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## Renegade Riders and the Marks They Love: Can the Government Tear That Patch Right Off Your Leather Jacket?

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# RENEGADE RIDERS AND THE MARKS THEY LOVE: CAN THE GOVERNMENT TEAR THAT PATCH RIGHT OFF YOUR LEATHER JACKET?

ANGELA M. NIEVES\*

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## INTRODUCTION

Trademarks have been in use for thousands of years, for as long as people have used symbols to designate the ownership or origin of their goods.<sup>1</sup> From ancient merchants marking their pottery, to ranchers branding their cattle, to medieval guild members displaying a common mark, the use of symbols to identify and distinguish oneself and one's property is a practice that far outdates the laws created to regulate such symbols.<sup>2</sup> The earliest legal recognition of trademarks did not come about until the late sixteenth century; in the United States, federal trademark laws were not passed until the late nineteenth century, despite their common use and long-recognized importance.<sup>3</sup> Currently, federal trademark law is governed by the Lanham Act passed in 1946, which sets out the different types of trademarks recognized and protected by the federal government.<sup>4</sup> While the number of trademark infringement suits has been steadily increasing over the years, one particular type of mark, the collective membership mark, has only recently come to the forefront of trademark law news because of a fierce legal battle between the federal government and a California motorcycle gang.<sup>5</sup>

1. See ANNE GILSON LALONDE & JEROME GILSON, *GILSON ON TRADEMARKS* § 1.06 (2019) (stating that the use of marks dates back to more than 3500 years ago); see also J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 5:1 (5th ed. 2019) (explaining that symbols indicating ownership of articles and identification of the maker can be traced back 6,000 years).

2. See BARTON BEEBE, *TRADEMARK LAW: AN OPEN-SOURCE CASEBOOK* 12 (2019) (describing the importance of marks to the operation of the guild system in medieval England); see also MCCARTHY, *supra* note 1, at § 5:2 (observing that the earliest example of trademark jurisprudence came about in Sandforth's Case heard in 1584).

3. See JAMES LOVE HOPKINS, *HOPKINS ON TRADEMARKS, TRADENAMES AND UNFAIR COMPETITION: TRADE SECRETS, GOODWILL, ETC.* §§ 5–6 (4th ed. 1924) (noting that the earliest example of trademark jurisprudence was the 1590 case of the English clothier who sought legal remedy for the ill use of his mark by another clothier); see also GILSON, *supra* note 1, at § 1.06 (observing that the first federal trademark laws did not come about until 1870 despite a long history of common law usage).

4. See Lanham Act (Trademark Act of 1946) 15 U.S.C. §§ 1051–1141n (2006) (establishing a federal system of trademark laws); see also *Matal v. Tam*, 137 S. Ct. 1744, 1752 (2017) (recounting the enactment of the Lanham Act and the fact that it is the foundation of current federal trademark law).

5. See *CompuMark Research Finds 80 Percent of C-Level Executives Agree Trademark Infringement is on the Rise*, COMPUMARK (Mar. 27, 2017), <https://www.compumark.com/newsroom/compumark-research-finds-80-percent-c-level-executives-agree-trademark-infringement-rise/> (noting that of 440 C-level executives surveyed, eighty percent reported an increase in trademark infringement claims over the previous year); see also David Loy, *Court Blocks Unconstitutional Government Seizure of Mongols Motorcycle Club Trademark*, ACLU (Mar. 11, 2019 11:45 AM), <https://www.aclu.org/blog/free-speech/intellectual>

In *United States v. Mongol Nation*, U.S. District Judge David O. Carter considered whether the U.S. government could seize the rights to the trademarks belonging to the Mongols Motorcycle Club (also known as the Mongol Nation), a California motorcycle club that had been found guilty of numerous offenses under the Racketeer Influenced and Corrupt Organizations Act (hereinafter “RICO”).<sup>6</sup> Although trademarks have historically been considered commercial speech, the marks sought were collective membership marks, a type of trademark that is purely non-commercial.<sup>7</sup> The members claimed a government seizure of their marks would violate several constitutional rights, chief among them their First Amendment freedom of speech and association rights.<sup>8</sup> Applying strict scrutiny, Judge Carter agreed and denied the forfeiture.<sup>9</sup> The government has since amended its request for the marks, continuing a ten-year quest that is indicative of a desire for a legal path to pursue this kind of forfeiture in the future.<sup>10</sup>

If and when the Ninth Circuit hears the *Nation* case, it will be against the backdrop of two recent landmark Supreme Court decisions invalidating certain trademark bars as unconstitutionally infringing on

property/court-blocks-unconstitutional-government-seizure-mongols (observing that the government has been attempting to acquire the Mongol Nation trademarks for ten years).

6. See *United States v. Nation*, 370 F. Supp. 3d 1090, 1095–97 (C.D. Cal. 2019) (explaining that the Mongol Nation Motorcycle Club was found guilty of RICO offenses and thus its marks were subject to forfeiture, pending Judge Carter’s decision on the matter); see also Loy, *supra* note 5 (noting that the Mongol Nation Motorcycle Club had been found guilty of RICO violations but Judge Carter’s ruling denied criminal forfeiture of their marks).

7. See *Nation*, 370 F. Supp. 3d at 1096 (clarifying that Mongol Nation collective membership marks are solely to identify members of the club); see also Lisa P. Ramsey, *Free Speech Challenges to Trademark Law After Matal v. Tam*, 56 HOUS. L. REV. 401, 415 (2018) (discussing that trademarks are commercial speech that have an expressive component).

8. See *Nation*, 370 F. Supp. 3d at 1108 (describing the Mongol Nation arguments that forfeiture of their marks would constitute violations of their First, Fifth, and Eighth Amendment rights); see also Joel Rubin, *Jury Orders Mongols Motorcycle Club to Forfeit Logo Trademarks*, L.A. TIMES (Jan. 11, 2019 5:10 PM), <https://www.latimes.com/local/lanow/la-me-mongols-trademark-verdict-20190111-story.html> (“[T]he jury’s decision should be set aside in light of the 1st Amendment issues.”).

9. See *Nation*, 370 F. Supp. 3d at 1114, 1130 (determining that the Mongol Nation’s use of noncommercial symbols constituted speech subject to First Amendment protections, and rejecting the government’s request to seize the marks); see also Loy, *supra* note 5 (explaining that the Mongol Nation ruling rebuked the government’s “affronts to the First Amendment”).

10. See *Nation*, 370 F. Supp. 3d at 1114 (stating that there were serious concerns about how the Government would use the rights associated with the marks in future cases); see also Serge F. Kovalski, *How to Crush an Outlaw Biker Club: Seize... Its Logo?*, N.Y. TIMES (Nov. 21, 2018) <https://www.nytimes.com/2018/11/21/us/mongols-motorcycle-club-government.html> (citing prosecutor Thomas P. O’Brien as saying that the government was using the Mongol Nation case as a test case for a new way to have a “real impact . . .”).

the freedom of expression.<sup>11</sup> Although these decisions demonstrate the Court's shift towards an expansion of First Amendment protections with regards to trademarks, they address the issue of trademark *registration*, a decidedly different issue than the one in *Nation* (*seizure of existing collective marks*).<sup>12</sup> A ruling for the government in *Nation*, with no clear treatment of the marks post-forfeiture, would further blur the line between commercial and free speech and embolden the government to pursue forfeiture of marks despite First Amendment concerns.<sup>13</sup> Although government seizure of property connected to criminal activity is a valid law enforcement objective, it must be balanced against constitutional rights to avoid government overreach.<sup>14</sup> This could, in fact, be accomplished, even with collective marks.<sup>15</sup>

Part I of this Comment discusses the origins of federal trademark law in the United States, and the basics on the life and death of collective marks.<sup>16</sup> This section will also touch on criminal forfeiture of property, especially as it relates to a trademark, which is a form of intangible

11. See *Iancu v. Brunetti*, 139 S. Ct. 2294, 2302 (2019) (finding that the “immoral or scandalous” bar under 15 U.S.C. § 1052(a) violates the First Amendment); see also *Tam*, 137 S. Ct. at 1751 (invalidating the disparagement clause under 15 U.S.C. § 1052(a) because it violates the Free Speech Clause of the First Amendment).

12. See Drew Jurgensen, *When All You Have is a Hammer, Everything Looks Like a Nail In re Tam and the Federal Circuit's Conflation of Federal Trademark Registration and the First Amendment*, 98 J. PAT. & TRADEMARK OFF. SOC'Y 512, 515 (2016) (noting a growing trend in trademark jurisprudence to use First Amendment protections against government action such as registration); see also *Nation*, 370 F. Supp. 3d at 1095–97 (stating that the Government was requesting Mongol Nation collective membership marks already registered with the trademark office).

13. See *Nation*, 370 F. Supp. 3d at 1114 (stating that there were serious concerns about how the Government would use the rights associated with the marks in future cases); see also Rubin, *supra* note 8 (contending that barring Mongol Nation members from using their mark could potentially “cross[] constitutional lines set out by the 1st Amendment, which protects people’s rights to associate freely and express themselves”).

14. See Igor V. Dubinsky, *How Bad Boys Turn Good: The Role of Law in Transforming Criminal Organizations into Legitimate Entities by Making Rehabilitation an Economic Necessity*, 5 DEPAUL BUS. & COMM. L.J. 379, 404–05 (2007) (reporting that the enactment of the RICO Act, containing the first criminal forfeiture statute in American history, led to the rapid diminishing of organized crime in the United States); see also Loy, *supra* note 5 (stating that the government’s attempt to seize the marks was overreaching and an abuse of power).

15. See Government’s Second Amended Application for Preliminary Order of Forfeiture Against Defendant Mongol Nation (Collective Membership Marks Only) at 17, *United States v. Nation*, 370 F. Supp. 3d 1090 (C.D. Cal. 2019) (No. 2:13-cr-00106) [hereinafter Application] (contending that despite the Mongol Nation marks having an expressive component, they are still subject to criminal forfeiture). *But see* Larry Mantle, *AirTalk: Will Stripping the Mongols Motorcycle Club Logo Violate First Amendment Rights?* 89.3 KPCC at 9:15 (Jan. 15, 2019) <https://www.scpr.org/programs/airtalk/2019/01/15/64081/will-stripping-the-mongols-motorcycle-club-logo-vi/> (explaining that because trademark law confers negative rights on a mark, an attempt to restrain the Mongol Nation marks amounts to an unconstitutional restraint on freedom of speech).

16. See *infra* Part I.

property.<sup>17</sup> Part II is a brief overview of the Mongol Nation case and the principal arguments the court's decision turned on, namely concerns over the treatment of the marks post-transfer, and violations of the members' First Amendment freedom of speech and association rights.<sup>18</sup>

Part III will analyze the expressive versus commercial components of collective marks to discern what type of scrutiny courts should apply in determining whether the marks are appropriate for forfeiture.<sup>19</sup> Finally, Parts IV and V will propose a novel solution that addresses the important policy issues and balances the objectives of the government and the Lanham Act.<sup>20</sup>

## I. BACKGROUND

### A. History of trademarks and trademark law in the United States

Trademark protection was the sole province of the states until the first federal statutory trademark law was passed in 1870.<sup>21</sup> In 1879, however, the Supreme Court held that the federal trademark laws were drawing an unconstitutional power from the patents and copyright clause of the Constitution to regulate trademarks.<sup>22</sup> In response, Congress, resting on its power under the Commerce Clause of the Constitution, passed in 1905 a new federal trademark statute that expressly authorized the registration of trademarks for use in

17. See *Nation*, 370 F. Supp. 3d at 1107 (describing the process of criminal forfeiture of property, including intangible property, after conviction of a RICO offense); see also Tom Kulik, *Why Criminal Forfeiture of the Mongols Nation's Trademark is an Outlaw Idea*, ABOVE THE LAW (Dec. 17, 2018 5:48 PM), <https://abovethelaw.com/2018/12/why-criminal-forfeiture-of-the-mongols-nations-trademark-is-an-outlaw-idea/> (describing how the government uses asset seizure to fight organized crime and how this applies to intellectual property).

18. See *infra* Part II.

19. See *infra* Part III.

20. See *infra* Part IV–V; see also Tracy Reilly, *Marks of Mayhem & Murder: When a Few Bad "Mongols" Spoil the Bunch, Should the Government Seize a Motorcycle Association's Registered Trademark?*, 7 BUFF. INTELL. PROP. L.J. 1, 60–61 (2009) (contending that trademark laws should be revamped to provide a more equitable solution considering the purposes of the Lanham Act and RICO, and the rights of trademark users).

21. See MCCARTHY, *supra* note 1, at § 5:2 (reporting that prior to the first federal trademark statute, all trademark law was state law); see also GILSON, *supra* note 1, at § 1.06 (relating that of sixty-two trademark cases heard by 1870, forty of them were heard in one state alone, and it was not until 1872 that the United States Supreme Court ruled on a trademark case).

22. See MCCARTHY, *supra* note 1, at § 5:3 (citing the Supreme Court's rebuke of the government's trademark regulation power in the Trademark Cases (*Trade-Mark Cases*, 100 U.S. 82, (1879)), and noting that the federal government's power to provide for trademark registration can arise only under its "Commerce Power"); see also BEEBE, *supra* note 2, at 21 (relating the Supreme Court's holding that the trademark laws were improperly grounded on the patent and copyright clause of the Constitution).

commerce.<sup>23</sup> It was followed by the Lanham Act in 1946, whose purpose is “to provide for the registration and protection of trademarks used in commerce.”<sup>24</sup> The Act recognized that a right to a specific mark arises out of its use, not out of its registration.<sup>25</sup>

### B. Collective marks

The most common type of trademark is used to identify and distinguish a person’s goods or services, such as a brand name or a logo.<sup>26</sup> The Lanham Act additionally recognizes other types of marks such as the collective mark.<sup>27</sup> There are two types of collective marks.<sup>28</sup> Collective trademarks and service marks indicate the commercial origin of goods or services as well as the membership of the goods or services provider in a certain group.<sup>29</sup> An example of this type of mark would be the Florists’ Transworld Delivery mark (FTD), used by flower shops that belong to a specific flower delivery system.<sup>30</sup> Collective membership

23. See U.S. CONST. ART. I, § 8, cl. 3 (“Congress shall have the power . . . to regulate commerce with foreign nations, and among the several states, and with the Indian tribes . . .”); see also MCCARTHY, *supra* note 1, at § 5:3 (detailing the enactment of 15 U.S.C. §§ 81 et seq., the Trademark Act of 1905).

24. See *Matal v. Tam*, 137 S. Ct. 1744, 1752 (2017) (citing the establishment of the Lanham Act in 1946 as the foundation for federal trademark laws); see also GILSON, *supra* note 1, at § 1.04 (relating the purpose of the Lanham Act as set out in the preamble appearing before 15 U.S.C. § 1051).

25. See *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 453 (E.D. Va. 2015) (“Federal law does not create trademarks.”); see also GILSON, *supra* note 1, at § 5:3 (“Trademark rights are created by use of a designation in the marketplace and are recognized by the common law.”).

26. See John V. Tait, *Trademark Regulations and the Commercial Speech Doctrine: Focusing on the Regulatory*

*Objective to Classify Speech for First Amendment Analysis*, 67 *FORDHAM L. REV.* 897, 936 (1998) (observing that the most common usage of a trademark is to identify a product’s origin); see also Alexandra MacKay, *Forfeiture and Collective Membership Marks*, STITES & HARBISON PLLC (Mar. 20, 2019) <https://www.stites.com/resources/trademarkology/forfeiture-and-collective-membership-marks> (explaining that most marks are either trademarks or service marks).

27. 15 U.S.C. § 1054 (2006) (establishing the registrability of collective marks); see also 8 *TMEP* § 1302.01 (8th ed. Oct. 2018) (explaining that the Lanham Act provides for registration of collective marks, even in the absence of an industrial or commercial establishment).

28. See 8 *TMEP* § 1302.01 (8th ed. Oct. 2018) (stating there are two types of collective marks); see also *Aloe Creme Labs, Inc. v. Am. Soc’y for Aesthetic Plastic Surgery, Inc.*, 192 U.S.P.Q. (BNA) 170, 173 (Trademark Trial & App. Bd. May 25, 1976) (specifying the two basic types of collective marks).

29. 15 U.S.C. § 1127 (2006) (providing that collective trademarks and service marks indicate both membership in an association and a use of the mark in commerce); see also MCCARTHY, *supra* note 1, at § 19:98 (explaining that collective trademarks and service marks “are used by members of an organization to identify and distinguish their goods or services.”).

30. See *Collective Marks*, JUSTIA (Nov. 27, 2019) <https://www.justia.com/intellectual-property/trademarks/categories-of-marks/collective-marks/> (offering FTD as an example of the collective mark used for commerce); see also *Collective Mark: Everything You Need to Know*,

marks, on the other hand, are not tied to a good or service; they are used to indicate membership in a collective group or organization, and there is no requirement that the mark be used for commercial purposes.<sup>31</sup> Examples of this type of mark include the National Rifle Association's mark (NRA), and the American Automobile Association's oval containing the letters AAA.<sup>32</sup> The marks belonging to the Mongol Nation are collective membership marks, which members display once they have been vetted and approved by the group's leaders.<sup>33</sup>

#### i. Life and death of the collective mark

To understand the controversy surrounding the government's push to acquire the Mongol Nation marks, one must first understand both how marks are used during their lifetime, and what happens when they are forcibly transferred to a new owner.<sup>34</sup> A collective membership mark is owned by an organization, and registration of the mark allows the organization to protect it from unauthorized use by others.<sup>35</sup> Although the mark owner exercises control over the mark's

UPCOUNSEL, (Nov. 27, 2019) <https://www.upcounsel.com/collective-mark> (describing the mark flower shops use to indicate they are part of a flower delivery system).

31. 15 U.S.C. § 1127 (2006) ("The term 'collective mark' means a trademark or service mark— (1) used by the members of a cooperative, an association, or other collective group or organization, or (2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, and includes marks indicating membership in a union, an association, or other organization."); *see also* 8 TMEP § 1304.01 (8th ed. Oct. 2018) ("Registration of these marks fills the need of collective organizations who do not use the symbols of their organizations on goods or services but who still wish to protect their marks from use by others.").

32. *See Collective Marks*, *supra* note 30 (offering AAA as an example of a collective membership mark); *see also* Rebecca A.E. Fewkes & Eric Ball, *Trademarks: How (Not) to Strip the Leather Jacket Off the Biker's Back*, FENWICK & WEST LLP (Mar. 29, 2019) <https://www.fenwick.com/publications/pages/trademarks-how-not-to-strip-the-leather-jacket-off-the-bikers-back.aspx> (explaining how the National Rifle Association of America has a collective mark to indicate membership in the organization).

33. *See United States v. Nation*, 370 F. Supp. 3d 1090, 1126–27 (C.D. Cal. 2019) (outlining the difference between "full-patch" members and prospects or probationary members); *see also* Application, *supra* note 15, at 3 (stipulating that the three Mongol Nation marks in question are collective membership marks awarded to "full-patch" as well as probationary members).

34. *See Nation*, 370 F. Supp. 3d at 1114 (stating that a forcible transfer of the trademarks and their associated legal rights presents an immediate harm to the Mongol Nation and its members); *see also* Reilly, *supra* note 20, at 56–57 (explaining that although in theory a trademark is freely transferable to the government in the same way real or tangible property is, unlike those kinds of property, a trademark is not easily separated from its prior ownership interests).

35. *See* 8 TMEP § 1304.01 (8th ed. Oct. 2018) (explaining that registration of collective membership marks fills the need of collective organizations who wish to protect their marks from use by others); *see also* GILSON, *supra* note 1, at § 1.02(4) (describing the ownership, registration, and protection of collective marks).

use, the sole purpose of a membership mark is to indicate membership; thus, only members may use the mark.<sup>36</sup>

All trademarks, including collective membership marks, require actual and continuous use in order for a business or organization to retain a protectible interest in its mark.<sup>37</sup> However, certain actions can cause it to cease to be associated with the mark owner, which destroys the owner's rights.<sup>38</sup> A mark is deemed abandoned when its use is discontinued and there is no intent to resume said use, or when the owner's conduct causes the mark to lose its significance.<sup>39</sup> A period of non-use for three consecutive years can also result in the cancellation of a mark.<sup>40</sup> Furthermore, a mark may be subject to cancellation if another party challenges its validity within the prescribed period, or if it has been improperly registered or assigned.<sup>41</sup> This is where trademark goodwill comes into play.<sup>42</sup> Marks represent a reputation for the nature and quality of the business, a concept referred to as the goodwill of the mark.<sup>43</sup> This goodwill is inseparable from the business or

36. See MCCARTHY, *supra* note 29, at § 19:101 (specifying that collective membership marks are used to indicate membership and not goods or services); see also 8 TMEP § 1304.01 (8th ed. Oct. 2018) (explaining that even though mark owners exercise control over the use of their collective membership marks, only members may use the marks).

37. See 15 U.S.C. § 1127 (2006) ("Nonuse for 3 consecutive years shall be prima facie evidence of abandonment."); see also *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1022-23 (11th Cir. 1989) (stating that trademarks require use in order for them to be enforceable against others).

38. See 15 U.S.C. § 1127 (2006) (defining mark abandonment as when use is discontinued with no intent to resume use, or when the owner's conduct causes the mark to become the generic name for the goods or services associated with it); see also *Defiance Button Mach. Co. v. C & C Metal Prod. Corp.*, 759 F.2d 1053, 1059 (2d Cir. 1985) (listing the different ways a mark ceases to be enforceable).

39. See 15 U.S.C. § 1127 (2006) (defining mark abandonment as when use is discontinued with no intent to resume use, or when the owner's conduct causes the mark to become the generic name for the goods or services associated with it); see also BEEBE, *supra* note 2, at 669-76 (listing a case, *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d Cir. 2007), which exemplifies the abandonment of a mark by cessation of use).

40. See 15 U.S.C. § 1127 (2019) ("Nonuse for 3 consecutive years shall be prima facie evidence of abandonment."); see also *Cash Processing Servs. v. Ambient Entm't*, 418 F. Supp. 2d 1227, 1231 (D. Nev. 2006) (explaining that after a three-year period of nonuse, the owner of a trademark must rebut the presumption of abandonment).

41. See 15 U.S.C. § 1052(a)-(e) (2019) (listing the reasons for denial of registration of a trademark in the federal register); see also BEEBE, *supra* note 2, at 290 (discussing the process for a third party to petition to cancel an existing registered trademark).

42. See MCCARTHY, *supra* note 29, at § 18:2 (discussing goodwill, and that separating a trademark from its goodwill invalidates both); see also Robert G. Bone, *Hunting Goodwill: A History of The Concept of Goodwill in Trademark Law*, 86 B.U.L. REV. 547, 548 (2006) (describing goodwill as something "like a spirit" that hovers over the mark, or an "aroma that springs from the conduct of the business...").

43. See *Defiance*, 759 F.2d at 1059 ("A trademark or trade name symbolizes the goodwill attaching to a business."); see also LOVE, *supra* note 3, at § 96 (explaining that a trademark only exists because it is tied to a good or service, making trademark and the goodwill of a business inseparable).

organization.<sup>44</sup> Using the mark in connection with a different goodwill would create confusion, which is contrary to the Lanham Act's purpose of preventing consumer confusion in the marketplace.<sup>45</sup> Thus, when a mark is transferred, the assignee is expected to "step into the shoes" of the assignor, continuing the identity and meaning of the mark, and gaining whatever goodwill and rights the assignor had built up.<sup>46</sup> This makes forcible seizure of trademarks distinctly different than forcible seizure of other types of intangible assets not tied to any goodwill, such as patents and domain names.<sup>47</sup>

### *C. Civil and criminal forfeiture*

Federal law provides for forfeiture of property that constitutes, or is traceable to, certain unlawful activity.<sup>48</sup> While tangible property is generally the type of property seized, the government acknowledges the value of certain kinds of intangible property and will seek to acquire it in a forfeiture action.<sup>49</sup> Even though the activity leading to the seizure

44. See *United States v. Nation*, 370 F. Supp. 3d 1090, 1124 (C.D. Cal. 2019) (stating that the transfer of a mark without its associated goodwill is legally invalid); see also *LOVE*, *supra* note 3, at § 96 (stating that a mark and its goodwill are inseparable).

45. See *In re Tam*, 808 F.3d 1321, 1329 (Fed. Cir. 2015) (stating that one purpose of the Lanham Act is to prevent consumers from being deceived); see also Michael Cavendish, *Avoiding Illegal Trademark Transfers: Introducing the Assignment-in-Gross*, FLA. BAR J. (Mar. 2000) (<https://www.floridabar.org/the-florida-bar-journal/avoiding-illegal-trademark-transfers-introducing-the-assignment-in-gross/>) (explaining that the purpose of the Lanham Act's assignment-in-gross rule is to protect the public "from being misled or confused about the source and nature of the goods and services" associated with the mark).

46. See *Marshak v. Green*, 746 F.2d 927, 930 (2d Cir. 1984) (invalidating the sale of a singing group's trademark because there was "neither continuity of management nor quality and style of music" in the new mark owner); see also Cavendish, *supra* note 45 (explaining the assignment-in-gross doctrine, where a court will invalidate the transfer of a mark because the mark's goodwill and other assets did not transfer with it to the assignee).

47. See Amicus Curiae Brief of Seven Law Professors in Support of Neither Party at 6, *United States v. Nation*, 370 F. Supp. 3d 1090 (C.D. Cal. 2019) (No. 2:13-cr-00106) [hereinafter Professors] (emphasizing the difference between trademarks and other types of intellectual property is that a trademark cannot be a right in gross); see also Cavendish, *supra* note 45 (explaining that a trademark assignment that negates the trademark's associated product or service is an assignment-in-gross and thus invalid).

48. 18 U.S.C. §§ 981–982 (2016) (establishing that any property constituting or deriving from activity traceable to violations of specified laws is subject to civil and criminal forfeiture to the United States). See also Kulik, *supra* note 18 (stating that criminal forfeiture is "an interesting tool" the prosecutor may use in the criminal prosecution of a defendant).

49. See *United States v. One-Sixth Share of James J. Bulger in All Present and Future Proceeds of Mass Millions Lottery Ticket No. M246233*, 326 F.3d 36, 37 (1st Cir. 2003) (forfeiting on a one-sixth share of future lottery payments owed to fugitive James "Whitey" Bulger); *United States v. Approximately Two Thousand, Five Hundred Thirty-Eight Point Eighty-Five Shares (2,538.85) of Stock Certificates of Ponce Leones Baseball Club, Inc.*, 988 F.2d 1281, 1282 (1st Cir. 1993) (seeking forfeiture of 2,538.85 shares of stock of the Ponce Leones Baseball Club, Inc.); *Cash Processing*

is criminal in nature, a criminal conviction is not a prerequisite for civil forfeiture.<sup>50</sup> Criminal forfeiture, on the other hand, does require a conviction because it is designed to punish criminal acts.<sup>51</sup> The RICO Act, for example, provides for criminal forfeiture of any tangible or intangible property in connection with RICO violations, vesting in the government all right, title, and interest in seized property.<sup>52</sup> Since the Mongol Nation was found guilty of committing RICO offenses and using their marks in the process, seeking their trademarks was within the government's rights.<sup>53</sup>

## II. THE MONGOL NATION CASE

Founded in 1969 in Southern California, The Mongol Nation is one of the largest "outlaw" motorcycle gangs according to a 2015 FBI report.<sup>54</sup> As they ride across different parts of the United States, members proudly wear their Mongol Nation patches and tattoos, a right that can only be earned after an intense vetting process that often entails criminal activity.<sup>55</sup> After infiltrating the gang with undercover agents, in

Servs. v. Ambient Entm't, 418 F. Supp. 2d 1227 (D. Nev. 2006) (acquiring the trademark of the Mustang Ranch brothel).

50. OFFICE OF LEGAL EDUC. EXEC. OFFICE FOR U.S. ATTORNEYS, UNITED STATES DEP'T OF JUSTICE, PROSECUTING INTELLECTUAL PROPERTY CRIMES, 362 (2013) ([https://www.justice.gov/sites/default/files/criminal-ccips/legacy/2015/03/26/prosecuting\\_ip\\_crimes\\_manual\\_2013.pdf](https://www.justice.gov/sites/default/files/criminal-ccips/legacy/2015/03/26/prosecuting_ip_crimes_manual_2013.pdf)) ("Civil forfeiture proceedings are not part of a criminal case at all. The burden of proof is a preponderance of the evidence, and civil forfeiture proceedings can dispose of property even without a criminal conviction or the filing of any criminal charges."); see also Chip Mellor, *Civil Forfeiture Laws And The Continued Assault On Private Property*, FORBES (June 8, 2011 5:30 PM) <https://www.forbes.com/2011/06/08/property-civil-forfeiture.html#14d7ffca39fa> (explaining that in civil forfeiture a crime need not have been committed for the government to seize property).

51. See *United States v. Bajakajian*, 524 U.S. 321, 332 (1998) ("The forfeiture serves no remedial purpose, is designed to punish the offender, and cannot be imposed upon innocent owners."); see also Reilly, *supra* note 20, at 5 (explaining that punishment for engaging in illegal acts is the public policy aim behind the criminal forfeiture of property).

52. 18 U.S.C. § 1963 (a)–(c) (establishing criminal forfeiture of tangible and intangible property for RICO offenses); see also *United States v. Nation*, 370 F. Supp. 3d 1090, 1107 (C.D. Cal. 2019) (explaining that under RICO defendants convicted of racketeering face forfeiture of any assets connected to the activity).

53. See *Cash Processing Servs. v. Ambient Entm't*, 418 F. Supp. 2d 1227, 1229 (D. Nev. 2006) (relaying the government seizure of the Mustang Ranch assets, which included their trademark, after a conviction for racketeering); see also *Mantle*, *supra* note 15 at 4:52 (stating that the government has a right to seize any property, tangible or intangible, that was used to conduct racketeering activity).

54. See *Fewkes & Ball*, *supra* note 32 (explaining that the Mongol Nation is known to the Department of Justice as an extremely violent and dangerous motorcycle gang); see also *Kovaleski*, *supra* note 10 (detailing the founding of the Mongol Nation in Los Angeles in 1969).

55. See *Application*, *supra* note 15, at 19 (describing how members were rewarded for their criminal acts with Mongol Nation emblems that they would proudly display); see also Reilly, *supra*

2008 the government began criminal proceedings against Mongol Nation members, eventually convicting seventy-seven members of numerous racketeering acts under RICO.<sup>56</sup> The government moved for forfeiture of not just property bearing the Mongol Nation trademarks, but the marks themselves, setting off the decade-long back-and-forth that led to the district court ruling in February, 2019.<sup>57</sup> The court rejected the government's claim to the marks, finding that a forcible transfer would, in this particular case, violate fundamental concepts of trademark law, as well as the First and Eighth Amendments.<sup>58</sup> While it is important that the court considered whether forfeiture would violate the Eighth Amendment's Excessive Fines Clause prohibiting cruel and unusual punishment, it is the concept of trademark goodwill and the expressive nature of the collective mark that are dispositive in determining whether or not forfeiture is possible.<sup>59</sup>

#### *A. The goodwill of the Mongol Nation marks*

The district court properly observed that the marks of the Mongols are "inextricably intertwined with identification with and membership in the Mongol Nation motorcycle club."<sup>60</sup> As such, the marks must be assigned with their associated goodwill in order for the transfer to be legally valid.<sup>61</sup> This makes a forcible seizure of the marks problematic,

note 20, at 11 (explaining that bikers in outlaw motorcycle gangs proudly display their affiliation in an effort to publicly announce their sexual and criminal exploits).

56. See *Nation*, 370 F. Supp. at 1099 (outlining the criminal proceedings of seventy-nine Mongols that resulted in seventy-seven guilty pleas); see also Fewkes & Ball, *supra* note 32 (describing Operation Black Rain where eight government agents infiltrated the Mongols, and which eventually led to the convictions for RICO offenses).

57. See *Nation*, 370 F. Supp. 3d at 1099, 1113 (detailing the government's motions to take control of the mark as well as seize any property bearing it, and the fact these efforts have spanned a decade); see also MacKay, *supra* note 26 (stating that the government sought the property the jury had found was subject to criminal forfeiture).

58. See *Nation*, 370 F. Supp. 3d at 1125, 1130 (holding that the First and Eighth Amendments prohibit the government's forfeiture of the Mongol Nation marks, and that their forced transfer would be invalidated anyway because they would be transferred in gross); see also MacKay, *supra* note 26 (providing an overview of the First and Eighth Amendment considerations in the Mongol Nation decision).

59. See U.S. CONST. amend. VIII ("Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted."); see also Application, *supra* note 15, at 17 (stating that the court must determine whether the forfeiture constitutes "inappropriate prior restraint on expression protected by the First Amendment").

60. See *Nation*, 370 F. Supp. 3d at 1125 (discussing the existence of an expressive component to the marks); see also Fewkes & Ball, *supra* note 32 (explaining that the associated goodwill in the Mongol marks is membership in an association dedicated to motorcycle riding).

61. See McCARTHY, *supra* note 29, at § 18:2 ("A sale of a trademark apart from its Goodwill is called an 'Assignment in Gross' and is invalid."); see also Cavendish, *supra* note 45 (explaining that

as the government would need to act as a motorcycle club in order to step into the shoes of the original mark holder.<sup>62</sup> Since the government is not likely to do this, the mark would be divorced from its goodwill, resulting in an assignment in gross, which renders the transfer legally invalid.<sup>63</sup> Thus, ironically, under current trademark law, forfeiture to the government of the Mongol Nation marks would actually lead to them entering the public domain, thereafter free for anyone to use.<sup>64</sup>

### *B. The First Amendment*

The court explained that because the Mongol Nation marks are used by members to identify themselves and express an affinity for motorcycle riding, they are associative in nature and thus constitute free speech which is protected by the First Amendment.<sup>65</sup> Seizure of the marks by the government would have a chilling effect on this speech, and since the government indicated an intent to foreclose on members' ability to display the marks because of what they stood for, the court also found the forfeiture to be viewpoint-discriminatory.<sup>66</sup> As such, strict scrutiny applied, and under this analysis, the forfeiture constituted an improper prior restraint on First Amendment

trademark assignments are declared illegal if they are transferred apart from their attached goodwill).

62. See *Nation*, 370 F. Supp. 3d at 1124 (explaining that when collective membership marks are transferred they are expected to continue representing membership in and association with the original organization); see also Kovalski, *supra* note 10 (stating that the government would need to operate a motorcycle club in order to not run afoul of the goodwill requirement).

63. See *Burgess v. Gilman*, 475 F. Supp. 2d 1051, 1056 (D. Nev. 2007) (“[A] mark cannot be assigned for use by a business with fundamentally dissimilar goods and services.”); see also *Mantle*, *supra* note 15 at 3:00 (explaining that the government is not likely to run a motorcycle club called the Mongols and sue others who use the symbols).

64. See *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 147 (2d Cir. 2007) (asserting that once a mark is abandoned, it returns to the public domain and may be used by other actors in the marketplace); see also *Professors*, *supra* note 47 at 6 (explaining that the government would need to use the Mongol marks for the registered purpose, otherwise the marks would be deemed abandoned upon forfeiture).

65. See *Nation*, 370 F. Supp. 3d at 1112 (finding that since the Mongol marks are used to indicate membership and appreciation of motorcycle riding, their forfeiture to the government would violate the First Amendment); see also Rebecca A.E. Fewkes & Eric Ball, *Biker TM Case Sets New Bar For First Amendment Protection*, LAW360 (May 9, 2019) <https://www.law360.com/articles/1158260/biker-tm-case-sets-new-bar-for-first-amendment-protection> (relating that the court held the marks were protected from forfeiture by the First and Eighth Amendments).

66. See *Nation*, 370 F. Supp. 3d at 1102-03 (finding that the government's purpose for seizing the marks amounts to viewpoint discrimination as well as prior restraint); see also *Reilly*, *supra* note 20, at 36 (arguing that the right to express a viewpoint, however unpleasant, is grounded in the First Amendment).

expression.<sup>67</sup> But should the courts always apply the highest scrutiny to collective membership marks?<sup>68</sup> Just how much weight should expression be given in the analysis?<sup>69</sup>

### III. DISCUSSION: NOT ALL COLLECTIVE MARKS ARE CREATED EQUAL

#### A. *Collective marks and commercial speech*

Despite the fact that commercial speech is thought to do “no more than propose a commercial transaction,” it nevertheless may enjoy certain protection under the First Amendment.<sup>70</sup> However, for some collective marks, like the membership mark, the commercial and non-commercial elements can be “inextricably intertwined.”<sup>71</sup> While some courts will automatically employ a strict scrutiny review when this

67. See Application, *supra* note 15, at 17 (stating that the court must determine whether the forfeiture constitutes “inappropriate prior restraint on expression protected by the First Amendment”); see also Brian L. Frye, *Lisa Ramsey on Trademark Law & the First Amendment*, IPSE DIXIT (July 1, 2019) at 20:20 <https://shows.pippa.io/ipse-dixit/episodes/lisa-ramsey-on-trademark-law-the-first-amendment> (explaining that where the speech being regulated is non-commercial or viewpoint discriminatory, strict scrutiny analysis is likely warranted).

68. See *In re Tam*, 808 F.3d 1321, 1328 (Fed. Cir. 2015) (establishing that strict scrutiny review is appropriate for government regulation of message or viewpoint); see also Alexandra Martinez, *The Act of Registering a Trademark: Commercial Speech, Non-Commercial Speech, or a Combination of Both?* 14 (2017) (unpublished comment) (on file with the University of California, Hastings College of the Law) ([http://www.inta.org/Academics/Documents/2017/Martinez\\_%20Student%20Winner.pdf](http://www.inta.org/Academics/Documents/2017/Martinez_%20Student%20Winner.pdf)) (explaining that restraint on the content of expressive speech must survive strict scrutiny review by courts).

69. See *In re Tam*, 808 F.3d at 1338 (discussing how “marks often have an expressive aspect over and above their commercial-speech aspect.”); see also *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 460–61 (E.D. Va. 2015) (discussing the purpose of the federal trademark program and the weight of the expressive element).

70. See *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council*, 425 U.S. 748, 762 (1976) (establishing that commercial speech is not so removed from expression that it lacks protection); see also Frye, *supra* note 67 at 18:26 <https://shows.pippa.io/ipse-dixit/episodes/lisa-ramsey-on-trademark-law-the-first-amendment> (discussing that under current law, if the speech is commercial speech, an intermediate level of scrutiny applies).

71. See *In re Tam*, 808 F.3d at 1339 (explaining that when commercial and expressive speech are “inextricably intertwined” they are treated as expressive speech under the First Amendment when the expressive aspect is being regulated). *But see* Brief Of Amicus Curiae On Behalf of the Int’l Trademark Ass’n in Support of Respondent at 17-18, *Lee v. Tam*, 137 S. Ct. 30 (No. 15-1293) [hereinafter INTA] (contending that an expressive component in a trademark “does not change the mark’s commercial character and should not change the traditional level of scrutiny used for commercial speech.” INTA is a global association of over 31,000 trademark and intellectual property professionals dedicated to promoting consumer trust, economic growth, and innovation.).

occurs, the commercial essence of the mark demands instead a balancing test to determine the appropriate level of scrutiny.<sup>72</sup>

To enjoy federal trademark protections, marks must be “used in commerce,” defined as use that affects interstate commerce, which is most often reached through the sale of a good or service.<sup>73</sup> Although some collective marks are not tied to specific goods or services, there are several factors that underscore the commercial nature of trademarks, leading many to find that all trademarks constitute some level of commercial speech, even collective marks.<sup>74</sup> The first consideration is the origins and purpose of the Lanham Act.<sup>75</sup> The Act is premised in Congress’ Commerce powers, and the goal of trademark laws is the regulation of commerce to protect consumers and prevent damage to business’ goodwill due to the improper acts of others.<sup>76</sup> Congress’ authority to provide for registration and protection of marks is thus limited to marks used in commerce.<sup>77</sup> Although this creates tension with the expressive aspect of collective marks, it should not by any means be disregarded.<sup>78</sup>

72. See *In re Tam*, 808 F.3d at 1377–78 (Reyna, J., dissenting) (arguing that the Majority mistakenly chose to apply strict scrutiny to a mark that was both commercial and expressive); see also Martinez, *supra* note 68, at 2 (stating that there must be a determination whether a trademark is commercial or non-commercial speech, and what degree of First Amendment protection it should be given).

73. See 15 U.S.C. § 1127 (2006) (“The word ‘commerce’ means all commerce which may lawfully be regulated by Congress.”); see also BEEBE, *supra* note 2, at 246 (explaining that federal trademark law only regulates uses that fall within the Congress’s Commerce Clause power).

74. See INTA, *supra* note 71, at 3 (stating that trademarks are inherently commercial in nature and thus should be treated as commercial speech); see also Ramsey, *supra* note 7, at 435 (explaining that the line between commercial and free speech is sometimes unclear).

75. See *Radiance Found., Inc. v. NAACP*, 786 F.3d 316, 321 (4th Cir. 2015) (announcing that the first piece of their analysis must begin with a brief review of Lanham Act principles related to the cause of action); see also Kelly Knoll, *Confusion Likely: Standing Requirements for Legal Representatives Under the Lanham Act*, COLUMBIA L. REV. 983, 988 (2015) (recounting that the Lanham Act broke new ground by providing for detailed descriptions of categories of marks that could and could not be registered, as well as remedies for infringement and “false designation of origin”).

76. See 8 TMEP Introduction (8th ed. Oct. 2018) (establishing that Congress’ authority to regulate trademarks stems from the Commerce Clause); see also INTA, *supra* note 71, at 14 (explaining the primary justification for trademark laws is the regulation of commerce).

77. See *Brookfield Communs., Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1051 (9th Cir. 1999) (discussing the strengthening of the “use in commerce” requirement in a 1988 amendment to the Lanham Act); see also BEEBE, *supra* note 2, at 246 (explaining that federal trademark law only regulates uses that fall within the Congress’s Commerce Clause power).

78. See *Fewkes & Ball*, *supra* note 65 (expressing that trademark law is ill-equipped to handle individual expression because it is designed to protect commercial interests); see also Kulik, *supra* note 18 (describing the tension between free speech rights and the commercial rights of trademarks).

While the creation and use of a mark is expressive in nature, the registration of the mark is not; the purpose behind registering a trademark is to provide it federal protection against unauthorized use in commerce on a federal level.<sup>79</sup> Trademarks, expressive or not, enjoy common law rights even when they are not registered, and owners can still use and protect their marks at the state level.<sup>80</sup> Thus, seeking federal trademark protection, even for collective marks, is a wholly commercial decision.<sup>81</sup> In addition, the motivations behind the use of a collective mark are often commercial in nature as well.<sup>82</sup> A collective membership mark, for example, represents something that has value, be it membership in a church, union, or outlaw motorcycle gang.<sup>83</sup> The visibility of the mark serves more than just to identify, it serves to grow the organization, which is important for its continuity as well as its economic and political strength.<sup>84</sup> And the most common way to increase visibility is to display the mark on goods such as clothing and

79. See *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 460–61 (E.D. Va. 2015) (“[T]he purpose of [federal trademark registration] is not for the expression of private views or interests. Such expression would lay in the creation of the mark itself.”); see also Jurgensen, *supra* note 12, at 514 (noting the commercial motivations behind registration of a mark). *But see* Jeffrey Lefstin, *Does the First Amendment Bar Cancellation of Redskins?*, 52 STAN. L. REV. 665, 698 (2000) (arguing for the significance of expression in trademarks because registration derives from an expressive choice of what message to convey and with which words or symbols).

80. See *Keebler Co v. Rovira Biscuit Corp.*, 624 F.2d 366, 372 (1st Cir. 1980) (explaining that the underlying right in a trademark arises from its use, which is essentially a common law right); see also Jurgensen, *supra* note 12, at 534 (stating that failing to register a trademark on the federal registry does not divest a mark of its common law protections).

81. See *Ex Parte Jerusalem*, 109 U.S.P.Q. (BNA) 248, 250 (Comm’r Pat. & Trademarks January 1, 1956) (stating that it seems “obvious” the purpose of registering a mark is to prevent registration “of such names or insignia to others who might use them commercially . . .”); see also Fewkes & Ball, *supra* note 65 (explaining that trademark law is designed to protect commercial interests).

82. See *In re Tam*, 808 F.3d 1321, 1378 (Fed. Cir. 2015) (“The nature of trademarks seeking federal registration for use in interstate commerce, when considered as a whole, is indisputably commercial . . .”); see also Jurgensen, *supra* note 12, at 514 (noting the commercial motivations behind registration of a mark).

83. See Fred Barbash & Meagan Flynn, *The Feds Spent a Decade Trying to Seize the Mongol Club’s Notorious Patch. A Judge Ruled They Can’t Have It.*, THE WASHINGTON POST (Mar. 1, 2019 5:48 AM) <https://www.washingtonpost.com/nation/2019/03/01/feds-spent-decade-trying-seize-mongol-nations-notorious-patch-judge-ruled-they-cant-have-it/> (describing the importance of the marks to the Mongol Nation); see also Jurgensen, *supra* note 12, at 524–25 (noting that all marks hold value for their owners).

84. See Peter Finn, *NRA Money Helped Reshape Gun Law*, THE WASHINGTON POST (Mar. 13, 2013) [https://www.washingtonpost.com/world/national-security/nra-money-helped-reshape-gun-law/2013/03/13/73d71e22-829a-11e2-b99e-6baf4ebe42df\\_story.html](https://www.washingtonpost.com/world/national-security/nra-money-helped-reshape-gun-law/2013/03/13/73d71e22-829a-11e2-b99e-6baf4ebe42df_story.html) (discussing how the NRA funded the academic research that was used to change the legal interpretation of Second Amendment rights); Reilly, *supra* note 20, at 14 (detailing that the Mongol Nation was able to challenge the Hells Angels for territorial ownership after many years of rapid membership growth); *Teamsters’ Largest GOTV Effort In History Helps Re-Elect Obama*, TEAMSTERS (November 7, 2012) <https://teamster.org/news/2013/08/teamsters-largest-gotv-effort-history-helps-re-elect-obama> (stating that the Teamsters’ political effort aided the re-election of President Barack Obama).

housewares, promotional materials such as banners and pamphlets, and cyber resources such as websites and emails— all examples of the mark being used in commerce.<sup>85</sup>

Further highlighting the commercial aspect of collective marks are the benefits afforded to members which are often commercial in nature.<sup>86</sup> For example, members who belong to a labor union enjoy better economic opportunities because the unions are able to leverage their member numbers to negotiate favorable working conditions and other protections on their behalf.<sup>87</sup> Additionally, some collective marks, such as the AAA or PGA (Professional Golfers' Association) marks, have an impact on commerce in the form of benefits or discounts on goods and services; when a business or person displays the mark it is generally understood that they offer something of commercial value (i.e. a price discount, a guarantee of quality).<sup>88</sup> Businesses and individuals alike use the marks as a marketing tool to boost sales, or as a factor in deciding on a purchase or hire— all examples of the marks being used in

85. See Pamela Chestek, *The First Amendment and Collective Marks*, PROPERTY, INTANGIBLE (March 4, 2019) <https://propertyintangible.com/2019/03/the-first-amendment-and-collective-marks.html> (listing jackets and T-shirts as the types of goods commonly used with collective membership marks); see also Reilly, *supra* note 20, at 15–16 (relating the expansion of Hells Angels merchandising to include clothing, housewares, jewelry, and other goods).

86. See *ABA Member Discounts & Offers*, ABA (Nov. 27, 2019) [https://www.americanbar.org/membership/aba\\_advantage\\_discounts/](https://www.americanbar.org/membership/aba_advantage_discounts/) (listing some of the member benefits such as discounts from clothing and electronics retailers, hotels and rental car agencies, and business services providers); *Member Benefits*, THE AMERICAN SOC'Y OF CIVIL ENGINEERS (Nov. 27, 2019) <https://www.asce.org/member-benefits/> (listing the benefits to members, including access to networking and learning resources, free continuing credit courses, free technical resources, and discounts on publications, conferences, and insurance coverage); Louisa Steyl, *8 Best NRA Member Benefits*, NEWSMAX (Dec. 5, 2017 11:40 AM) <https://www.newsmax.com/FastFeatures/best-nra-member-benefits/2017/12/05/id/829980/> (providing an overview of some of the benefits NRA members enjoy such as discounts on insurance, identity theft protection, auto loans, vacation planning, a wine club membership, and subscriptions to NRA magazines, as well as access to firearms-related events and discounts from other partners).

87. See Neal E. Boudette, *G.M. Workers Approve Contract and End U.A.W. Strike*, N.Y. TIMES (Oct. 25, 2019) <https://www.nytimes.com/2019/10/25/business/gm-contract.html> (discussing the nation's longest strike as having ended with multiple wins for the United Auto Workers' 49,000 members); see also *Master Freight Agreement*, TEAMSTERS (November 27, 2019) <https://teamster.org/about/teamster-history/freight-agreement> (highlighting the importance of the 1964 National Master Freight Agreement negotiated by the Teamsters, which would provide standardized protection and benefits to over 450,000 truck drivers).

88. See Brian Martucci, *15 Best AAA Membership Discounts You Should Be Using*, MONEY CRASHERS (June 12, 2019) <https://www.moneycrashers.com/best-aaa-membership-discounts/> (providing a brief overview of the discounts and benefits AAA members enjoy); see also *Benefits of Hiring a PGA Professional*, THE PGA OF AMERICA (Nov. 27, 2019) <https://www.pga.org/career-services/hire-a-pga-professional/> (listing the advantages of being a PGA professional, including leveraging the reputation and brand strength of the PGA logo, accessing discount pricing offered by PGA partners, and enjoying free liability insurance coverage).

commerce, albeit in an indirect manner.<sup>89</sup> Moreover, the benefits and discounts are often underwritten with membership dues, which pay for promotional materials, events sponsorship, and partnerships with other organizations.<sup>90</sup> Thus, all trademarks, including marks used to express membership or affinity, have a distinct commercial nature that must be properly weighed in a forfeiture proceeding.<sup>91</sup>

### *B. Collective marks and free speech*

Despite the inherent commercial nature of trademarks, the Lanham Act's "use in commerce" requirement is not construed to strictly mean "for profit."<sup>92</sup> Advocacy groups, professional networking societies, charitable organizations, and collegiate fraternities are just a few examples of nonprofit organizations that hold collective membership marks used by the members to indicate their association with the groups.<sup>93</sup> The marks thus implicate freedom of expression, leading many to agree with the current Supreme Court First Amendment jurisprudence of applying strict scrutiny to trademark laws regulating these protected freedoms.<sup>94</sup> In the case of the Mongol Nation, their collective membership marks are used solely for the purpose of

89. See Reilly, *supra* note 20, at 15–16 (describing how outlaw motorcycle gangs like the Hells Angels have learned to use their marks to sell branded merchandise); see also UPCOUNSEL, *supra* note 30 (explaining that collective marks like MacDonald's help promote and market the goods and services).

90. See Martucci, *supra* note 88 (listing several types of businesses AAA has partnered with to offer members discounts on their products); see also Anne Paddock, *How NRA Membership Dues Are Spent*, PADDOCK POST (Sept. 16, 2019) (detailing that thirty-two percent of membership and program revenue goes to "contributions, grants, and related organizations," nine percent to advertising, and six percent to subscriptions and royalty payments, among other expenses).

91. See INTA, *supra* note 77, at 5–6 (explaining that trademark law does not protect an expressive message separate from its commercial purpose); see also Martinez, *supra* note 68, at 21 (arguing that even marks that do not represent goods or services for sale are still considered "use in commerce").

92. See *United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc.*, 128 F.3d 86, 92 (2d Cir. 1997) (explaining that the Lanham Act's "use in commerce" requirement does not limit protected activity to profit-seeking uses); see also Martinez, *supra* note 68, at 21 (stating that things that don't propose a commercial transaction can still be considered "use in commerce").

93. See *Matal v. Tam*, 137 S. Ct. 1744, 1773 (2017) (Kennedy, J., concurring) (describing how a wide range of nonprofit organizations have trademarks that they use in furtherance of their cause); see also *United*, 128 F.3d at 90 (listing cases involving trademarks used by groups providing non-profit-seeking services).

94. See Ramsey, *supra* note 7, at 410 (contending that strict scrutiny analysis applies in the evaluation of the constitutionality of a trademark law regulating expression protected by the First Amendment); see also Fewkes & Balle, *supra* note 65 (explaining how the Supreme Court found the Lanham Act provision challenged in *Matal v. Tam*, 137 S. Ct. 1744 (2017) to be unconstitutional restriction on speech, and how *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019) was likely going to receive the same level of scrutiny).

identifying members; they are unity symbols that represent a brotherhood founded on a love for motorcycle riding.<sup>95</sup> And while the government could establish that the Mongols' marks eventually came to represent a renegade lifestyle of illegal activity, "tak[ing] the jacket right off" every Mongol's back would have an impermissible chilling effect on the members' future expression.<sup>96</sup> But what about collective marks that exist for both commercial and noncommercial purposes?<sup>97</sup> In a forfeiture proceeding, how should courts proceed when the line between expression and commerce has been blurred?<sup>98</sup>

#### IV. PROPOSED SOLUTION

##### *A. Strict or intermediate?*

In legal proceedings, every collective mark should be analyzed to determine which level of scrutiny is warranted in order to decide whether forfeiture is appropriate.<sup>99</sup> Since marks which are used to identify a good or service exist solely for commercial purposes, they are subject to the intermediate scrutiny standard requiring a regulation to directly and materially further a substantial government interest and not harm speech more than necessary.<sup>100</sup> All other collective marks, however, encompass both commercial and expressive speech, and thus

95. See *United States v. Nation*, 370 F. Supp. 3d 1090, 1102 (C.D. Cal. 2019) (relating that the Mongol Nation marks symbolize unity and brotherhood among the members and demonstrate an affinity for riding motorcycles); see also *Chestek*, *supra* note 85 (defining collective membership marks as marks whose sole purpose is to identify members).

96. See *Nation*, 370 F. Supp. 3d at 1113-14 (C.D. Cal. 2019) (holding that a forced transfer of the Mongol Nation marks would lead to a chilling effect on the members' free speech and association rights); see also *Mantle*, *supra* note 15 at 9:58 (explaining that the government may not restrain Mongols from expressing their membership and solidarity).

97. See 15 U.S.C. § 1127 (providing that collective trademarks and service marks indicate both membership in an association and a use of the mark in commerce); See also *Kulik*, *supra* note 18 (describing the tension between free speech rights and the commercial rights of trademarks).

98. See *INTA*, *supra* note 77, at 17 (arguing that an expressive component in a trademark should not change the traditional level of scrutiny used for commercial speech); see also *Fewkes & Balle*, *supra* note 65 (noting that with regard to the tension between First Amendment rights and trademarks, the Mongol Nation ruling protected the right of association).

99. See *Ramsey*, *supra* note 7, at 435 (contending that the lack of a clear line between commercial and non-commercial speech is a problem courts must address in free speech challenges to trademark law); see also *Frye*, *supra* note 67 at 18:26 (stating that when trademarks constitute commercial speech they draw intermediate scrutiny, and when they constitute non-commercial speech they draw strict scrutiny).

100. See *In re Tam*, 808 F.3d at 1355 (noting that the Supreme Court in *Central Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557 (1980) provided the intermediate scrutiny framework for determining whether restrictions on commercial speech are constitutional); see also *Martinez*, *supra* note 68, at 16 (explaining that regulations on commercial speech must survive the Central Hudson test).

require an analysis that properly weighs the expressive versus commercial character of the mark in order to determine the degree of First Amendment protection it should receive.<sup>101</sup> Although the Court developed a commerciality test in *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60 (1983), it is difficult to apply in some collective mark cases and would likely be inapplicable in the case of collective membership marks.<sup>102</sup> A more trademark-specific doctrine is needed in order to help courts draw a constitutional line between free speech and commercial speech.<sup>103</sup>

Courts should conduct this analysis on a case-by-case basis, considering *Bolger*-like factors such as whether the owner-organization's goals are commerce-driven, whether the mark is used to raise money for the organization, whether those fund-raising efforts involve selling goods or services that display the mark, and whether the funds raised are used strictly for operational expenses.<sup>104</sup> Under this analysis, a forfeiture proceeding on a collective membership mark like *freecycle.org*, which belongs to The Freecycle Network, would need to survive strict scrutiny analysis because although the organization's purpose is to facilitate the exchange of used goods between users, the goods are always free, the mark is only displayed on member websites that host the local chapters, and while the mark is used to raise money

101. See *supra* note 94; see also Frye, *supra* note 67 at 18:26 (stating that when trademarks constitute commercial speech they draw intermediate scrutiny, and when they constitute non-commercial speech they draw strict scrutiny).

102. See *Bolger v. Youngs Drug Products Corp.*, 463 U.S. 60, 66–67 (1983) (holding that expression comprised of commercial and non-commercial components is considered commercial speech when it is an advertisement for a specific product, and there is an economic motivation for the speech); see also Michael Mazur, *Commercial Speech and the First Amendment in the 21st Century: Does the Nike Test Help Keep Corporations Honest?*, 5 U.C. DAVIS BUS. L.J. 999, (2005) available at <https://blj.ucdavis.edu/archives/vol-5-no-2/commercial-speech-and-the-first-amendment.html> (explaining that the *Bolger* test is designed to evaluate specific types of commercial speech, such as advertisements referencing specific products, and does not address commercial speech on a broader scale).

103. See Martinez, *supra* note 68, at 2 (noting that the Supreme Court has not weighed in on the commerciality or non-commerciality of trademarks and the First Amendment protections they should be afforded); see also Lisa P. Ramsey, *A Free Speech Right to Trademark Protection?*, 106 TMR 797, 882 (2016) (“[I]t is critical that we avoid applying free expression doctrines such as the unconstitutional conditions doctrine... or laws regulating content-neutral regulations of expression to trademark registration law when those doctrines do not fit.”).

104. See *Bolger*, 463 U.S. at 66–67 (1983) (holding that expression comprised of commercial and non-commercial components is considered commercial speech when it is an advertisement for a specific product, and there is an economic motivation for the speech); see also Ramsey, *supra* note 7, at 434 (explaining that because trademark laws regulate both commercial and non-commercial speech, each case should be evaluated individually).

via donations, grants, and the like, all the funds are used solely for operating expenses.<sup>105</sup>

Another factor that should be considered is whether the mark owner has availed itself of trademark laws to enforce its rights against unauthorized commercial use.<sup>106</sup> Seeking to enjoin commercial use by others is indicative of the commercial value an owner has placed on its mark, possibly even an intent to use the mark commercially, which tips the scale towards commercial speech.<sup>107</sup> The Hells Angels Motorcycle Corporation (HAMC), for example, holds collective membership marks, service marks, and trademarks, and has successfully sued powerful corporations as well as lesser-known parties for infringement, often settling out of court for undisclosed sums of money.<sup>108</sup> Because the marks are virtually identical, it is unnecessary to distinguish which one in particular is being enforced.<sup>109</sup>

Further applying the factors discussed above, the HAMC marks paint a different picture than the freecycle.org mark.<sup>110</sup> Although HAMC's original purpose was never about commercial success, branded merchandising has gained importance in their business model. In fact, HAMC has been using their marks to raise money by directly selling goods bearing the marks as well as licensing the rights to use the marks

105. See Stephen Fishman, *Reporting Nonprofit Operating Expenses*, NOL0 (Nov. 27, 2019) (describing program expenses as operational expenses directly related to carrying out a nonprofit's mission); see also FREecycle.ORG, <https://www.freecycle.org/about/funds> (last visited Nov. 27, 2019) (stating that approximately 90% of funds raised are used for program expenses and 10% is spent on membership and other administrative expenses).

106. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 20 cmt. e (AM. LAW INST. 1995) (stating that a collective mark can be infringed by use that is likely to cause confusion regarding the mark owner's sponsorship or approval of goods or services); see also Jurgensen, *supra* note 12, at 524–525 (observing that mark owners seek protection for their marks because the marks are valuable).

107. *Id.*

108. See Khurram Aziz, *No Ordinary Suit*, INTELLECTUAL PROPERTY MAGAZINE (March 2011), [http://fritzclapp.com/IPM\\_Mar\\_2011\\_Interview.pdf](http://fritzclapp.com/IPM_Mar_2011_Interview.pdf) (detailing the Hells Angels' history of enforcing their trademark rights against unauthorized commercial use); see also Novagraaf, *Law-Abiding Outlaws: Trademark Protection the Hells Angels Way*, LEXOLOGY (May 24, 2019), <https://www.lexology.com/library/detail.aspx?g=d2f2cc51-58b3-4bef-8b82-95c97818d647> (citing notable trademark infringement lawsuits filed by HAMC against Amazon, Marvel Publishing, Walt Disney Motion Pictures, and Sak's Fifth Avenue, among others).

109. See Chestek, *supra* note 85 (agreeing with the court's decision in *Nation*, 370 F. Supp. 3d to lump the goods and service marks with the collective membership marks). *But see* Aziz, *supra* note 108 (noting that the Hells Angels want exclusive control over their membership marks).

110. See Christopher P. Bussert, *The Perils of Naked Licensing*, THE INTELLECTUAL PROPERTY STRATEGIST (March 2011), <https://www.kilpatricktownsend.com> (detailing freecycle.org's sole trademark infringement suit in which the court found freecycle.org had engaged in "naked licensing," making its mark unprotectable). *But see* Serge F. Kovaleski, *Despite Outlaw Image, Hells Angels Sue Often*, N.Y. TIMES (Nov. 28, 2013), <https://www.nytimes.com/2013/11/29/us/despite-outlaw-image-hells-angels-sue-often.html> (reporting that the Hells Angels use their marks to sell merchandise and frequently enforce them against unauthorized merchandising by third parties).

to the independently-operated chapters across the globe.<sup>111</sup> HAMC's official website even contains links to worldwide merchandise sites that sell a wide variety of Hells Angels-branded goods.<sup>112</sup> Additionally, Hells Angels-branded clothing, accessories, and housewares have been sold at club events and in retail stores, which weighs in favor of commercial speech.<sup>113</sup> Finally, it is likely that HAMC, like other outlaw motorcycle gangs, use the money raised for expenditures that are not considered standard operational expenses for a nonprofit organization, such as the defense funds of members being criminally prosecuted.<sup>114</sup> Thus, under this analysis, the commercial nature of the Hells Angels marks would substantially outweigh their expressive nature, and a forfeiture proceeding would receive intermediate scrutiny.<sup>115</sup>

### *B. A change in the Lanham Act*

While the Lanham Act addresses fundamentals such as the definition, creation, extinction, and infringement of federally registered trademarks, the Act is silent on the treatment of marks in forcible

111. See Kevin B. Sullivan, *Hells Angels At 70: The Infamous Motorcycle Club Now Does Brisk Business Selling Branded Merchandise And Politicking*, INSANE THROTTLE BIKER NEWS (July 16, 2018), <https://harleyliberty.com/2018/07/16/hells-angels-at-70the-infamous-motorcycle-club-now-does-brisk-business-selling-branded-merchandise-and-politicking/> (discussing how HAMC's traditionally violent enforcement of its brand has developed into litigation to enforce its marks against unauthorized use); see also *When Their Trademarks Are Used, the Hells Angels Resort Not to Violence but to High-Profile Lawsuits*, THE FASHION LAW (Apr. 3, 2019) <http://www.thefashionlaw.com/home/when-their-trademarks-are-used-the-hells-but-to-lawsuits> (describing how HAMC sells branded goods and licenses rights to the same to its charters across the world).

112. See Reilly, *supra* note 20, at 16 (describing the sale of an expansive array of "support gear" bearing the club's mark on Hells Angels local chapter websites); see also Nicholas Köhler, *Route 81 Is Closed: Police in P.E.I. Shut Down a Store That Sold Hells Angels Kitsch*, MACLEAN'S (June 12, 2006) <http://archive.macleans.ca/article/2006/6/12/route-81-is-closed> (discussing an online retailer having made over \$100,000 on Hells Angels branded goods prior to being shut down).

113. See Novagraaf, *supra* note 108 (detailing the club's sale of "support merchandise" to the public on club websites, in stores, and at parties and charity events); see also Nick Eagland, *Why Is Drake Wearing a Hells Angels Support Hoodie in This Photo?*, VANCOUVER SUN (Aug. 31, 2018) <https://vancouversun.com/news/local-news/tentative-drake-photographed-in-a-hells-angels-shirt> (explaining that Route 81 Toronto is a retail store that sells Hells Angels branded merchandise).

114. See Reilly, *supra* note 20, at 38 (stating that proceeds from Mongol Nation merchandise sales ultimately go to defend members engaged in illegal activities); see also Eagland, *supra* note 113 (explaining that funds from sales support a Hells Angels defense fund to help members fight criminal charges).

115. See *United States v. Nation*, 370 F. Supp. 3d 1090, 1107 (C.D. Cal. 2019) (explaining that under RICO defendants convicted of racketeering face forfeiture of any assets connected to the activity); see also Frye, *supra* note 67 at 18:26 (stating that when trademarks constitute commercial speech they draw intermediate scrutiny, and when they constitute non-commercial speech they draw strict scrutiny).

transfers.<sup>116</sup> Since a mark may not be transferred without its goodwill, and a new owner must continue the mark's identity and meaning to avoid abandonment or an assignment in gross, government forfeiture of a collective mark is simply not possible under current trademark laws.<sup>117</sup> Caselaw is sparse; a provision addressing transfers of trademarks to the government would need to be added to the Lanham Act in order to ensure the government accomplishes its goals without running afoul of the Act's purpose.<sup>118</sup> Such a provision would direct that the government may only serve as an interim owner to a seized mark for a maximum period of three years, upon the expiration of which, if there has been no transfer to a new owner who will continue to use the mark with its associated goodwill, the mark would be abandoned and would enter the public domain.<sup>119</sup> This rule would respect the transfer of goodwill, avoiding a total loss of the mark's significance by essentially requiring assignment from the government to a new owner.<sup>120</sup> Since the government would not want the mark to enter the public domain and thus become registrable by anyone, it would be in their interest to sell or otherwise transfer the mark to a party with a similar purpose who could potentially rehabilitate any negative image the mark has acquired.<sup>121</sup>

This new Lanham Act provision would also basically preclude the government from enforcing the mark against the organization's members, potentially infringing on their expressive rights.<sup>122</sup>

116. See Professors, *supra* note 47 at 6–10 (discussing provisions in the Lanham act that address transfers of a trademark to a new owner); see also Reilly, *supra* note 20, at 57 (noting that the treatment of trademarks post seizure is not discussed in the Lanham Act).

117. See *Cash Processing Servs. v. Ambient Entm't*, 418 F. Supp. 2d 1227, 1234 (D. Nev. 2006) (finding that the government proved its intent to use the Mustang Ranch trademark for a brothel and thus the mark was not abandoned); see also Cavendish, *supra* note 45 (explaining that a trademark assignment that negates the trademark's associated product or service is an assignment-in-gross and thus invalid).

118. See Cavendish, *supra* note 45 (explaining that a trademark assignment that is an assignment-in-gross is invalid); see also Reilly, *supra* note 20, at 57 (proposing changes to the Lanham Act to solve the issue of treatment of trademarks post-seizure).

119. See 15 U.S.C. § 1127 (2006) ("Nonuse for 3 consecutive years shall be prima facie evidence of abandonment."); see also Professors, *supra* note 47 at 6 (explaining that the government would need to use the Mongol marks for the registered purpose, otherwise the marks would be deemed abandoned upon forfeiture).

120. See *supra* notes 61–62.

121. See *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 147 (2d Cir. 2007) (asserting that once a mark is abandoned, it returns to the public domain and may be used by other actors in the marketplace); see also *United States v. Nation*, 370 F. Supp. 3d 1090, 1098 (C.D. Cal. 2019) (citing the International Brotherhood of Teamsters collective membership mark as an example of a mark that shed its negative image years after the Teamsters were prosecuted for multiple RICO acts).

122. See *United States v. Nation*, 370 F. Supp. 3d 1090, 1098 (C.D. Cal. 2019) (stating that a forced Government seizure of the Mongol Nation's marks would chill members' rights to use the

Confiscating goods bearing the mark or preventing members from displaying the mark would devalue it, and since the government would seek transfer to avoid abandonment, it would not engage in enforcement that depreciates the mark's value.<sup>123</sup> Additionally, even if the mark is abandoned due to non-use or misuse, members may still use the mark to express affinity or affiliation, or choose not to if the mark no longer has the same significance, since there would not be any mark owner to enforce "unauthorized" use.<sup>124</sup> Thus, a change to the Lanham Act could facilitate a forcible transfer of a collective mark without unduly infringing on free speech.<sup>125</sup>

#### V. PUBLIC POLICY ISSUES: WHY DOES THIS MATTER ANYWAY?

Organizations are becoming more trademark savvy, increasing their use of branding to promote their identity, which in turn increases the likelihood of misuse, both civil and criminal.<sup>126</sup> Clear guidelines for forcible transfers of marks like collective marks will be necessary in order to balance law enforcement objectives and the goals of trademark laws.<sup>127</sup>

##### A. Law enforcement goals

The government's principal reason for seizing the rights to a collective mark is deterrence.<sup>128</sup> The government is acknowledging the increased use of branding by organizations like the Mongol Nation to promote and fund their illicit activities as well as recruit new members to further those activities, and acquiring the organization's marks would send a powerful message of deterrence to motorcycle gangs and the

marks without fear of legal retaliation, constituting a violation of the First Amendment); *see also* Rubin, *supra* note 8 (explaining that barring Mongols members from displaying the logo would potentially cross their constitutional rights to associate freely and express themselves).

123. *See infra* note 137.

124. *See* Chestek, *supra* note 85 (stating that consumers understand when marks reflect different goodwill); *see also* Mantle, *supra* note 15 at 9:58 (discussing how the government cannot prohibit persons from expressing membership and solidarity with a group).

125. *See* discussion *supra* Part IV.B.

126. *See* Mantle, *supra* note 15 at 12:05 (explaining that criminal gangs seek trademark law protections for their logos, which are used to promote membership, in order to exercise exclusive control over them); *see also* Reilly, *supra* note 20, at 15–16 (noting that outlaw motorcycle gangs like the Mongol Nation have learned to register and protect their logos as well as use them for collateral merchandising programs).

127. *See infra* Part V.A.–B.

128. *See* Kovaleski, *supra* note 10 (noting the government's purpose in seeking the Mongol Nation marks was to find a way to have "a real impact . . ."); *see also* Mantle, *supra* note 15 at 4:55 (explaining that motorcycle gang insignia carry an important social value that recruits seek).

public at large.<sup>129</sup> Organizations like the Hells Angels, whose highly-treasured collective membership marks can no longer be seen as purely associative in nature due to their use in commerce, would be on notice that engaging in illegal activity could in fact imperil their rights over the marks.<sup>130</sup> The ability of the government to seize these highly-valued marks would be a powerful weapon against criminal enterprises attempting to shield themselves in First Amendment protections, especially when traditional penalties such as prison sentences and fines have failed because the criminal enterprises had the resources to continue the activities with new recruits.<sup>131</sup>

Given the ubiquity of logos and branding in today's commerce, deterrence is especially important in light of new laws legalizing previously criminal activity, such as the production and sale of hemp products.<sup>132</sup> Because these laws provide for an intersection of previously illicit activity with strict guidelines for legality, there is a likelihood that trademarks will still be used for criminal purposes, i.e. for products not meeting the definition of "legal."<sup>133</sup> In addition, there is growing momentum for the legalization of marijuana nationwide.<sup>134</sup> As the hemp and marijuana markets develop, so too will organizations that

129. See Nigel Duara, *7 Motorcycle Clubs the Feds Say Are Highly Structured Criminal Enterprises*, L.A. TIMES (May 18, 2015 12:44 PM) (describing the seven principle outlaw motorcycle clubs comprised of several thousand members); see also Mantle, *supra* note 15 at 00:09 (noting that prosecutors believe controlling the Mongol Nation marks will curb recruitment and eliminate income made through merchandising).

130. See *supra* Part I.C.

131. See *Alexander v. United States*, 509 US 544 (1993) (stating that from a policy standpoint, enabling racketeers to evade forfeiture by hiding behind expressive activity would be disastrous); see also Application at 23 (explaining that traditional penalties often fail to deter criminals from engaging in illegal activity).

132. See Agriculture Improvement Act of 2018, 115 H.R. 2 (legalizing hemp and hemp products); see also Reilly, *supra* note 20, at 15–16 (noting that outlaw motorcycle gangs have increasingly learned to use branding and trademarks).

133. See Harold B. Hilborn, *2018 Farm Bill Legalizes Hemp, but Obstacles to Sale of CBD Products Remain*, THE NATIONAL REVIEW (Mar. 5, 2019), <https://www.natlawreview.com/article/2018-farm-bill-legalizes-hemp-obstacles-to-sale-cbd-products-remain> (discussing the legal limits of hemp under the 2018 Farm Bill); see also Alex Vuocolo, *Backpage.com to lose Delaware LLC formations*, DELAWARE BUSINESS TIMES (June 12, 2019), <https://www.delawarebusinesstimes.com/backpage-losing-llc-formations/> (discussing the dissolution of Backpage.com and affiliate companies due to criminal convictions and abuse of company powers).

134. See Claire Hansen, *Comprehensive Marijuana Legalization Bill Passes House Committee in Historic Vote*, U.S. NEWS & WORLD REPORT (Nov. 20, 2019 4:00 PM), <https://www.usnews.com/news/national-news/articles/2019-11-20/comprehensive-marijuana-legalization-bill-passes-house-committee-in-historic-vote> (discussing House of Representatives approval of a bill to legalize marijuana); see also *State Marijuana Laws in 2019 Map*, GOVERNING (Nov. 27, 2019), <https://www.governing.com/gov-data/safety-justice/state-marijuana-laws-map-medical-recreational.html> (noting the legality of medical marijuana use in thirty-three states and recreational marijuana in eleven states).

will use collective marks for non-commercial purposes, and the threat of forfeiture will no doubt help guide their use of their marks.<sup>135</sup>

### *B. Lanham Act goals*

A forcible transfer of a collective mark being used to further illegal activities helps fulfill a key purpose of trademark laws: preventing consumer confusion in the marketplace.<sup>136</sup> When an organization uses a mark in ways contrary to its stated purpose and acquired goodwill, it devalues the mark by undermining the group's standards or purpose, causing unaware mark users and consumers alike to be misled.<sup>137</sup> Rather than letting a misused mark enter the public domain, transferring the mark to a new owner who will continue its intended use will further Lanham Act goals of protecting consumers and the free flow of commerce.<sup>138</sup> Moreover, a new owner can disassociate the mark from illicit activities, providing the redemption needed to ensure the mark's survival.<sup>139</sup> Thus, transferring a mark that has been compromised by its owner's misuse is the mark's best chance at longevity.<sup>140</sup>

## VI. CONCLUSION

Collective marks are inherently commercial in nature, an important factor when evaluating the commerciality of a mark created for purely expressive purposes.<sup>141</sup> Because trademark use is growing across all industries, and in some the line between licit and illicit is likely to be blurred, it is imperative there be clear guidelines addressing the seizure of marks when that line is crossed.<sup>142</sup> A Lanham Act amendment limiting the scope of mark forfeiture, along with a new test for the degree of commerciality of a trademark, is the ideal solution to help

135. See Dubinsky, *supra* note 14, at 381 (explaining that criminals conduct action only when the benefits outweigh the costs); see also Reilly, *supra* note 20, at 15–16 (noting that outlaw motorcycle gangs have increasingly learned to use branding and trademarks).

136. See *supra* p. 9 and note 45.

137. See *Marshak v. Green*, 746 F.2d 927, 930 (2d Cir. 1984) (invalidating the sale of a singing group's trademark due to a lack of continuity in management, quality, and style of music); see also Professors, *supra* note 47 at 15 (explaining that competing uses for a mark can lead to confusion for the user as well as the non-user).

138. See *supra* notes 121–22, and accompanying text.

139. *Id.*

140. See *supra* Part V.B.

141. See discussion *supra* Part III.A.

142. See *supra* note 20, and accompanying text.

advance important government objectives while respecting established trademark principles and fundamental rights.