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OF SAN DIEGO & IMPERIAL COUNTIES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

Plaintiff,

v.

MONGOL NATION,
an unincorporated association,

Defendant.

No. CR 13-0106-DOC

MEMORANDUM OF POINTS AND AUTHORITIES OF AMICI CURIAE AMERICAN CIVIL LIBERTIES UNION AND AMERICAN CIVIL LIBERTIES UNION OF SAN DIEGO & IMPERIAL COUNTIES

Date: February 28, 2019
Time: 8:00 a.m.
Judge: Hon. David O. Carter

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INTRODUCTION

Over ten years ago, the government launched a campaign to destroy the identity of an association by depriving its members and supporters of the free speech right to identify themselves with distinctive insignia. Targeting the Mongols Motorcycle Club ("Club") by prosecuting certain members, the government obtained an ex parte restraining order and declared that any officer who saw any Club member "wearing his patch" could "literally take the jacket right off his back." *ATF Undercover Investigation Leads to Federal Racketeering Indictment*, https://www.justice.gov/archive/usao/cac/Pressroom/pr2008/142.html (Oct. 21, 2008). Although this Court halted the government's original attack, the government has resumed its war on free expression by again seeking forfeiture of the Club's collective membership marks ("Marks") after indicting the Club.

The government is now doubling down on its novel theory that forfeiture justifies censorship of persons using the Marks to identify or express themselves. It admitted the Marks are the "unity symbol" at the "core" of the Club's "identity" yet effectively acknowledged it will attempt to "seize additional items bearing the name and logo from individual members" of the Club. *Federal Jury Orders Mongols Motorcycle Gang to Forfeit Logos*, https://www.justice.gov/usao-cdca/pr/federal-jury-orders-mongols-motorcycle-gang-forfeit-logos (Jan. 11, 2019).

It goes without saying that Congress could not prohibit a private association or its members from using particular insignia to express membership in or support for that association. This Court previously held the government cannot accomplish that result through abuse of its forfeiture power. For similar reasons, the government may not now prohibit the Club and its members or supporters from identifying themselves. A properly convicted person or organization may be subjected to appropriate punishment, but that punishment may not include the form of civil death sought by the government.

Even assuming the Club's RICO convictions are valid, the government's novel forfeiture theory remains "creative to a fault." *Rivera v. Carter*, No. 2:09-cv-02435-DOC-JC, Order Granting Summary Judgment at 13 (ECF No. 90) (C.D. Cal Jan. 4, 2011) ("Rivera Summ. Judg. Order"). Unlike other intellectual property, a trademark is not a monopoly right. The purpose of a trademark is to prevent consumer confusion about the origin of goods or services bearing the mark. As a result, a trademark confers only limited property rights to prohibit certain purely commercial uses of the mark. Depending on the evidence at trial, the limited rights conferred by the Marks may not have a sufficient nexus to the RICO offense found by the jury to justify forfeiture.

In any event, the law prohibits any transfer, voluntary or involuntary, of a trademark in gross, independent of the underlying business or organization that it symbolizes. The Marks symbolize the Club's identity. The government cannot assume the identity of the Club itself. Instead, it is improperly attempting to strip the Marks as if they were floating rights independent of the organization they symbolize, in violation of settled trademark law.

At best, even if the Marks are technically forfeitable, they would expire and return to the public domain, because they are not exercisable by or transferable for value to the United States. In that case, perhaps the Club would lose the limited right to sue third parties for purely commercial infringement or dilution, but the government would enjoy no right to control all use or display of items bearing the Marks. Even if the government could succeed to the Club's trademark rights, it could not prevent use of the Marks to express support for the Club.

Any attempt to do so would also violate the First Amendment. As collective membership marks, the Marks exist to express the Club's identity and the fact of membership and support for the Club. Such expression of identity and association rests at the core of the First Amendment. While conviction may lead to certain

restraints on conduct, it cannot deprive persons, natural or artificial, of the fundamental right to express their identity through chosen words and images.

The forfeiture of a collective membership mark also implicates due process. While members may not own collective membership marks, they retain ownership rights in items bearing or displaying the Marks, of which they cannot be deprived absent notice and hearing in a proper trademark action.

ARGUMENT

I. THE UNIQUE NATURE OF A TRADEMARK DOES NOT PERMIT THE GOVERNMENT TO FORFEIT THE MARKS IN GROSS OR SUCCEED TO THE CLUB'S RIGHTS IN THE MARKS.

A. Like any trademark, a collective membership mark does not exist independently of the organization it symbolizes and confers only limited property rights against purely commercial use of the mark.

The government's forfeiture theory founders on first principles of trademark law. "The principle underlying trademark protection is that distinctive marks—words, names, symbols, and the like—can help distinguish a particular artisan's goods" or person's services "from those of others." *Matal v. Tam*, 137 S. Ct. 1744, 1751 (2017). Over 100 years ago, the Supreme Court condemned "the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention." *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918). As the Court explained, "There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed," and the "owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly." *Id.* at 97–98.

As a result, "[a] trademark is a very unique type of property" and is "not property in the ordinary sense, but only a word or symbol indicating the origin or source of a product [or service]. The owner of the mark acquires the right to prevent his goods [or services] from being confused with those of others and to prevent his own trade from being diverted to competitors through their use of misleading

marks. There are no rights in a trade-mark beyond these." *Pirone v. MacMillan, Inc.*, 894 F.2d 579, 581 (2d Cir. 1990) (citation and quotation marks omitted). "Trademark rights do not exist in the abstract, to be bought and sold as a distinct asset. They exist only in connection with a business or a product and can be transferred only along with that product or business or its goodwill." *Universal City Studios, Inc. v. Nintendo Co.*, 578 F. Supp. 911, 922 (S.D.N.Y. 1983), *aff'd,* 746 F.2d 112 (2d Cir. 1984). "[T]he 'property right' or protection accorded a trademark owner can only be understood in the context of trademark law and its purposes. A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods [or services] and to facilitate differentiation of the trademark owner's goods [or services]." *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 633 F.2d 912, 919 (9th Cir. 1980).

A trademark is only a "limited property right in a particular word, phrase or symbol." *New Kids on the Block v. News America Pub., Inc.*, 971 F.2d 302, 306 (9th Cir. 1992). A "trademark, unlike a copyright or patent, is not a 'right in gross' that enables a holder to enjoin all reproductions." *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915, 922 (6th Cir. 2003). The "sweep of a trademark owner's rights extends only to injurious, unauthorized *commercial uses* of the mark by another." *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987). Trademarks confer only the limited right to prevent third parties from engaging in purely commercial infringement or dilution. *Bosley Medical Institute, Inc. v. Kremer*, 403 F.3d 672, 676–79 (9th Cir. 2005); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905–06 (9th Cir. 2002).

The same is true for a "collective mark," which is a type of "trademark … used by the members of … an association … and includes marks indicating membership in … an association." 15 U.S.C. § 1127. A "collective mark denotes membership in an organization," *Job's Daughters*, 633 F.2d at 914 n.2, and functions as the "symbol" of a "group or association" that owns it, *Huber Baking*

Co. v. Stroehmann Bros. Co., 252 F.2d 945, 952 (2d Cir. 1958). The holder of a collective mark enjoys no greater enforcement rights than any other trademark holder. 15 U.S.C. §§ 1054, 1127; *Sebastian Int'l, Inc. v. Longs Drug Store Corp.*, 53 F.3d 1073, 1075 (9th Cir. 1995); *PGA v. Bankers Life & Casualty. Co.*, 514 F.2d 665, 668 (5th Cir. 1975); *Carefirst of Maryland, Inc. v. First Care, P.C.*, 350 F. Supp. 2d 714, 724 n.9 (E.D. Va. 2004), *aff'd*, 434 F.3d 263 (4th Cir. 2006).

B. Depending on the evidence at trial, the limited property rights conferred by the Marks may not have a sufficient nexus to the alleged offense to justify forfeiture.

Given the limited property rights provided by trademark law, it is not clear "the government has established the requisite nexus between the property and the offense." Fed. R. Crim. P. 32.2(b)(1)(A). It is not enough to say intangible property may in theory be forfeitable under RICO. To justify forfeiture in this case, the government must show the property rights conferred by the Marks were acquired or maintained as a result of the RICO offense; derived from that offense; formed an interest in, claim of, or security against the enterprise; or afforded a source of influence over the enterprise. 18 U.S.C. § 1963(a). Here, the offense found by the jury has no obvious nexus to the existence or exercise of limited trademark rights against commercial infringement or dilution.

Trademarks are acquired by first use. *Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996). The Marks were not acquired as a result of the offense if the "earliest predicate act" in 2006 commenced "after the time of acquisition" of the Marks by first use in 1969. *United States v. Angiulo*, 897 F.2d 1169, 1213 (1st Cir. 1990). For the same reason, the Marks did not derive from the RICO offense. *See United States v. DeFries*, 129 F.3d 1293, 1313 (D.C. Cir. 1997); *United States v. Cianci*, 218 F. Supp. 2d 232, 237 (D.R.I. 2002).

Property is not "maintained" in violation of RICO if it would not have been "maintained but for the defendant's racketeering activities." *Angiulo*, 897 F.2d at 1213. It is not clear how the "racketeering activities" found by the jury were "a

cause in fact" of the Club's "maintenance" of its limited trademark rights. *Id.* There is no obvious nexus between commercial trademark rights and the predicate acts found by the jury. It would be "anomalous" for the government to argue "trademark protection" is related to actions taken "in violation of that government's own laws" such as alleged drug crimes, murder, and attempted murder. *CreAgri, Inc. v. USANA Health Scis., Inc.*, 474 F.3d 626, 630 (9th Cir. 2007) (holding that "only *lawful* use in commerce can give rise to trademark priority").

Nor is it clear how the Marks are an interest in, security of, or claim against the enterprise. The Marks belong to the Club, *F.R. Lepage Bakery, Inc. v. Roush Bakery Products Co., Inc.*, 851 F.2d 351, 353, *modified on unrelated issue*, 863 F.2d 43 (Fed. Cir. 1988), which must be distinct from the alleged "enterprise," *Cedric Kushner Promotions, Ltd. v. King*, 533 U.S. 158, 161 (2001).

It is not clear how the Club exercised its commercial trademark rights as a source of influence over the enterprise. The evidence may show unlawful conduct such as threats or intimidation. But that does not necessarily mean the limited property rights conferred by the Marks were "used to further the affairs of the enterprise."[1] *Angiulo*, 897 F.2d at 1214. By analogy, an individual has a "right of publicity" against unauthorized use of one's likeness, which is "a form of intellectual property," *Comedy III Prods., Inc. v. Gary Saderup, Inc.*, 25 Cal. 4th 387, 399 (2001), but the extralegal exploitation of a reputation for violence or other unlawful conduct does not necessarily mean the defendant's commercial right of publicity is forfeitable absent some nexus of that particular right to the offense.

[1] The Marks represent intangible rights independent of any physical items bearing the Marks that the Club owned or sold. Perhaps such items or their proceeds may have furthered the enterprise, but that would result at best in forfeiture of those items or proceeds, not the Marks themselves.

C. Because of the unique nature of a trademark, the government cannot obtain forfeiture of the Marks in gross or exercise the Club's trademark rights.

Whatever the evidence showed as to any potential nexus, the government's novel forfeiture theory stumbles on the fundamental prohibition against transferring a trademark in gross. "Unlike patents or copyrights, trademarks are not separate property rights. They are integral and inseparable elements of the goodwill of the business or services to which they pertain.... The consequence is that a mark may be transferred only in connection with the transfer of the goodwill of which it is a part. A naked transfer of the mark alone—known as a transfer in gross—is invalid." *Visa, U.S.A., Inc. v. Birmingham Tr. Nat. Bank*, 696 F.2d 1371, 1375 (Fed. Cir. 1982); *see also, e.g.*, *Sugar Busters LLC v. Brennan*, 177 F.3d 258, 265–66 (5th Cir. 1999). ("The sale or assignment of a trademark without the goodwill that the mark represents is characterized as in gross and is invalid."); *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1289 (9th Cir. 1992) ("[T]he law is well settled that there are no rights in a trademark alone and that no rights can be transferred apart from the business with which the mark has been associated.").

Such assignment in gross undermines the core purpose of trademark law, which is to prevent consumer confusion. As one court has explained, "[i]f one obtains a trademark through an assignment in gross, divorced from the good will of the assignor, the assignee obtains the symbol, but not the reality. Any subsequent use of the mark by the assignee will necessarily be in connection with a different business, a different good will and a different type of product. The continuity of the things symbolized by the mark is broken." *Money Store v. Harriscorp Fin., Inc.*, 689 F.2d 666, 676 (7th Cir. 1982).

In the context of goods and services, "[u]se of the mark by the assignee in connection with a different goodwill and different product would result in a fraud on the purchasing public who reasonably assume that the mark signifies the same thing, whether used by one person or another." *Marshak v. Green*, 746 F.2d 927,

929 (2d Cir. 1984). The same is true for a collective membership mark. Any use or control of the Marks by the government would necessarily signify something different from symbolizing the identity of the Club and membership therein. It would create confusion in the public mind and violate settled trademark law.

These principles apply equally to involuntary transfer of a mark. *Id.* at 931. In *Marshak*, the court reversed an "order directing a levy of execution and sale" of a trademark, agreeing that "a trade name or mark per se is not a type of property which can be attached or sold at execution auction." *Id.* at 929, 931. A judgment creditor attempted to force the sale of a trade name associated with "musical groups for entertainment" but did not have any right to take over management or operation of those groups. *Id.* at 928. The court rejected that attempt because "[t]here are no rights in a trademark apart from the business with which the mark has been associated; they are inseparable." *Id.* at 929. Accordingly, whether by "forced sale" or voluntary assignment, a "sale of a trade name or mark divorced from its goodwill" is an invalid "assignment in gross." *Id.*

Like execution and sale to satisfy a judgment, a criminal forfeiture is a forced transfer. Any transfer of a mark in gross, forced or otherwise, is invalid. The Marks symbolize the identity of and membership in the Club. The government cannot assume the identity of the Club, which exists only as an association of its members. As this Court previously found, "[t]he marks are a collective use mark, the rights to which could not have been assigned in gross." Rivera Summ. Judg. Order at 13. Therefore, the government cannot exploit forfeiture powers to force transfer in gross of the Club's collective membership marks.

Even if the Marks are somehow forfeitable, the RICO forfeiture statute does not permit the government to retain forfeited assets or exercise trademark rights in gross. "Following the seizure of property ordered forfeited under this section, the Attorney General shall direct the disposition of the property by sale or any other commercially feasible means .... Any property right or interest not exercisable by,

or transferable for value to, the United States shall expire ..." 18 U.S.C. § 1963(f). Because a trademark is not transferable in gross, the government could not dispose of the Marks by "sale or any other commercially feasible means." *Id.* For the same reason, the Marks are "not exercisable by, or transferable for value to, the United States." *Id.* At best, therefore, they would expire upon forfeiture and return to the public domain, as they would in case of abandonment. *Specht v. Google Inc.*, 747 F.3d 929, 935 (7th Cir. 2014). In that case, the Club might not retain the previous right to sue for infringement or dilution, but neither could the government prohibit the Club or its members or supporters from using the Marks to express themselves.

Even if the government could somehow succeed to and retain the Club's limited trademark rights, it could not summarily confiscate items bearing the Marks from Club members or supporters. Once individuals acquired those items, the "first sale" doctrine provides that use, display, or even resale of the items does not violate trademark rights. *Sebastian Int'l*, 53 F.3d at 1075–76. In addition, the government would enjoy only limited trademark rights against purely commercial infringement and dilution, which cannot preclude all expressive use of the Marks to demonstrate support for the Club or opposition to abuse of power. *Bosley*, 403 F.3d at 676, 679; *Mattel*, 296 F.3d at 906–07.

II. THE FIRST AMENDMENT PROHIBITS ANY ATTEMPT TO SILENCE THE CLUB OR ITS MEMBERS AND SUPPORTERS FROM USING THE MARKS TO EXPRESS THEMSELVES.

A. The display of items bearing the Marks to express identity or association is protected speech.

The government's forfeiture strategy conflicts with the First Amendment because the government may not prevent the Club or its members or supporters from using the Marks to express themselves.[2] To wear or display items bearing the Marks is the essence of protected speech for at least three reasons.

[2] The First Amendment protects speech of both organizations and individuals. *Citizens United v. Fed. Election Comm'n*, 558 U.S. 310, 343 (2010); *First Nat.*

First, the display of words or images is pure speech. *Anderson v. City of Hermosa Beach*, 621 F.3d 1051, 1061 (9th Cir. 2010); *Canady v. Bossier Par. Sch. Bd.*, 240 F.3d 437, 440 (5th Cir. 2001); *Bery v. City of New York*, 97 F.3d 689, 696 (2d Cir. 1996). One need not create words or images to enjoy full First Amendment protection in their display. *Hurley v. Irish-Am. Gay, Lesbian & Bisexual Grp. of Bos.*, 515 U.S. 557, 570 (1995); *ETW Corp.*, 332 F.3d at 925.

Second, "[f]reedom of speech also protects the individual's interest in self-expression" of identity. *Consol. Edison Co. of New York v. Pub. Serv. Comm'n of New York*, 447 U.S. 530, 534 n.2 (1980). "The First Amendment serves not only the needs of the polity but also those of the human spirit—a spirit that demands self-expression.... To suppress expression is to reject the basic human desire for recognition and affront the individual's self worth and dignity." *United States v. Hamilton*, 699 F.3d 356, 376–77 (4th Cir. 2012) (quoting *Procunier v. Martinez,* 416 U.S. 396, 427 (1974) (Marshall, J., concurring)). The First Amendment "presupposes that the freedom to speak one's mind," to identify oneself or otherwise, is "an aspect of individual liberty—and thus a good unto itself." *Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485, 503 (1984).

Third, the First Amendment protects the right to wear distinctive clothing or insignia to proclaim association or affinity with an organization. *Church of Am. Knights of the Ku Klux Klan v. Kerik*, 356 F.3d 197, 206 (2d Cir. 2004). The display of insignia by motorcycle members "communicate[s] the fact of their association with this particular kind of organization." *Sammartano v. First Judicial Dist. Court*, 303 F.3d 959, 972 (9th Cir. 2002). Here, the "collective membership mark acts as a symbol that communicates a person's association with the Mongol Nation, and his or her support for their views." *Rivera v. Carter*, No. 2:09-CV-2435-FMC, 2009 WL 8753486, at *11 (C.D. Cal. July 31, 2009).

Bank of Bos. v. Bellotti, 435 U.S. 765, 776 (1978).

B. The government may not exploit forfeiture law to impose a content-based prior restraint on protected speech that Congress could not constitutionally enact.

The First Amendment prohibits the government from exploiting forfeiture law to silence that expression. The seizure of expressive materials, including items bearing the Marks, is a prior restraint on speech. *Fort Wayne Books, Inc. v. Indiana*, 489 U.S. 46, 63–64 (1989); *Rivera*, 2009 WL 8753486 at *11. It is settled that "prior restraints on speech and publication are the most serious and the least tolerable infringement on First Amendment rights." *Nebraska Press Ass'n v. Stuart*, 427 U.S. 539, 559 (1976). Apart from narrow exceptions not present here, the First Amendment prohibits prior restraints on speech. *Johansen ex rel. NLRB v. San Diego County Dist. Council of Carpenters & Joiners of Am., AFL-CIO*, 745 F.2d 1289, 1294 (9th Cir. 1984).

In addition, to target items bearing the Marks would improperly attack speech based on its content or viewpoint. The "government has no power to restrict expression because of its message, its ideas, its subject matter, or its content." *Ashcroft v. ACLU*, 535 U.S. 564, 573 (2002) (quotation marks omitted). The targeting remains content based regardless of the government's motive. *Reed v. Town of Gilbert*, 135 S. Ct. 2218, 2228 (2015). An attack on symbols associated with the Club is unconstitutional because "motorcycle enthusiasts are targeted with a regulation that applies to them solely because they choose to communicate the fact of their association with this particular kind of organization." *Sammartano*, 303 F.3d at 971–72; *see also Rivera*, 2009 WL 8753486 at *11 ("Prohibiting speech of this nature constitutes an attack on a particular viewpoint."). Accordingly, the confiscation of items bearing the Marks would "rest at the intersection of two disfavored forms of expressive limitations: prior restraints and content-based restrictions." *In re Murphy-Brown, LLC*, 907 F.3d 788, 796–97 (4th Cir. 2018).

It is no answer to suggest that certain individuals committed violent acts while displaying items bearing the Marks. While perhaps persons may be subjected

to certain restrictions if convicted, the First Amendment does not permit restrictions on the speech of others "merely because an individual belong[s] to a group, some members of which committed acts of violence." *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886, 920 (1982); *cf. Healy v. James*, 408 U.S. 169, 186 (1972) (First Amendment rights cannot be infringed based on "guilt by association").

The government may not bootstrap a conviction of the Club into censorship of uncharged members and supporters. The Club is a "separate legal entity" from members and supporters. *Rivera*, 2009 WL 8753486 at *5. An individual may not be punished for the crime of another person, natural or artificial. Any punishment of the Club cannot justify restricting the speech of members or supporters.

Likewise, the Club cannot be prohibited from exercising the right to identify itself with the Marks. While perhaps certain restrictions on conduct might be appropriate conditions of sentence, the Club cannot be deprived of the fundamental right to identify itself, any more than conviction can strip individuals of their names.[3] It is no answer to suggest the Club may express itself through other insignia. "The First Amendment mandates that we presume that speakers, not the government, know best both what they want to say and how to say it." *Riley v. Nat'l Federation of the Blind of North Carolina, Inc.*, 487 U.S. 781, 790–91 (1988). Nor should the Court credit any protestation that the government would not misuse forfeiture powers. "[T]he First Amendment protects against the Government; it does not leave us at the mercy of *noblesse oblige*" or any promise to use power "responsibly." *United States v. Stevens*, 559 U.S. 460, 480 (2010).

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[3] The wholesale confiscation of expressive items bearing the Marks would go far beyond narrowly tailored restrictions on non-expressive "social intercourse" with certain gang members in a particular neighborhood or "intimidating" residents of that neighborhood. *People ex rel. Gallo v. Acuna*, 14 Cal. 4th 1090, 1121–22 (1997). Nothing in *Acuna* supports an effective ban on mere expression of identity and support for the Club at any time or place.

Nor is it any answer to suggest that display of the Marks endorses or advocates illegal activity. "The mere tendency of speech to encourage unlawful acts is not a sufficient reason for banning it." *Ashcroft v. Free Speech Coalition*, 535 U.S. 234, 253 (2002). A "person's speech ... is not removed from the ambit of First Amendment protection simply because it advocates an unlawful act." *White v. Lee*, 227 F.3d 1214, 1227 (9th Cir. 2000). "The government may not 'proscribe advocacy of the use of force or of law violation except where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.'" *United States v. Sineneng-Smith*, 910 F.3d 461, 480 (9th Cir. 2018) (quoting *Brandenburg v. Ohio*, 395 U.S. 444, 447 (1969)).

This principle does not apply "only to political discourse"; rather, "all expression, advocacy or not," must "meet the *Brandenburg* test" before it can be regulated. *James v. Meow Media, Inc.*, 300 F.3d 683, 699 (6th Cir. 2002). Although the symbols embodied in the Marks "may at times function as a mouthpiece for unlawful or violent behavior, this is not sufficient to strip speech of its First Amendment protection." *Rivera*, 2009 WL 8753486 at *11.

Likewise, speech may not be silenced on the allegation that it is unorthodox or offensive. *Virginia v. Black*, 538 U.S. 343, 358 (2003); *Texas v. Johnson*, 491 U.S. 397, 414 (1989). It "strikes at the heart of the First Amendment" to suggest the government may prevent "speech expressing ideas that offend." *Matal*, 137 S. Ct. at 1764 (plurality opinion); *id.* at 1765 (Kennedy, J., concurring) ("[T]he government may not punish or suppress speech based on disapproval of the ideas or perspectives the speech conveys."). No matter how "distasteful" it might be, "one man's vulgarity is another's lyric." *Cohen v. California*, 403 U.S. 15, 25 (1971).

Nor can the government justify censorship merely because it would allegedly promote the interests of law enforcement. "That the effective exercise of First Amendment rights may undercut a given government's policy on some issue is, indeed, one of the purposes of those rights. No distinction is constitutionally

admissible that turns on the intrinsic justice of the particular policy in issue." *Collin v. Smith*, 578 F.2d 1197, 1205 (7th Cir. 1978).

The government can find no help in *Alexander v. United States*, 509 U.S. 544 (1993). In that case, a defendant in the "adult entertainment" business was convicted of obscenity violations and "RICO offenses that were predicated on the obscenity convictions." *Id.* at 547. The jury found defendant "had an interest in 10 pieces of commercial real estate and 31 current or former businesses, all of which had been used to conduct his racketeering enterprise," and defendant was ordered "to forfeit his wholesale and retail businesses (including all the assets of those businesses) and almost $9 million in moneys acquired through racketeering activity." *Id.* at 548. The Supreme Court rejected defendant's argument that the forfeiture was a prior restraint, because "the RICO forfeiture order in this case [did] not *forbid* petitioner from engaging in any expressive activities in the future, nor [did] it require him to obtain prior approval for any expressive activities." *Id.* at 550–51. Instead, it deprived him of specific tangible "assets that were found to be related to his previous racketeering violations," such as real estate, businesses, and money. *Id.* at 551. The order "impose[d] no legal impediment to—no prior restraint on—petitioner's ability to engage in any expressive activity he chooses." *Id.*

Here, by contrast, the government is seeking forfeiture for the purpose of preventing the Club and its members and supporters from engaging in protected speech by identifying themselves through display of items bearing the Marks. As it has previously done, the government seeks to confiscate expressive items bearing the Marks. That is a classic prior restraint which remains no less unconstitutional now than when this Court previously enjoined it.

III. DUE PROCESS WOULD PROHIBIT ANY SUMMARY CONFISCATION OF ITEMS BEARING THE MARKS FROM CLUB MEMBERS OR SUPPORTERS.

Aside from the First Amendment, and assuming the government could exercise the Club's trademark rights, due process does not allow the government to

confiscate items bearing the Marks without notice and hearing to prove purely commercial infringement or dilution. Consistent with due process, a court may allow confiscation of such items only if a trademark violation "shall have been established" in an adversary proceeding. 15 U.S.C. § 1118. A "final judgment against the *in personam* defendants is a necessary precondition to the ultimate forfeiture and destruction of the seized merchandise." *Nat'l Assoc. for Stock Car Auto Racing, Inc. v. Does*, 584 F. Supp. 2d 824, 829 (W.D.N.C. 2008) ("*NASCAR*"). Confiscation and destruction are allowed only for those goods that actually infringe a trademark. *Whittaker Corp. v. Execuair Corp.*, 953 F.2d 510, 519 (9th Cir. 1992). Moreover, confiscation is unnecessary if an injunction against infringement is sufficient. *Kelley Blue Book v. Car-Smarts, Inc.*, 802 F. Supp. 278, 293 (C.D. Cal. 1992). Ex parte confiscation is allowed only in limited circumstances involving alleged counterfeiting, which is not at issue here. 15 U.S.C. § 1116(d)(1)(A); *NASCAR*, 584 F. Supp. 2d at 828 (citing *In re Lorillard Tobacco Co.*, 370 F.3d 982, 987 (9th Cir. 2004). As a result, summary confiscation of items bearing the Marks would violate due process without a full adversary hearing and findings of purely commercial infringement or dilution.

CONCLUSION

For the foregoing reasons, the Court should consider whether the Marks are forfeitable, deny their forfeiture in gross, and prevent the government from violating the First Amendment and due process by summarily confiscating items bearing the Marks.

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Respectfully submitted,

By: _____

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