 JUSTICE SCALIA: Well, you should be arguing,
- 14 then, that we should give Chevron deference to the
- 15 Commission's interpretation of Section 208. And once we
- 16 do that, if 208 governs this thing, then so does 206.
- 17 MR. ENGLERT: I'm happy to make that argument.
- JUSTICE SCALIA: I thought you should be.
- 19 MR. ENGLERT: With respect to the question whether
- 20 practices are limited to carrier-customer relations, I've
- 21 already touched on that by talking about the interplay
- 22 between 201(a) and 201(b). But there's another angle of
- 23 approach for that issue, which is that in the Louisiana
- 24 Service -- Louisiana Public Service Commission case, this
- 25 Court was asked to draw the inference, just as it has

- 1 been in this Court, from other provisions in the
- 2 Communications Act, that those phrases always refer to
- 3 carrier-customer relations.
- 4 And the Court said, no, that phrase can also refer
- 5 to depreciation rules, so it's not limited to
- 6 carrier-customer relations, the inference from other
- 7 provisions of the Act doesn't flow. And the reason is
- 8 there are words of limitation when those words, "charges,
- 9 classifications, rates or practices" are used in those
- 10 other sections that make it clear that they apply only to
- 11 tariffed services. You find no such words of limitation
- 12 in 201(a) and 201(b) -- or in 201(b), excuse me.
- Now, there remains the argument that there's a
- 14 mismatch between section 201 and the relevant regulations
- 15 because the regulations apply to intrastate as well as
- 16 interstate calls, and section 201 applies to interstate
- 17 or foreign communications.
- 18 That argument appears for the very first time in
- 19 merits briefing in this Court. It wasn't made below. It
- 20 wasn't made in the cert petition. It wasn't made to the
- 21 agency. And that's a problem, because the limits of the
- 22 FCC's ability to regulate jurisdictionally mixed
- 23 communications depend on factual determinations, factual
- 24 determinations neither the agency nor even the lower
- 25 courts have ever been given a chance to make.

- 1 But had this issue been raised in a timely
- 2 fashion, I suggest that it would have been appropriate
- 3 for the FCC to reach intrastate as well as interstate
- 4 communications because long distance -- dial-around calls
- 5 are overwhelmingly long distance, overwhelmingly
- 6 interstate, and it is difficult to sort out which calls
- 7 are which. In fact, the seven years of rulemaking the
- 8 FCC underwent in this case largely were because of the
- 9 difficulties of keeping track of particular pay phone
- 10 calls.
- 11 CHIEF JUSTICE ROBERTS: I saw that argument. I
- 12 have to say I don't understand it. Why is it so
- 13 difficult? I get a bill every month that easily sorts
- 14 out which are interstate and which are intrastate.
- 15 MR. ENGLERT: Sorting one call from one carrier
- 16 that has a relationship with you is not difficult, or
- 17 sorting 100 calls from a carrier that has a relationship
- 18 with you is not difficult.
- But when you go from a PSP to an inter-exchange
- 20 carrier to a switch-based reseller, matching up the
- 21 information of all three is -- has proven, in practice,
- 22 to be quite difficult. And it's especially difficult in
- 23 an era in which you can't just tell by area codes, for
- 24 example, whether something is interstate. If I dial 202
- 25 to 202, I may be dialing someone's cell phone out of

- 1 state.
- Now, the judgment below could be explained
- 3 on the alternative ground that a violation of the
- 4 regulations constitutes a violation of section 276.
- 5 Before I even get to the substantive discussion, let me
- 6 respond to the absolutely groundless claim that that
- 7 argument has been abandoned. Global Crossing cites a
- 8 bunch of cases involving section 1291 appeals in which
- 9 people didn't appeal a particular order after final
- 10 judgment, and says that's an abandonment of the claim.
- 11 That's both correct and irrelevant. This is
- 12 a 1292(b) appeal and there is no final judgment on any
- 13 claim in this case, certainly not on the 276 claim, so my
- 14 client certainly hasn't abandoned it.
- 15 My client was also a party to Greene and lost
- 16 Greene and has argued the merits of the section 276
- 17 position all along. On the merits, section 276 contains
- 18 rights-creating language that creates a concrete monetary
- 19 entitlement, focuses on the party benefitted, and does
- 20 not have an aggregate focus. Global Closing doesn't even
- 21 try to defend the Ninth and D.C. Circuits' reasoning that
- 22 the statute does not contain rights-creating language.
- 23 That leaves the tricky question whether a
- 24 violation of the regs can be deemed a violation of the
- 25 Act itself when Congress specified only the right, but

- 1 didn't specify what fair compensation was, and didn't
- 2 specify who had to pay the compensation.
- In that respect, I think Alexander v. Sandoval,
- 4 though it's been cited against us repeatedly, is actually
- 5 helpful to our position. That case says it's meaningless
- 6 talk about a violation of the regs separate from a
- 7 violation of the Act, and that a Congress that intends an
- 8 Act to be enforced intends the regulations filling out
- 9 the Act to be enforced.
- 10 I think the theory of Chevron itself is also
- 11 helpful to our position in this regard, because the point
- of Chevron is that the use of broad language constitutes
- 13 an administrative -- a delegation of authority to the
- 14 administrative agency, not just to fill in details, but
- 15 to give definitive content to a statute whose direct
- 16 content is less than definitive.
- 17 So it is perfectly appropriate to talk about this
- 18 statute, section 276, and its rights-creating language as
- 19 ordering the FCC not just to create a plan, but ordering
- 20 the FCC to create a plan that has a particular goal such
- 21 that violation of that goal can be deemed a violation of
- 22 section 276 itself.
- Thank you.
- 24 CHIEF JUSTICE ROBERTS: Thank you, Mr. Englert.
- Mr. Feldman?

1	ORAL ARGUMENT OF JAMES A. FELDMAN
2	ON BEHALF OF THE UNITED STATES,
3	AS AMICUS CURIAE, SUPPORTING RESPONDENT
4	MR. FELDMAN: Mr. Chief Justice, and may it please
5	the Court:
6	There is no dispute in this case that under
7	sections 206 through 208 of the Communications Act, a
8	party damaged by any violation of the Communications Act
9	may bring an action either in Federal court or before the
10	Commission to obtain damages. The scope of the remedies
11	before the Commission under the kind of standard primary
12	provision of the Act that deals with damages, 208, and
13	207 mentions it as well, the scope of the action before
14	the Commission and before the court is exactly the same.
15	Now, because petitioner's therefore, if
16	well, because petitioner's failure to pay fair
17	compensation to respondent was an unjust or unreasonable
18	practice
19	JUSTICE STEVENS: Let me just ask this. Is it the
20	same with respect to fee-shifting?
21	MR. FELDMAN: No. The Act in 207 I believe
22	it's 207 specifically says that you may, the court may
23	award attorneys' fees in an action in court. It doesn't
24	provide that there's no similar provision for actions
25	before the Commission. But the scope of the kind of

- 1 thing that Congress decided that a complainant could
- 2 bring either to the Commission or to court is exactly the
- 3 same. There's no way to drive a wedge between them.
- 4 There are other provisions of the Act, as Mr.
- 5 Fisher said, where Congress specifically authorized the
- 6 Commission -- an action before the Commission for
- 7 damages. But those are -- those provisions which
- 8 Mr. Fisher cited are in section 226, which do not have to
- 9 do with common carriers. They have to do with automatic
- 10 dialing, with do-not-call lists, with things like that,
- 11 where the person who's violating it is definitely not the
- 12 -- never going to be a common carrier.
- In those provisions, Congress found it necessary
- 14 to say, okay, we have to now give you the authority to
- 15 create a damage action.
- 16 But in other provisions, where you are dealing
- 17 with common carrier, 206 through 208 provides Congress's
- 18 determination of what the scope of a damage action should
- 19 be either before the Commission or before a court.
- 20 CHIEF JUSTICE ROBERTS: Do you have a position on
- 21 whether or not Chevron deference is owed to the
- 22 Commission's determination of whether or not their action
- 23 creates or gives rise to a right of action?
- MR. FELDMAN: I think that --
- 25 CHIEF JUSTICE ROBERTS: There are two different,

- 1 it seems to me, two different Chevron questions. The one
- 2 is the deference on its interpretation of what's unjust
- 3 and unreasonable. The other is the question of whether
- 4 or not they have anything to say about whether that means
- 5 there is a private right of action in court.
- 6 MR. FELDMAN: I think that -- I guess we don't
- 7 have a position on whether 276, independent of 201, would
- 8 be sufficient to have a prior right of action under 206
- 9 through 208. But as for 201(b), once -- the FCC does
- 10 certainly gets deference, has gotten deference for a
- 11 hundred years for its determination of what is an unjust
- 12 and unreasonable practice.
- 13 CHIEF JUSTICE ROBERTS: But it's never gotten
- 14 deference, at least I guess from this Court, on whether
- 15 or not there is or is not a right -- whether there is a
- 16 right of action to enforce its regulations.
- MR. FELDMAN: No, and I don't think the FCC here
- 18 is claiming that there's a right of action to enforce its
- 19 regulations.
- JUSTICE SCALIA: Well, but they're certainly
- 21 entitled to deference as to whether an administrative
- 22 action can be brought under 208.
- MR. FELDMAN: That's correct, and that's why under
- 24 --
- 25 JUSTICE SCALIA: Once you say that it can, then a

- 1 court action can be brought under 206.
- 2 MR. FELDMAN: That's correct. That's correct.
- 3 JUSTICE SCALIA: So you think we don't owe them
- 4 deference for 206, but we do for 208. And if you give
- 5 deference for 208, 206 automatically decides itself.
- 6 MR. FELDMAN: Right. But 208, like 206 -- maybe
- 7 I'm not understanding the guestion. Both provisions
- 8 address only violations of the statute.
- 9 JUSTICE SCALIA: Yes.
- 10 MR. FELDMAN: So in order for the FCC to decide
- 11 that there's an action either before the agency or the
- 12 court, it has to identify a violation of the statute.
- 13 Here it's identified 201(b) as being the provision that's
- 14 violated. It's absolutely standard for a hundred years
- 15 that -- I mean, Mr. Fisher says, well, you can't look at
- 16 201(b) and decide who is supposed to pay and how much
- 17 they're supposed to pay. That is absolutely standard
- 18 from the very beginning of the Interstate Commerce Act,
- 19 that you can't look at the words "just and reasonable"
- 20 and decide whether a rate was just and reasonable or the
- 21 practices that a carrier is using are just and
- 22 reasonable. In fact, the whole --
- JUSTICE STEVENS: Is your position -- I want to be
- 24 sure I understand you. Your position on the two
- 25 different questions that the Chief asked you is, they get

- 1 deference on question one. And with respect to question
- 2 two, it follows from the plain text of the statute.
- 3 MR. FELDMAN: That's correct, that's correct. I
- 4 would add also, with respect to the Commission's
- 5 determination about what is just and reasonable, it was
- 6 not just a question of saying that a violation of the
- 7 regulations is just and reasonable. The Commission was
- 8 charged here with the responsibility for adopting a
- 9 compensation scheme that would provide for fair
- 10 compensation for each pay phone operator for each and
- 11 every call. And it spent a number of years and a number
- 12 of different attempts working out what is a fair
- 13 compensation.
- I would submit that all of that reasoning about
- 15 what is a fair compensation scheme is also reasoning why
- 16 it's unjust and unreasonable for a carrier not to pay the
- 17 compensation. It's not just simply a question of an ipse
- 18 dixit, it's a question of years of rulemaking and working
- 19 out what the scheme should be, so it's fair.
- Once it did that, it didn't require a lot of
- 21 explanation for why a failure to pay fair compensation
- 22 that had been worked out over this period of time, a
- 23 failure to pay that was unjust and unreasonable.
- JUSTICE GINSBURG: Are you making the point that
- 25 Chief Judge Ginsburg made in the D.C. Circuit that it is

- 1 necessarily unjust and unreasonable to refuse to pay a
- 2 charge that is fair and reasonable?
- 3 MR. FELDMAN: Yes. I'm really expanding on that
- 4 point, that it didn't -- the FCC has always gotten
- 5 deference for what -- determining what is unjust and
- 6 unreasonable under the Act. And it didn't require a
- 7 great deal of explanation. The FCC's explanation here
- 8 was more than adequate in light of its years of
- 9 explanation about why this -- this scheme with these
- 10 rates and these carriers and the primary economic
- 11 beneficiary being the one who pays. All of that were
- 12 reasons why this was fair compensation.
- Once it decided all of that, it didn't take much
- 14 to say that a failure to pay fair compensation is unjust
- 15 and unreasonable. That was adequately explained and
- 16 didn't require a huge additional amount of explanation.
- 17 JUSTICE STEVENS: What -- sorry, go ahead.
- 18 CHIEF JUSTICE ROBERTS: So you would have a
- 19 different position here if 276 said something like, we
- 20 think there ought to be more pay phones; in order to
- 21 promote investment in pay phones, we're going to have
- 22 this scheme. In other words, it has nothing to do with
- 23 whether it's fair or not, it's a subsidy. Then you'd say
- 24 that could be something that's not covered by the "just
- 25 and reasonable" provision?

- 1 MR. FELDMAN: I think in that case also, I would
- 2 probably be here arguing that maybe if the FCC had
- 3 determined that it's necessary, for whatever regulations
- 4 they came up with under that scheme, in order for the Act
- 5 to function correctly, that they have to be complied
- 6 with. I think I would also argue that that was unjust
- 7 and unreasonable.
- 8 But this case, if the question is, did the
- 9 FCC adequately explain what it did here, I think that all
- 10 of the years of explanation of why something is fair are
- 11 also reasons why it was unjust and unreasonable not to
- 12 pay the compensation.
- JUSTICE GINSBURG: Are there regulations, FCC
- 14 regulations, the violation of which would not be unfair
- 15 and unreasonable?
- 16 MR. FELDMAN: I think there probably are. Mr.
- 17 Englert mentioned a couple. I mean, there's probably
- 18 numerous ones that wouldn't be. And in fact, the
- 19 question about most FCC action, or at least a lot of FCC
- 20 action, regulations, adjudications, and so on, most of
- 21 them have to do with carriers' obligations, and most of
- them are things that have to do with what's unjust and
- 23 unreasonable under the Act. And they've been enforced
- 24 for years, in the -- you know, from the very early cases
- 25 under the Interstate Commerce Act.

- 1 Mr. Fisher also suggested that there's a
- 2 difficulty with numerous district courts deciding these
- 3 issues as opposed to the FCC. Well, I would suggest that
- 4 Congress decided that these kinds of actions can go
- 5 either to district court or to the FCC. And in fact, by
- 6 making damages actions, the scope of damages actions, as
- 7 opposed to other remedies, co-extensive, did anticipate
- 8 that there would be that result. The primary
- 9 jurisdiction --
- 10 JUSTICE SCALIA: Depending upon how broadly you
- 11 think Congress intends regulations to be sucked into the
- 12 terms of this statute. I mean, your interpretation means
- 13 Sandoval really didn't say a heck of a lot.
- 14 MR. FELDMAN: I don't think that that's correct.
- 15 It means that in the context of a statute that gives the
- 16 agency authority -- that prohibits unjust and
- 17 unreasonable action, which was not the case in
- 18 Sandoval --
- 19 JUSTICE SCALIA: Yeah, but you could say any
- 20 violation of a regulation is unjust.
- 21 MR. FELDMAN: No. I think it is possible that the
- 22 FCC could determine that any violation of a regulation is
- 23 unjust, and the FCC is entitled to deference for its
- 24 determinations about what is unjust and unreasonable,
- 25 that's been --

- 1 JUSTICE SCALIA: So Sandoval doesn't mean a heck
- 2 of a lot. All the FCC has to say is, we think violation
- 3 of this regulation is unjust.
- 4 MR. FELDMAN: No. I think the FCC's determination
- 5 has to be reasonable under the ordinary types of Chevron
- 6 standards. But, in fact, when you look at questions of
- 7 what's just and unreasonable over the years, it is -- it
- 8 has always been the case that the agency entrusted with
- 9 determining that and getting the communications system
- 10 working or getting common carrier systems -- common
- 11 carriers to fulfill their obligations, does have a lot of
- 12 leeway in determining what is unjust and unreasonable in
- 13 that context.
- 14 Thank you.
- 15 THE COURT: Thank you, Mr. Feldman.
- 16 Mr. Fisher, you have three minutes remaining.
- 17 REBUTTAL ARGUMENT OF JEFFREY L. FISHER
- ON BEHALF OF THE PETITIONER
- 19 MR. FISHER: Thank you. Let me begin, Mr. Chief
- 20 Justice, with your question about whether the FCC can
- 21 opine on remedies. All you need to do is look to what
- 22 the FCC was telling everybody it was deciding in these
- 23 order proceedings. It was deciding, and asked for notice
- 24 and comment, on whether PSPs have a remedy for violations
- of the pay phone regulations. That is cited everywhere

- 1 in the briefs. It never asked for notice and comments,
- 2 or considered whether failure to pay under the
- 3 regulations is a violation of 201(b).
- 4 So the question this Court needs to ask itself is
- 5 when the FCC, by its own acknowledgment, until now, is
- 6 simply opining on the presence of a Federal court remedy,
- 7 whether it gets deference simply because it hangs the
- 8 hook on a substantive provision of the statute.
- 9 Now, there are three problems with what the FCC
- 10 has done in construing section 201. The first is that
- 11 this is not a covered practice, because I want to make
- 12 clear our position, it's that the FCC has plenty of
- 13 authority with respect to carrier-customer relationships,
- 14 but not with respect to carrier-supplier relationships.
- 15 And that's what we have here.
- 16 On unjust and unreasonable, I think we need to
- 17 unpack two separate questions. One is whether the rate
- 18 the FCC chose is reasonable, whether the amount of money
- 19 that it said needs to be put into pay phone operators'
- 20 pockets is a fair and reasonable choice. We have no
- 21 dispute about that. And we think that in and of itself
- 22 could generate deference.
- But the FCC's determination to put the payment
- 24 obligation on long distance carriers simply can't be
- 25 shoehorned into the unjust and unreasonable phrase in

- 1 201(b), because if that's -- the only reason why
- 2 anything, us failing to pay the money, would be because
- 3 of the regulations.
- 4 And you hear it again and again in their argument,
- 5 the FCC having concluded that long distance companies are
- 6 the ones that pay, the failure to pay is unjust and
- 7 unreasonable. There's no way to get there without the
- 8 regulations, and that's what distinguishes --
- 9 CHIEF JUSTICE ROBERTS: That's not true. You can
- 10 say that this is a way you make a lot of money from your
- 11 customers that you wouldn't otherwise make, because if
- 12 there wasn't a pay phone there, they wouldn't be able to
- 13 use your service.
- MR. FISHER: The FCC might have said that, but as
- 15 I said to Justice Souter, that would be a very different
- 16 proceeding and a very different scheme than we have here,
- 17 and a very different dollar figure or cent figure that
- 18 the FCC might have come up with when it was trying to
- 19 encapsulate that figure, which we think is zero, but
- 20 under your reasoning may be something very small. But
- 21 that would be a very different case.
- 22 Two more things. One is, on the jurisdictional
- 23 mismatch question, Mr. Chief Justice, you are exactly
- 24 right. It is not hard -- there are plenty of hard things
- 25 in this case, but figuring out whether a call is

- 1 interstate or intrastate is not one of them.
- 2 All you need to know is where the call originated from,
- 3 and the number that was dialed, and pay phone operators
- 4 have that information.
- 5 CHIEF JUSTICE ROBERTS: What about the cell phone
- 6 example?
- 7 MR. FISHER: This is a pay phone case. So all you
- 8 need to know is the cell phone number and
- 9 that --
- 10 CHIEF JUSTICE ROBERTS: But you don't know, the
- 11 cell phone holder may be right next to the pay phone or
- 12 he may be across the country.
- 13 MR. FISHER: I think it still constitutes a long
- 14 distance call, depending on where the cell phone owner
- 15 lives. And that's still an easy thing to figure out,
- 16 where the area code is.
- 17 Finally, Justice Stevens, you asked a question
- 18 about the co-extensive nature of the remedies under 206
- 19 and 208. We don't dispute that the statute itself is
- 20 co-extensive. What we're saying is that 276 gives the
- 21 FCC more than ample authority to do what it's doing.
- 22 Nobody has denied that, and so we think that that's the
- 23 place to look for the FCC to craft the arrangement under
- 24 Southwestern Cable. Combined with section 154(i), the
- 25 FCC would have ample authority to do that.

1	CHIEF JUSTICE ROBERTS: Thank you, Mr. Fisher	•
2	The case is submitted.	
3	(Whereupon, at 12:01 p.m., the case in the	ne
4	above-entitled matter was submitted.)	
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