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**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

RAMON RIVERA,)
)
 Plaintiff,)
)
 v.)
)
 KENNETH E. MELSON, Acting)
 Director, Bureau of Alcohol, Tobacco,)
 Firearms and Explosives (ATF); JOHN)
 A. TORRES; Special Agent in Charge,)
 ATF Los Angeles Field Division; ERIC)
 H. HOLDER, United States Attorney)
 General,)
)
 Defendants.)
)
 _____)

CASE NO. CV 09-2435 DOC (JCx)

**ORDER GRANTING MOTION
FOR SUMMARY JUDGMENT**

Before the Court is Plaintiff Ramon Rivera’s (“Rivera”) Motion for Summary Judgment (the “Motion”). After considering the moving, opposing, and replying papers, as well as the parties’ oral argument, the Court GRANTS the Motion.

I. Background

The Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961, *et seq.*, makes it illegal to participate in the conduct of an enterprise’s affairs through a pattern of racketeering activity. 18 U.S.C. § 1962(c). The Act’s purposes include the extrication of criminal elements from legitimate enterprises like corporations, unions, and government

1 institutions. To ensure that the wrongdoer does not continue to exercise control over the
2 enterprise, and enjoy the ill-gotten gains from the racketeering activity, the Act provides for the
3 forfeiture of illegal proceeds. 18 U.S.C. § 1963. In this lawsuit, an unindicted member of the
4 Mongols Motorcycle Club challenges the government’s attempt to regulate the use of trademarks
5 that are arguably subject to forfeiture in a parallel criminal action.

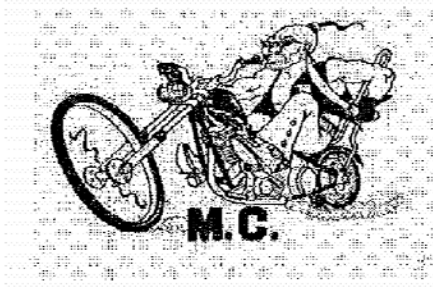
6 On October 9, 2008, the government filed an Indictment against 22 purported members of
7 the Mongols Motorcycle Group (the “Mongols”), including the Group’s elected President,
8 Ruben Cavazos (“Cavazos”). The eight-six count Indictment alleged that the 22 alleged
9 Mongols members, acting individually and as members of a conspiracy, participated in the
10 conduct of an enterprise’s affairs through a pattern of racketeering activity in violation the
11 Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1962(c) & (d). *Id.*

12 Count 85 of the Indictment alleged that Defendants’ proceeds from the unlawful activity
13 included a right or interest in two registered trademarks subject to forfeiture pursuant to 18
14 U.S.C. § 1963(a). The first trademark (the “Mongols mark”) concerns the following image:



19 *See* Ex. B to the Declaration of Steven Welk (Dkt. 21-6).

20 The Mongols mark is traditionally stitched on a patch affixed to leather jackets and other
21 articles of clothing donned by high-ranking members of the Mongols organization. In addition
22 to displaying the Mongols mark, the patch identifies the wearer’s state of residence and contains
23 the following image; also the subject of a registered trademark (hereinafter the “Image mark”):



1 Ex. E to the Declaration of Steven Welk (Dkt. 33-6).

2 “Full patched” Mongols are authorized to wear articles of clothing with the patch that
 3 consists of the Mongols mark, the Image mark, and the member’s state of residence. A Mongol
 4 obtains this privilege by surviving a challenging membership process that often requires several
 5 years of dedication to other Mongols, including the potential commission of illegal acts
 6 involving narcotics, firearms, and violence. *See* Ex. D to Welk Decl. ¶¶ 6-26.¹ If a full patched
 7 Mongol falls out of good standing with the Mongol organization, he is required to surrender all
 8 patches and/or articles of clothing from which the patch is inseparable, and also cover any
 9 tattoos that display the Mongol mark and/or the Image mark. *Id.* ¶ 35. Failure to do so may
 10 result in the “forcible” seizure of such items by members of the Mongols leadership, who claim
 11 to exercise control over the patch’s use pursuant to the Mongol Nation’s rights in the registered
 12 Mongol mark and Image mark. *Id.*; *see* Dkt. 21-6; *see also* Dkt. 33-6.²

13 The Mongols mark was registered with the United States Patent and Trademark Office
 14 (USPTO) on January 11, 2005, bears Registration Number 2,916,965, and was designated “for []
 15 association services, namely, promoting the interests of persons interested in the recreation of
 16 riding.” *See* Dkt. 21-6. The Image mark was registered on April 4, 2006, bears Registration
 17 Number 3,076,731, and was designated for commercial use “for [] jackets and t-shirts.” *See* Dkt.
 18 33-6. Both marks were registered by “Mongol Nation (California Unincorporated Association),”
 19 and Cavazos (the group’s President) signed the applications.

21 ¹ A full patched Mongol may find himself involved in acts of violence because the
 22 patch tends to instigate members of rival gangs, like the Hells Angels. *See id.* ¶ 9
 23 (discussing long running violent feud between Mongols and Hells Angels over use of the
 “bottom patch”).

24 ² The Mongols’ leadership also confronts members of other gangs who are spotted
 25 wearing the Mongols’ marks: “if a motorcycle group decided to call itself ‘Mongols,’ and
 26 wear a completely different logo in a completely different territory, the actual Mongols
 27 would seek to shut down that group, forcibly removing their patches.” Ex. D to Welk
 28 Decl. ¶ 37. The Mongols also occasionally issue “Code 55” orders to group members
 instructing them not to wear the “full patch” in exigent situations when anonymity is
 necessary — *e.g.*, when under police surveillance. *See id.* ¶ 38.

1 On April 4, 2008, Mongol Nation assigned its interest in both the Mongol mark and the
2 Image mark to a company named Shotgun Productions, LLC (“Shotgun”) that Cavazos had
3 founded just months earlier, on February 7, 2008. *See* Ex. J. to Welk Decl.; Ex. H to Welk Decl.
4 Approximately eight months later, on January 22, 2009, Mongol Nation *again* assigned all
5 interest in the Mongols mark and the Image mark to a newly incorporated entity called Mongol
6 Nation Motorcycle Club, Inc. (“MMC”). *See* Ex. J to Welk Decl.; Ex. L to Welk Decl. This
7 second assignment was effectuated after the Indictment against Cavazos had been filed.

8 On October 17, 2008, a little more than one week after the Indictment was filed, the
9 government applied *ex parte* for a post-indictment restraining order to (1) proscribe subsequent
10 sale of the Mongols mark; and (2) enjoin use or display of the Mongols mark by defendants and
11 “and those acting on their behalf or in concert with them.” CR 08-1201, Dkt. 248. The district
12 court granted the government’s request on October 21, 2008, but struck language in the
13 government’s proposed order that would have enjoined defendants (and their associates) from
14 “wearing, using or displaying” the Mongols mark. *See* CR 08-1201 Dkt. 249. The post-
15 indictment restraining order nevertheless ordered defendants (and their associates) to “surrender
16 for seizure” articles of clothing, products, motorcycles, books, and other items that bore the
17 Mongols mark. *Id.* One day later, the government applied *ex parte* for an amended post-
18 indictment restraining order that clarified its authority to seize such items, and the district court
19 granted the proposed amended order on October 22, 2008. Dkt. 235.

20 Rivera is an unindicted full patched Mongol in good standing with the San Diego chapter
21 of the Mongols organization. Like many Mongols, Rivera enjoys riding motorcycles, but also
22 relishes other aspects of membership, including “participat[ion] in social and charitable events
23 organized by the [Mongols] and its chapters in the San Diego area.” Rivera Decl. ¶ 6. When he
24 attends these charitable events in the San Diego area, Rivera prefers to wear articles of clothing
25 that signal his membership in the Mongols. *See id.* ¶¶ 4-5. He is often found wearing this
26 clothing in his daily life as well, in order to express allegiance with Mongol members, who are
27 predominantly “low-income and Latino” males who seek “recognition and equality.” *Id.* ¶ 5.

28 Rivera claims that three incidents after the October 22, 2008 post-indictment restraining

1 order caused him to develop a well-founded fear that government officials will seize his vests,
2 shirts, and hats that display the Mongols mark. Rivera Decl. ¶ 13. First, on January 10, 2009,
3 Rivera allegedly witnessed an agent with the Bureau of Alcohol, Tobacco, Firearms, and
4 Explosives (ATF) “confiscate a shirt displaying the [mark] . . . from a supporter of the Club who
5 is not named as a defendant” in the criminal action. *Id.* ¶ 9. Second, at a funeral of a fellow
6 Mongol in January 2009, Rivera allegedly witnessed a police officer with the Montebello Police
7 Department “confiscate clothing displaying” the mark. *Id.* ¶ 10. At a February 15, 2009 funeral,
8 Rivera was allegedly informed by an officer with the National City Police Department that “if
9 agents saw anyone wearing items displaying the [marks], the agents would ask National City
10 Police Department officers to confiscate those items.” *Id.* ¶ 11.

11 Rivera filed the instant action on March 10, 2009 in the United States District Court for
12 the Southern District of California seeking a permanent injunction that restrains the government
13 from seizing his articles of clothing that bear the Mongols mark and/or the Image mark. On July
14 31, 2009, the district court granted Rivera’s application for a Preliminary Injunction, noting that
15 Rivera had been chilled from exercising his First Amendment right to display the marks and
16 associate with his fellow Mongols. Dkt. 1. Rivera now moves for summary judgment.

17 **II. Legal Standard**

18 Summary judgment is proper if “the pleadings, the discovery and disclosure materials on
19 file, and any affidavits show that there is no genuine issue as to any material fact and that the
20 movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(c). In determining
21 whether to grant summary judgment, the Court must view the facts and draw inferences in the
22 manner most favorable to the non-moving party. *United States v. Diebold, Inc.*, 369 U.S. 654,
23 655, 82 S. Ct. 993 (1962); *Chevron Corp. v. Pennzoil Co.*, 974 F.2d 1156, 1161 (9th Cir. 1992).
24 The moving party bears the initial burden of demonstrating the absence of a genuine issue of
25 material fact for trial. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256, 106 S. Ct. 2505
26 (1986); *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25, 106 S. Ct. 2548 (1986). When the non-
27 moving party bears the burden of proving the claim or defense, the moving party can meet its
28 burden by pointing out that the non-moving party has failed to present any genuine issue of

1 material fact. *Musick v. Burke*, 913 F.2d 1390, 1394 (9th Cir. 1990).

2 **III. Discussion**

3 Rivera seeks a judicial declaration that “Defendants may not seize or ask or direct any
4 other person or entity to seize any item or property from Plaintiff that bears” the Mongols mark
5 and/or Image mark. First Am. Compl., at 11. Rivera argues that Defendants lack the statutory
6 authority to seize from him, either directly or indirectly, any item that bears the Mongols mark
7 and/or Image mark. Rivera also argues that such seizure would violate the due process clause of
8 the Fifth Amendment, the First Amendment, and Fed. R. Civ. P. 65.

9 **A. Due Process**

10 The seizure of items bearing the marks should be preceded by Constitutional due process.
11 U.S. Const. Amend. V. The government operates under the theory that, by obtaining any rights
12 in the marks, it has achieved the ability to seize without prior notice any infringing uses of the
13 mark. The government is not free to make its own determinations about whether Rivera has
14 committed infringement by wearing articles of clothing that bear the marks; that finding must be
15 made in an adversary proceeding. *See* 15 U.S.C. § 1118. In this case, the government argues
16 that due process requirements were satisfied by the district court’s determination in the parallel
17 criminal action that the Mongols trademark is subject to forfeiture. This argument is in error for
18 the reasons discussed below. Specifically, the trademark rights were not subject to forfeiture,
19 and, even they were, the property that bears the trademarked image is distinct from the
20 trademark itself.

21 **B. First Amendment**

22 The undisputed facts establish that the government’s seizure of items bearing the
23 Mongols mark and/or Image mark also would violate Rivera’s rights under the First Amendment
24 to the United States Constitution.³

25 In addition to protecting speech, the First Amendment protects conduct “imbued with
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27 ³ The First Amendment protects both expressive and associational conduct. Rivera
28 has not clearly distinguished between the two in his briefing.

1 elements of communication.” *Spence v. Washington*, 418 U.S. 405, 409, 94 S.Ct. 2727 (1974).
2 Displaying a symbol on one’s person or clothing constitutes protected communicative conduct if
3 (1) the symbol is “intended to convey a particularized message”; and (2) “in the surrounding
4 circumstances the likelihood was great that the message would be understood by those who
5 viewed it.” *Id.* at 410-11. For example, a symbol that unequivocally conveys a political
6 message, like a campaign button or the American flag, enjoys constitutional protection. *Id.*; *see*
7 *also Bd. of Airport Com’rs of City of Los Angeles v. Jews for Jesus, Inc.*, 482 U.S. 569, 576, 107
8 S.Ct. 2568 (1987). Clothing can also express membership in an association. *See Church of*
9 *American Knights of the Ku Klux Klan v. Kerik*, 356 F.3d 197, 206 (2d Cir. 2004) (“[T]he regalia
10 of the American Knights . . . are expressive; they are expressive in the way that wearing a
11 uniform is expressive, identifying the wearer with other wearers of the same uniform, and with
12 the ideology or purpose of the group.”).

13 Although the government and Rivera dispute the substance of the message conveyed by
14 the Mongols mark and Image mark, it is undisputed that both marks convey a message. Rivera
15 claims that he wears articles of clothing that bear the Mongols mark and/or Image mark in order
16 to express his allegiance to fellow low-income Latino males with an affinity for riding
17 motorcycles. The government responds that Rivera’s display of either or both marks expresses
18 his allegiance to a “criminal organization” committed to engaging in violent acts. Whatever the
19 message, the Ninth Circuit has observed that patches and symbols signifying membership in a
20 motorcycle organization communicates “the fact of [members’] association with this particular
21 kind of organization.” *Sammartano v. First Judicial District Court*, 303 F.3d 959, 972 (9th Cir.
22 2002). The government concedes, and even relies upon, the existence of this communicative
23 effect by arguing that message conveyed by the marks is worthy of suppression.⁴

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25 ⁴ In *Church of American Knights of the Ku Klux Klan v. Kerik*, 356 F.3d 197 (2d
26 Cir. 2004), the Second Circuit held that, to qualify as “expressive” conduct protected by
27 the First Amendment, the symbol or article of clothing must “convey a message
28 independently of” other symbols or articles of clothing associated with the prohibited
article. *Id.* at 206. In that case, the court held that the mask traditionally worn by
members of the Ku Klux Klan did not convey a message independently of “the robe and

1 Seizures of expressive materials are prior restraints on speech. *See Alexander v. United*
2 *States*, 509 U.S. 544, 550, 113 S.Ct. 2766 (1993) (“Temporary restraining orders and permanent
3 injunctions — *i.e.*, court orders that actually forbid speech activities — are classic examples of
4 prior restraints.”). Restrictions aimed at suppressing the “substantive message [] convey[ed]” by
5 a particular symbol generally run afoul of the First Amendment, *Cohen v. California*, 403 U.S.
6 15, 19, 91 S.Ct. 1780 (1971), and are generally permissible only if they are (1) reasonable in
7 light of the forum’s purpose and (2) viewpoint neutral. *See Cornelius v. NAACP Legal Defense*
8 *& Educ. Fund*, 473 U.S. 788, 806, 105 S.Ct. 3439 (1985).

9 The government claims that its restrictions are warranted on two grounds. First, the
10 government contends that the materials seized (the patches) constitute “assets that were found to
11 be related to” the alleged acts of racketeering. *Alexander*, 509 U.S. at 551 (holding that First
12 Amendment does not prohibit seizure of expressive materials pursuant to RICO’s forfeiture
13 provisions). Second, the government argues that, by virtue of the post-conviction forfeiture
14 entered by the district court in the parallel criminal action, it has obtained the intellectual
15 property rights previously held by the Mongols, and that such rights encompass the right to
16 exclude individuals from using the registered Mongols mark and Image mark. *Cf., Dr. Seuss*
17 *Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1403 n. 11 (9th Cir. 1997) (“Trademark
18 protection is not lost simply because the allegedly infringing use is in connection with a work of
19 artistic expression.”). For the reasons discussed below, neither of the government’s explanations
20 are convincing.

21 C. Statutory Authority to Seize Items Bearing the Marks

22 The post-indictment restraining order, which ordered defendants’ unindicted associates to
23 “surrender” items bearing the “MONGOLS” mark, was “erroneously issued” and “beyond the
24 jurisdiction of the court.” *See United States v. United Mine Workers of Am.*, 330 U.S. 258, 295,

25 _____
26 the hood” that accompanied the mask. *Id.* Here, by contrast, Mongols mark and Image
27 mark are the only two symbols displayed on the patch worn by full patched Mongols.
28 They are undisputedly the only recognized means of expressing membership in the
Mongols organization.

1 67 S.Ct. 677 (1947). As Judge Cooper herself acknowledged in granting the preliminary
2 injunction this civil action, the government’s enforcement of the post-indictment amended order
3 issued in the criminal matter must be enjoined as to Rivera. Collateral proceedings — such as
4 this one — may be used to remedy the harm caused by the wrongfully issued preliminary
5 injunction in the criminal matter. *Cf., N.L.R.B. v. Local 282, Intern. Broth. of Teamsters*, 428
6 F.2d 994, 999 (2d Cir. 1970).

7 The post-indictment restraining order issued pursuant to 18 U.S.C. § 1963(d), which
8 covers *in personam* forfeitures under RICO. Section 1963(d) permits the court to “enter a
9 restraining order or injunction . . . to preserve the availability of property . . . for forfeiture under
10 this section.” 18 U.S.C. § 1963(d). Forfeitable property includes the indicted defendant’s
11 (1) property interests obtained as a result of his section 1962 violation; (2) interests, security,
12 claims, property, and/or contractual rights over any enterprise; and (3) property that constitutes
13 or was derived from proceeds the indicted defendant obtained as a result of his violation of
14 section 1962. *See* 18 U.S.C. § 1963(a). The October 22, 2008 amended post-indictment
15 restraining order in the criminal action concluded that the “MONGOLS” “trademark would be
16 subject to forfeiture to the United States under 18 U.S.C. § 1963(a)(1), (2) and (3).” Dkt. 235 at
17 2. On the basis on this conclusion, the order directed defendants, as well as their “agents,
18 servants, employees, family members, and those persons in active concert or participation with
19 them, [to] surrender for seizure all products, clothing, vehicles, motorcycles, books, posters,
20 merchandise, stationery, or other materials bearing the Mongols trademark, upon presentation of
21 a copy of this order.” *Id.*, at 3.

22 The post-indictment restraint sought by the government was erroneous because
23 (1) wearing the mark did not prevent its availability for forfeiture; and (2) the mark was not
24 subject to forfeiture anyway.

25 1. Availability

26 First, a trademark is distinct from property (like clothing, books, and motorcycles) that
27 bears the trademark. *See In re N.C.P. Marketing Group, Inc.*, 337 B.R. 230, 236 (D. Nev. 2005)
28 (“Trademark rights are intangible property rights because their primary feature and value are

1 consumers' perceptions of the mark.”). Defendants in the criminal action lacked any property
2 right or interest in the leather patches sewn on to the articles of clothing worn by unindicted
3 Mongols. They also lacked a property interest in the articles of clothing themselves, which
4 remained in the possession of unindicted third party members of the Mongols. Property
5 belonging to a third party is only forfeitable under RICO if it originally belonged to the RICO-
6 defendant. *See United States v. Pelullo*, 178 F.3d 196, 201 (3d Cir. 1999). The leather patches,
7 and the items bearing those patches, were not subject to forfeiture.

8 Second, post-indictment restraint on the mark's use was unnecessary to preserve the
9 availability of the mark for eventual forfeiture. Section 1963(d) permits the court to take any
10 “action to preserve the *availability*” of forfeitable property. *See* 18 U.S.C. § 1963(d) (emphasis
11 added). Restraints imposed pursuant to section 1963(d) must *preserve* the status quo. *See State*
12 *of Indiana ex rel. Zoeller v. Pastrick*, 696 F. Supp. 2d 970, 993-94 (N.D. Ind. 2010) (citing
13 *United States v. Regan*, 858 F.2d 115, 119-20 (2d Cir. 1988)). “Taking the jackets off” Mongols
14 members backs does not preserve the status quo; it effectuates a fundamental change in the way
15 membership is expressed. It also does not preserve the availability of the trademarks for
16 eventual forfeiture, as the defendant's purported right in the mark is separate and distinct from
17 the property that bears the mark. *See N.C.P. Marketing Group, Inc.*, 337 B.R. at 236.

18 The government responds that the post-indictment restraint on the mark's use in
19 connection with “violence, murder and drug trafficking” preserved the mark's value. However,
20 the amended order required *all* family members and associates to surrender the leather patches
21 — not just individuals engaged in criminal activity. Furthermore, section 1963(d) only discusses
22 restraints that preserve “availability,” not “value” of the forfeitable property. Even if the statute
23 allowed restraints intended to preserve the “value” of the forfeitable property, forcing Mongols
24 to surrender clothing bearing the mark would have *diminished* the mark's value, which derived
25 value from aspiring Mongols' willingness to do “whatever it takes, including a wide variety of
26 illegal activities,” to become a full patched member. *See* Ex. D to Welk Decl. ¶ 17. The purpose
27 of a collective mark is to allow an organization's members to “indicat[e] membership” to the
28 broader public. *See* 15 U.S.C. § 1127. Preventing Mongols from wearing a leather patch

1 bearing the word “MONGOLS” eviscerates the mark’s purpose of signifying membership. *See*
2 *International Order of Job’s Daughters v. Lindeburg & Co.*, 633 F.2d 912, 917-20 (9th Cir.
3 1980) (holding that collective mark’s use may not be enjoined where it does not confuse the
4 public about membership in the group); *see generally United Drug v. Theodore Rectanus Co.*,
5 248 U.S. 90, 97-98 (1918) (“The owner of a trademark may not, like the proprietor of a patented
6 invention, make a negative and merely prohibitive use of it as a monopoly.”).

7 The government offered a third theory in support of the post-indictment restraining order.
8 In its *ex parte* application in the criminal action, the government argued that the mark had been
9 obtained as a result of the Mongols’ “fraudulent[] represent[ation] to the [USPTO] that the
10 trademark would be used to exploit the recreational activity of motorcycle riding.” The
11 government contended that the Mongols actually contemplated that the mark would be used “to
12 exploit [the Mongols’] criminal enterprise.” The government cited *Marshak v. Treadwell* for the
13 proposition that use of a fraudulently obtained trademark may be enjoined. However, it is black
14 letter law that a fraudulently obtained trademark is cancelled, thereby allowing its unrestricted
15 use in the public domain. *See In re Bose Corp.*, 580 F.3d 1240, 1243 (Fed. Cir. 2009). The
16 registration for the mark at issue in *Marshak* may have been fraudulently obtained, but the court
17 only restricted the registrant’s use of the mark because there was an *existing* common law right
18 to the mark, which is not the case here. *See* 240 F.3d 184, 187 (3d Cir. 2001). Thus, the
19 government’s argument in its *ex parte* application collapsed on itself: if the mark had been
20 fraudulently obtained by the Mongols, then no member of the public, including members of
21 Mongols, could be restrained from wearing items of clothing bearing the mark.

22 The government finally expressed concern that the mark would be used in connection
23 with future violations of the RICO statute. However, the indictment only charged defendants; it
24 did not also charge their family members and associates. Long standing First Amendment
25 jurisprudence precludes the government from restricting expression absent “a judicial
26 determination that the speech is harmful, unprotected, or otherwise illegal.” *See* Preliminary
27 Injunction Order at 21 (citing *Adult Video Ass’n v. Barr*, 960 F.2d 781, 788 (9th Cir. 1992)). As
28 Judge Cooper properly observed in the preliminary injunction order, “[n]o such determination

1 was ever sought by the [g]overnment, and no such determination was ever made by the Court.”
2 *Id.* at 22. Predicating the post-indictment restraining order on a hypothetical concern about the
3 mark’s use in connection with illegal conduct would have effectuated an overbroad and
4 unconstitutional restriction on unindicted individuals’ freedom of expression.

5 **2. Forfeitability**

6 A post-indictment restraint must also attempt to preserve the availability of “property
7 described in subsection (a) for forfeiture.” 18 U.S.C. § 1963(d). Such property includes “any . .
8 . interest in; security of; claim against; or property or contractual right of any kind affording a
9 source of influence over; any enterprise which” the defendant has established, operated,
10 controlled, conducted, or participated in the conduct of.” 18 U.S.C. § 1963(a). Prior to
11 imposing a post-indictment restraint, the district court must make “specific findings permitting
12 an appellate court to determine whether the property restrained is subject to forfeiture.” *See*
13 *United States v. Riley*, 78 F.3d 367, 370 (8th Cir. 1996) (describing post-indictment restraint as
14 “extreme measure” that must be issued with caution). The district court failed to make such
15 specific findings and, even if it had, those findings would have been in error.

16 As discussed in great detail by the preliminary injunction order, RICO forfeiture is an *in*
17 *personam* action rather than an *in rem* action. *United States v. Angiulo*, 897 F.2d 1169, 1210
18 (1st Cir. 1990) (“RICO forfeiture, unlike forfeiture under other statutes ‘is a sanction against the
19 individual rather than a judgment against the property itself.’”); *see also United States v. Nava*,
20 404 F.3d 1119, 1124 (9th Cir. 2005) (discussing *in personam* nature of the criminal forfeiture
21 statutes, 18 U.S.C. § 1963 and 21 U.S.C. § 853). “[O]nly the property of the defendant
22 (including property held by a third party pursuant to a voidable transaction) can be confiscated.”
23 *United States v. BCCI Holdings (Luxembourg), S.A.*, 46 F.3d 1185, 1190 (D.C. Cir. 1995).
24 Because none of the defendants, including Cavazos, had a forfeitable interest in the
25 “MONGOLS” mark, the post-indictment restraint on the mark was invalid.

26 A collective mark, like the “MONGOLS” mark, must be owned by the “organization as is
27 indicated by the statutory definition.” *F.R. Lepage Bakery, Inc. v. Roush Bakery Prods. Co.,*
28 *Inc.*, 851 F.2d 351, 353 (Fed. Cir. 1988), *modified on other grounds*, 863 F.2d 43 (Fed. Cir.

1 1988). In this case, the Mongols owned the mark and retained rights to its use. Its rights to the
2 mark were “property of the unincorporated association and not of the members individually.”
3 Cal. Corp. Code § 18110. The individual defendants charged in the criminal indictment
4 therefore lacked any forfeitable ownership interest in the “MONGOLS” mark.

5 Nor did the defendants have any other forfeitable interest in the mark. The government
6 argued in its *ex parte* application that the Mongols’ unincorporated association assigned its
7 rights to the mark to Shotgun Products, LLC, an entity under Cavazos’ sole control. The
8 preliminary injunction properly rejected that argument. Any right or interest in a trademark must
9 be “appurtenant to an established business or trade in connection with which the mark is
10 employed.” *United Drug Co. v. Theodore Roosevelt Co.*, 248 U.S. 90 (1918). Thus, “a
11 trademark cannot be sold or assigned apart from [the] goodwill it symbolizes[.] There are no
12 rights in a trademark apart from the business with which the mark has been associated; they are
13 inseparable.” *Marshak v. Green*, 746 F.2d 927, 929 (2d Cir. 1984) (internal citation omitted).
14 Since Cavazos’ entity, Shotgun Productions, LLC, never “used the mark . . . to indicate
15 membership in an organization substantially similar to that of the Mongols Nation,” the
16 “[p]urported assignment to Shotgun Productions, LLC [was] without legal effect.” Order at 13.

17 **IV. Disposition**

18 The government’s theory in this case is creative to a fault. The marks are a collective use
19 mark, the rights to which could not have been assigned in gross to the entity controlled by
20 Cavazos. Even if Cavazos had an enforceable interest in the marks, that right was not forfeitable
21 to the government. And even if Cavazos had a forfeitable interest in the marks, Rivera’s use of
22 clothing bearing the marks did not diminish the marks’ availability for forfeiture. The
23 government argues that it should be allowed to engage in the very tactics it repudiates, by
24 forcing the “surrender” of Mongols’ patches and even “forcibly remov[ing] the[] patches” of
25 Mongols who fail to comply with ATF’s directive. *See* Ex. D to Welk Decl. ¶¶ 36-37.
26 However, neither the Mongols nor the government have the right to say “It is our trademark; we

27 ///


28 ///

1 have a right to choose who uses it, even if we do so arbitrarily and vindictively, and the court
2 must lend a hand.” *U.S. Jaycees v. Cedar Rapids Jaycees*, 794 F.2d 379, 383 (Fed. Cir. 1997).

3 Rivera’s Motion is GRANTED.

4 IT IS SO ORDERED.

5 DATED: January 4, 2011

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9 DAVID O. CARTER
10 United States District Judge
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