

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION**

PRO-FOOTBALL, INC.,)
) Plaintiff,)
))
) v.) Civil Action No. 1:14-cv-1043 (GBL/IDD)
))
 AMANDA BLACKHORSE, et al.,)
))
) Defendants.)
 _____)

**UNITED STATES' REPLY MEMORANDUM OF LAW
IN SUPPORT OF SUMMARY JUDGMENT**

Dated: *April 14, 2015*

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TABLE OF CONTENTS

INTRODUCTION1

ARGUMENT.....2

I. Denial of Trademark Registration Does Not Implicate the First Amendment2

 A. The Lanham Act’s Limits on Trademark Registration Do Not Restrict
 the Use of Trademarks in Expressive Activity2

 B. Treatment of Trademarks as Inherently Expressive, as PFI Proposes,
 Would Disrupt the Balance Between Trademark Protection and Speech
 Interests Established in the Common Law and the Lanham Act6

II. Even Assuming that Trademark Registration Implicates the First
Amendment, Section 2(a) of the Lanham Act Is Constitutional.....10

 A. Congress May Limit Participation in the Trademark Registration
 Program Without Offending the First Amendment or Creating
 an Unconstitutional Condition12

 B. If Analyzed Using Limited Public Forum Analysis, Section 2(a)
 is Constitutional13

 C. Even Assuming PFI Is Correct that Its Challenge Should Be
 Analyzed as a Restriction on Commercial Speech, the Trademark Statute
 Is Constitutional15

 D. Section 2(a) of the Lanham Act is Not Impermissibly Vague.....17

III. Judgment Should Be Entered Against PFI On Its Fifth Amendment Claims.....20

CONCLUSION.....20

TABLE OF AUTHORITIES

CASES

Alliance for Open Soc'y Int'l,
 133 S. Ct. 2321 (2013)..... 13

Am. Freedom Def. Initiative v. MBTA,
 --- F.3d ---, 2015 WL 1412499 (1st Cir. Mar. 30, 2015)..... 14

Arica Institute, Inc. v. Palmer,
 970 F.2d 1067 (2d Cir. 1992)..... 8

Ark. v. Faulkner Cty., Ark.,
 49 F.3d 1289 (8th Cir. 1995) 14

Bad Frog Brewery v. N.Y. State Liquor Auth.,
 134 F.3d 87 (2d Cir. 1998)..... 2

Bajwa v. Sunoco,
 320 F. Supp. 2d 454 (E.D. Va. 2004) 20

Bartnicki v. Vopper,
 200 F.3d 109 (3d Cir. 1999)..... 11

Bd. of Trustees of SUNY v. Fox,
 492 U.S. 469 (1989)..... 5

Bell Atl., Md. v. Prince George's Cnty., Md.,
 212 F.3d 863 (4th Cir. 2000) 2

Boston Athletic Ass'n v. Sullivan,
 867 F.2d 22 (1st Cir. 1989)..... 3

Brown v. Town of Cary,
 706 F.3d 294 (4th Cir. 2013) 19

Bullfrog Films v. Wick,
 847 F.2d 502 (9th Cir. 1988) 7

Statharos v. N.Y.C. Taxi & Limo. Comm'n,
 198 F.3d 317 (2d Cir. 1999)..... 10

Conorzio Del Prosciutto v. Parma Sausage Prods.,
 23 U.S.P.Q.2d 1894 (TTAB 1992) 5

Cornelius v. NAACP Legal Def. Fund,
 473 U.S. 788 (1985)..... 16

Zauderer v. Ofc. of Discip. Counsel,
 471 U.S. 626 (1985)..... 11

Cox v. Warwick Valley Cent. Sch. Dist.,
 654 F.3d 267 (2d Cir. 2011)..... 16

Curry ex rel. Curry v. Hensiner,
 513 F.3d 570 (6th Cir. 2008) 16

Dallas Cowboys Cheerleaders v. Pussycat Cinema,
 604 F.2d 200 (2d Cir. 1979)..... 7

Educ. Media Co. v. Insley,
 731 F.3d 291 (4th Cir. 2013) 15

Empresa Cubana Exportada v. Dep't of Treas.,
 638 F.3d 794 (D.C. Cir. 2011) 20

FEC v. Intl' Funding Inst.,
 969 F.2d 1110 (D.C. Cir. 1992)..... 12

Friedman v. Rogers,
 440 U.S. 1 (1979)..... 7

Gen. Media Commc'ns. v. Cohen,
 131 F.3d 273 (2d Cir. 1997)..... 16

Hamm v. Weyauwega Milk Prods.,
 332 F.3d 1058 (7th Cir. 2003) 16

Harjo v. Pro Football, Inc.,
 50 U.S.P.Q. 2d 1705 (TTAB 1999) 18

Harrell v. Florida Bar,
 915 F. Supp. 2d 1285 (M.D. Fla. 2011)..... 18

In re Boulevard Entm't,
 334 F.3d 1336 (Fed. Cir. 2003)..... 2

In re City of Houston,
 731 F.3d 1326 (Fed. Cir. 2013)..... 3, 9

In re Fox,
 702 F.3d 633 (Fed. Cir. 2012)..... 2

In re Lebanese Arak Corp.,
 94 U.S.P.Q. 2d 1215 (TTAB 2010) 9

In re McGinley,
 660 F.2d 481 (C.C.P.A. 1981) 2, 3, 6

In re Trade-Mark Cases,
 100 U.S. 82 (1979)..... 8

Int'l Food & Bvg. Sys. v. City of Ft. Lauderdale,
 794 F.2d 1520 (11th Cir. 1986) 4, 5

J.E.B. v. Ala. ex rel. T.B.,
 511 U.S. 127 (1994)..... 16

In re John F. Tolle,
 2 Off. Gaz. Pat. Office 415 (Oct. 8, 1872)..... 10

La Chemise Lacoste v. Alligator Co.,
 506 F.2d 339 (3d Cir. 1974)..... 9

Lakewood v. Plain Dealer Publ'g,
 486 U.S. 750 (1988)..... 18

Lamparello v. Falwell,
 420 F.3d 309 (4th Cir. 2005) 7

Lee v. Super. Ct.,
 9 Cal. App. 4th 510 (Cal. Ct. App. 1992) 5, 6

Lion Raisins, Inc. v. United States,
 416 F.3d 1356 (Fed. Cir. 2005)..... 20

Logan v. Zimmerman Brush,
 455 U.S. 422 (1982)..... 20

Mathews v. Eldridge,
 424 U.S. 319 (1976)..... 20

Mlinaric v. Parker Hannifin Corp.,
 853 F.2d 927 (6th Cir. 1988) 16

Nat'l A-1 Advert. v. Network Sols.,
 121 F. Supp. 2d 156 (D.N.H. 2000)..... 2, 4

NEA v. Finley,
 524 U.S. 569 (1998)..... 14, 17

New Kids on the Block v. New Am. Publ'g,
 971 F.2d 302 (9th Cir. 1992) 6

OBX-Stock, Inc. v. Bicast, Inc.,
 558 F.3d 334 (4th Cir. 2009) 18

Ogle v. Cir. Ct.,
 227 N.W. 2d 621 (S.D. 1975) 6

Park 'n Fly v. Dollar Park & Fly, Inc.,
 469 U.S. 189 (1985)..... 8

Perry v. McDonald,
 280 F.3d 159 (2d Cir. 2001)..... 14

Petition of Dengler,
 246 N.W. 2d 758 (N.D. 1976) 5

Planned Parenthood of S.C. v. Rose,
 361 F.3d 786 (4th Cir. 2004) 11, 13

Rancifer v. State,
 2015 WL 1334033 (Fla. App. 1 Dist., Mar. 25, 2015) 6

Regan v. Taxation with Rep. of Wash.,
 461 U.S. 540 (1983)..... 12, 13

Renna v. Cnty. of Union, N.J.,
 2014 WL 2435775 (D.N.J. May 29, 2014)..... 10

Ridley v. MBTA,
 390 F.3d 65 (1st Cir. 2004)..... 19

Ritchie v. Simpson,
 170 F.3d 1092 (Fed. Cir. 1999)..... 2, 3, 15

Rosenberger v. Rector & Visitors of UVA,
 515 U.S. 819 (1995)..... 12

Rubin v. Coors Brewing Co.,
 514 U.S. 476 (1995)..... 17

Rust v. Sullivan,
 500 U.S. 173 (1991)..... 13

Sambo's Rest. v. Ann Arbor,
 663 F.2d 686 (6th Cir. 1981) 17

SCV v. Va. DMV,
 288 F.3d 610 (4th Cir. 2002) 13

Silverman v. CBS,
 870 F.2d 40 (2d Cir. 1989)..... 16

Simpson v. Chesterfield Cnty. Bd. of Supervisors,
 404 F.3d 276 (4th Cir. 2005) 19

Smiling Irishman, Inc. v. Juliano,
 45 N.Y.S. 2d 361 (N.Y. Sup. 1943)..... 9

Sons of Confederate Veterans v. Comm'r of Va. DMV,
 305 F.3d 241 (4th Cir. 2002) 12

Sorrell v. IMS Health, Inc.,
 131 S. Ct. 2653 (2011)..... 12, 13

Test Masters Educ. Servs., v. Singh,
 428 F.3d 559 (5th Cir. 2005) 2, 3

Transp. Alts. v. City of N.Y.,
 218 F. Supp. 2d 423 (S.D.N.Y. 2002)..... 7

Turner Broad. Sys. v. FCC,
 512 U.S. 622 (1994)..... 3

United States v. Sun,
 278 F.3d 302 (4th Cir. 2002) 18

Va. Pharm. Bd. v. Va. Citizens Cons. Council,
 425 U.S. 748 (1976)..... 5

Village of Hoffman Estates v. Flipside Hoffman Estates,
 455 U.S. 489 (1982)..... 18

Volkswagenwerk AG v. Wheeler,
814 F.2d 812 (1st Cir. 1987)..... 3

Wal-Mart Stores, Inc. v. Samara Bros. Inc.,
529 U.S. 205 (2000)..... 7

WV Ass'n of Club Owners & Fraternal Servs. v. Musgrave,
553 F.3d 292 (4th Cir. 2009) 11

Ysursa v. Pocatello Educ. Ass'n,
555 U.S. 353 (2009)..... 6, 12

STATUTES

15 U.S.C. § 1051 et seq.,..... 1

15 U.S.C. § 1052..... 3, 9

15 U.S.C. § 1064..... 5

15 U.S.C. § 1065..... 9, 13

35 U.S.C. § 42..... 12

INTRODUCTION

The Lanham Act, 15 U.S.C. § 1051 *et seq.*, (“the Act”), encourages the use of trademarks as source-identifiers by providing for a federal registry of trademarks. Pro-Football, Inc. (“PFI”) argues that the First Amendment compels the federal government to include disparaging trademarks on the federal registry, drawing on what it describes as a long history of common-law recognition of “[t]rademarks including slurs or racial epithets.” PFI’s Opp. at 9, ECF No. 119 (“Opp.”). This conclusion runs contrary to basic principles of trademark law and the consistent conclusion by courts that access to the federal trademark registration system does not implicate the Free Speech Clause of the First Amendment.

PFI’s constitutional challenge fails on every level. First, PFI mistakenly treats a prohibition on registration of a trademark as equivalent to a prohibition on use of a trademark, which it is not. Second, even apart from PFI’s undisputed ability to continue engaging in any expressive activity it desires, PFI misunderstands the relationship between federal trademark registration and other protections of trademarks found in statutes and in common law. The federal trademark scheme reasonably avoided creating trademark rights that would not have been uniformly recognized at common law, regardless of whether certain individual states provide protection, for example, to marks that include slurs and racial epithets. Finally, PFI elides the source-identification purpose of trademarks and improperly seeks to commandeer the federal registration scheme to assert “expressive” interests in its marks, which would disrupt the functioning of the overall system of trademark protection.

PFI remains free to use disparaging words as it sees fit, in connection with identifying its product or engaging in expressive activity. The First Amendment does not require the federal

government to participate or subsidize these activities.

ARGUMENT

I. Denial of Trademark Registration Does Not Implicate the First Amendment.

Notwithstanding PFI's assertion that it is "straightforward" that the Act violates the First Amendment, *Opp.* at 5, courts have consistently concluded that denial of trademark registration does not implicate the First Amendment at all. *See, e.g., In re Fox*, 702 F.3d 633, 640 (Fed. Cir. 2012); *Test Masters Educ. Servs., v. Singh*, 428 F.3d 559, 578 (5th Cir. 2005); *In re Boulevard Entm't*, 334 F.3d 1336, 1343 (Fed. Cir. 2003).¹ In fact, no court has ever held any part of Section 2 of the Act invalid under the First Amendment, and courts have even expressed doubt about whether trademarks are entitled to First Amendment protections at all. *See, e.g., Bad Frog Brewery v. N.Y. State Liquor Auth.*, 134 F.3d 87, 96 (2d Cir. 1998) (observing there is "considerable doubt" about whether "a trademark would enjoy commercial speech protection" at all, before treating a label as source-identifying commercial speech). The Court should reject PFI's suggestion that it begin consideration of PFI's request for novel First Amendment relief by jettisoning the conclusions of every other court to consider similar claims.²

A. The Lanham Act's Limits on Trademark Registration Do Not Restrict the Use of Trademarks in Expressive Activity.

Section 2 of the Act contains limits on the registration of certain trademarks, providing

¹ *See also Ritchie v. Simpson*, 170 F.3d 1092, 1099 (Fed. Cir. 1999); *In re Mavety Media Grp.*, 33 F.3d 1367, 1374 (Fed. Cir. 1994); *In re McGinley*, 660 F.2d 481 (C.C.P.A. 1981); *Nat'l A-1 Adver. v. Network Sols.*, 121 F. Supp. 2d 156 (D.N.H. 2000).

² As the United States noted in its Motion for Summary Judgment, ECF No. 108 at n.1, and consistent with the Court's recognition at the January 22 scheduling conference, resolution of the parties' constitutional motions should be avoided "unless [the rulings] are essential to the disposition of a case." *Id.* (quoting *Bell Atl., Md. v. Prince George's Cnty., Md.*, 212 F.3d 863, 865 (4th Cir. 2000)).

that registration is unavailable to, *inter alia*, “immoral, deceptive, or scandalous matter,” municipal, state, and national “flag[s] or coat[s] of arms or other insignia . . . or any simulation thereof,” the “name, portrait, or signature” of a living person, a mark “resemb[ling] a mark [previously] registered . . . [and] likely . . . to cause confusion,” and matter that is “merely descriptive” or “primarily geographically descriptive” or “primarily merely a surname.” 15 U.S.C. § 1052. These limitations on registration, however, do not affect the “right to use” a mark, *McGinley*, 660 F.2d at 484, or negate the “underlying right in a trademark,” which federal “registration does not create.” *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 27 (1st Cir. 1989).

Although it is indisputable that “refusal by the PTO to register a mark does not preclude the owner of the mark from his right to use it,” *Volkswagenwerk AG v. Wheeler*, 814 F.2d 812, 819 (1st Cir. 1987), PFI repeatedly equates limits on the registration of a trademark with limits on its use. *See, e.g.*, *Opp.* at 9 (“Use Of A Trademark Is Speech . . .”); Pl. Mem. of Law, ECF No. 56 at 18 (“(Pl. MSJ Br.)” (“cancellation of the Redskins [m]arks . . . violates the First Amendment”). This mistaken assumption pervades PFI’s First Amendment analysis and leads PFI to the erroneous conclusion that there is no difference for First Amendment purposes between a ban on the use of a trademark, a financial penalty on the use of a trademark, and the establishment of a registry in which some types of marks may be entered while others may not. *See Opp.* at 6, 11-12. Yet the standards of review for First Amendment claims necessarily turn on the extent to which a regulation poses “inherent dangers to free expression,” *Turner Broad. Sys. v. FCC*, 512 U.S. 622, 661 (1994). Courts considering the potential impact of the First Amendment on trademark registration therefore have always recognized as self-evident that limits on registration are not only different in degree, but different in kind, from limits on use,

and therefore are not analyzed under the same rubric. *See Test Masters*, 428 F.3d at 578.³

Analyzing Section 2 of the Act with an eye to the specific context of trademark registration, as other courts have done, is the only proper approach. As the United States explained in its opening brief, denial of trademark registration imposes no ban on trademark usage and no increased cost or hurdle to PFI's actual use of its marks to identify its football product or to engage in public debate. *See* U.S. MSJ Br. at 9. The benefits of trademark registration relate only to the enforcement of marks against others – activities that are unnecessary to any alleged expressive use of PFI's marks. *See id.* Although federal registration, by making it easier procedurally for PFI to prevent others from using its marks, may help protect PFI's profits, that financial benefit is unrelated to expression and “not guarantee[d]” by the First Amendment. *Int'l Food & Bvg. Sys. v. City of Ft. Lauderdale*, 794 F.2d 1520, 1526 (11th Cir. 1986). For this reason, “free speech rights have not been infringed in any constitutionally significant way” by the denial of registration. *Nat'l A-1 Advert.*, 121 F. Supp. 2d at 178.⁴

As to PFI's claim that Section 2(a) burdens trademarks has a purported “chilling” effect on the adoption of trademarks, such discouragement would only have constitutional implications if it deterred expression, not source-identification. Moreover, although the ability to register a

³ PFI also reaches the odd conclusion that Section 2's limitations on trademark registration should be reviewed under a *higher* level of scrutiny than an outright ban on the use of a trademark. *See, e.g.,* Opp. at 9 (arguing for “at least[] the protections available to commercial speech”); *id.* at 21 (same). A restriction on registration which permits continued use of the mark cannot logically require higher scrutiny than an outright ban of the same mark.

⁴ PFI makes much of the Supreme Court's description as “significant” the benefits provided by federal registration in *B&B Hardware v. Hargis Indus.* (“*B&B*”), 2015 WL 1291915, at *4 (U.S. Mar. 24, 2015). As the United States previously explained, and the Court's decision confirms, these are advantages that matter in the process of enforcing trademark rights by “preventing others from using the mark,” not advantages in using the mark itself for an expressive purpose or otherwise. *Id.* at *3; *see generally id.* (deciding dispute in the context of enforcement of trademark against competing user).

trademark with the federal government may, at the margin, encourage businesses to identify their goods with marks that satisfy the registration requirements, the Supreme Court has held that “commercial speech is more hardy, less likely to be ‘chilled,’ and not in need of surrogate litigators.” *Bd. of Trustees of SUNY v. Fox*, 492 U.S. 469, 481 (1989); accord *Va. Pharm. Bd. v. Va. Citizens Cons. Council*, 425 U.S. 748, 772 n.24 (1976) (“[T]here is little likelihood of [commercial speech] being chilled by proper regulation and forgone entirely”). This is particularly true given the potential for hostility to disparaging trademarks in the marketplace, which is likely to discourage the use of such marks even absent limits on registration.⁵

The treatment of trademark registration as distinct from trademark usage is consistent with other voluntary registration systems, such as those for name changes, which similarly do not impose bans on the underlying activity. See U.S. MSJ Br. at 10-11 & n.15. Indeed, in that context, courts have found that the First Amendment does not require the government to register a name that will “disparage . . . a racial group.” *Lee v. Super. Ct.*, 9 Cal. App. 4th 510, 519 (Cal. Ct. App. 1992). PFI’s effort to distinguish this area of law by asserting that name registration “does not confer” significant benefits is unpersuasive. Opp. at 13. As the case law makes clear, “statutory name change procedures . . . aid [the underlying right],” *Ogle v. Cir. Ct.*, 227 N.W. 2d 621 (S.D. 1975); name change applicants must often show they “will derive a pecuniary benefit” from name change registration, *Petition of Dengler*, 246 N.W. 2d 758, 763 (N.D. 1976); and

⁵ PFI also ignores the limiting effect of the Act’s procedural limitations on any alleged “chilling.” For instance, the TTAB itself does not initiate cancellation, which occurs only on a petition alleging damage caused by an improper registration. See 15 U.S.C. § 1064. And review as to Section 2(a) is confined to whether registration was wrongly obtained at the time of registration. See *Conorzio Del Prosciutto v. Parma Sausage Prods.*, 23 U.S.P.Q.2d 1894 at *5-*7 (TTAB 1992). PFI’s claim that “chilling” occurs because TTAB may “cancel the registration . . . at any time, based solely on [its] moral judgment,” Opp. at 1, disregards this context.

official name change recognition is important for lowering the barriers to having one's name recognized "by other states and the federal government." *See Rancifer v. State*, 2015 WL 1334033 at *3 (Fla. App. 1 Dist., Mar. 25, 2015). The reasoning employed in rejecting efforts to compel recognition of a name change – that registration leaves unaffected the right to use a moniker of one's own choosing – confirms that limits on trademark registration are fundamentally different than limits on trademark usage and thus do not implicate the First Amendment. *Compare, e.g., Lee*, 9 Cal. App. 4th at 514 with *McGinley*, 660 F.2d at 484.

B. Treatment of Trademarks as Inherently Expressive, as PFI Proposes, Would Disrupt the Balance Between Trademark Protection and Speech Interests Established in the Common Law and the Lanham Act.

"The principle underlying trademark protection is that distinctive marks . . . can help distinguish a particular artisan's goods from those of others," not that trademarks facilitate and promote expression. *B&B*, 2015 WL 1291915, at *3; *see New Kids on the Block v. New Am. Publ'g*, 971 F.2d 302, 305-06 (9th Cir. 1992). In its opening brief, the United States provided examples – dating to the early years of American trademark law – documenting the balance created by trademark law and the system of federal trademark registration between free speech interests and the purpose of source-identification. *See* U.S. MSJ Br. at 13-14 (highlighting that the Act's limits "allow[] breathing space for free expression"); *Lamparello v. Falwell*, 420 F.3d 309 (4th Cir. 2005). PFI concedes that this balance pervades the Act, through, *inter alia*, limits to trademark protection where a mark raises "free speech concerns" in language that should be "reserv[ed] . . . for public use," Opp. at 7, and "limits on trademark enforcement," including against "critical or mocking uses" and dilution claims.⁶ *Id.* at n.7, n.8, & n.9.⁷

⁶ In a different context, the use of disparaging marks in expressive, non-source identifying ways

The limits on registration codified in Section 2, including the challenged limits in Section 2(a), are an important part of this balance. Where language has extrinsic expressive value or serves as core building blocks for expression, this characteristic is inconsistent with the source-identifying function of a trademark. *See* U.S. MSJ Br. at 8; *see also Friedman v. Rogers*, 440 U.S. 1, 11 & n. 10 (1979) (recognizing source identifiers as “categorically different” from expression that “editorialize[s] on . . . cultural, philosophical, [] political . . . [or] even about commercial matters”).⁸ This principle counsels against recognizing PFI’s claim that the marks barred by Section 2(a) have a “unique[]” status as both fundamentally expressive and enforceable. *Opp.* at 4. Recasting the typical commercial use of trademarks as “enormously expressive” rather than as mere source-identification would dramatically alter trademark law and the registration system and risk turning trademark disputes into battles over free speech.⁹

by others, PFI repeatedly asserts that other protections preclude any “chill[ing] [of] critical or mocking uses.” Yet PFI offers no response to case law recognizing that such competing uses of a mark are “deterred [] not merely by successful suit but by the plausible threat of successful suit,” *Wal-Mart Stores v. Samara Bros.*, 529 U.S. 205, 214 (2000), or to case law showing that statutory and First Amendment parody defenses often fail to protect such users from suit. *See* U.S. MSJ Br. at 22 (citing *Dallas Cowboys Cheerleaders v. Pussycat Cinema*, 604 F.2d 200 (2d Cir. 1979)).

⁷ *See also* *Opp.* at 7 & n.10 (recognizing the balance struck in Section 2 itself by excluding protection for, *e.g.*, “generic marks or descriptive marks that lack secondary meaning,” by characterizing such language as “not function[ing] as trademarks” at all).

⁸ PFI incorrectly asserts that the Supreme Court limited its discussion in *Friedman* to “misleading” trade names. *Opp.* at n.14. This is incorrect. *See* 440 U.S. at 15-16 (“We emphasize, in so holding, that the restriction on the use of trade names has only the most incidental effect on the content of the commercial speech of Texas optometrists”); *id.* at 12 (describing source-identifiers *generally* as “a form of commercial speech that ha[ve] no intrinsic meaning . . . [and] convey[] no information about the price and nature of the services offered.”). This narrow, non-expressive purpose of trademarks, is what puts the Lanham Act on markedly different footing than the regulation of the content of films (a traditional medium of expression) in *Bullfrog Films v. Wick*, 847 F.2d 502 (9th Cir. 1988), relied on by PFI.

⁹ PFI acknowledges that, under its view of trademarks as fundamentally expressive, the remainder of Section 2 would also be subject to First Amendment review. *See Opp.* at n.10 (arguing that the remainder of Section 2 “would survive First Amendment scrutiny”).

Trademark law has long avoided the “disaster” inherent in equating trademarks with expression, *cf. Transp. Alts. v. City of N.Y.*, 218 F. Supp. 2d 423, 438 (S.D.N.Y. 2002) (rejecting heightened scrutiny for trademarks claimed to be expressive), by striking a careful balance between trademark protection and free speech concerns, in part by restricting trademark protection to the core purpose of source-identification and by limiting the trademark protection available for those symbols and language most likely to be used in extrinsic expression.¹⁰ *See Park ‘n Fly v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 215 (1985) (Stevens, J., dissenting) (Act’s limits reflect “well-recognized public interest in prohibiting the commercial monopolization” of language).

PFI also suggests that Section 2(a)’s limit on trademarks that “may disparage” is also unique because, at the time the Act was adopted, state courts had not concluded that disparaging trademarks were ineligible for trademark protection. *Opp.* at 8-9. But the fact that this issue remained unresolved at the state level in no way undermines the federal interest in preventing the disruption of the development of state trademark law. It is not the ultimate conclusions of common-law cases that matter, but the fact that, at the time of the Act’s adoption, courts were wrestling with the question of whether disparaging matter could receive trademark protection.

¹⁰ The examples provided by amici underscore the possibility that registration of disparaging terms could implicate competing interests in expression rather than competing interests in source identification. *See Proposed Br. of Amici* at 6 & n.4, ECF No. 76-2 (discussing interests of “marginalized groups [to] reclaim use of a word that has been used to disparage them”); U.S. MSJ Br. at n.20. PFI’s effort to dismiss this concern by analogizing trademark law to copyright law, *Opp.* at 18, neglects the fact that copyright law must incentivize “the fruits of intellectual labor, embodied in the form of books, prints, engravings, and the like,” while trademark “requires no fancy or imagination, no genius, no laborious thought[,] . . . simply [] priority of appropriation.” *In re Trade-Mark Cases*, 100 U.S. 82, 94 (holding that trademarks could not be protected using Congress’ Copyright Clause powers). Even in copyright, however, a careful balance exists to protect the creation of new expression, and thus copyright laws cannot be invoked to obtain copyright protection for “the[] building blocks of knowledge.” *Arca Institute, Inc. v. Palmer*, 970 F.2d 1067, 1074 (2d Cir. 1992).

See U.S. MSJ Br. at 12-13; *Smiling Irishman, Inc. v. Juliano*, 45 N.Y.S. 2d 361 (N.Y. Sup. 1943).¹¹ Thus, PFI's suggestion that some states enforced "[t]rademarks including slurs or racial epithets," including vile, racially charged terms, see Opp. at 9 & n.12, does not compel Congress to override the judicial or policy judgments of other states regarding such marks.¹²

PFI has not succeeded in distinguishing the limit on disparaging trademarks from other limits in Section 2 that it concedes are valid. See Opp. at 7-8. First, PFI's assertion that the other limits in Section 2 are justified because they limit only marks that are "misleading," "confusing," or "do not function as trademarks," does not address flags, municipal logos, and other material that is excluded even when accurately identifying sources. See *Renna v. Cnty. of Union, N.J.*, 2014 WL 2435775 (D.N.J. May 29, 2014); *In re City of Houston*, 731 F.3d 1326, 1334 (Fed. Cir. 2013). Second, even to the extent that PFI has identified different reasoning for excluding different categories of content from registration, that does not change the fact that both positive, laudatory epithets and negative, disparaging epithets are generally disqualified from registration, belying PFI and amici's contention that negative language has been singled out for exclusion.¹³

¹¹ PFI's simplistic gloss on common-law cases, Opp. at n. 12, ignores the extent to which these courts examined the propriety of the marks at issue.

¹² The fact that the limit on matter that "may disparage" did not appear in prior versions of the trademark registration program does not render that prior history irrelevant. See Opp. at 5. Because the Act codified common law into federal law, as previous iterations of the registration program did not, the Act created new possibilities for federal law to disrupt state law. See U.S. MSJ Br. at 3-5, 11-14. Section 2's exclusions thus reflect that Congress both created "consistent nationwide protection for trademarks" and implemented the federal program alongside, and consistent with, a system of state trademark law. See 1 J. McCarthy, *Trademarks and Unfair Competition*, §§ 2:5(D); 2:12(A); 15 U.S.C. § 1065 (recognizing "right[s] acquired under" state law); *La Chemise Lacoste v. Alligator Co.*, 506 F.2d 339, 346 (3d Cir. 1974) (concurrent scope of federal and state law).

¹³ The gulf between disparaging marks and laudatory and other descriptive marks that possess secondary meaning, 15 U.S.C. § 1052(f), is not as vast as PFI states. As the TTAB has recognized, a term that may be viewed as disparaging may be registrable if it is clear that, in the

See U.S. MSJ Br. at 18. What unites all of Section 2’s registration limits are their roots in the balance struck at common law (and codified in the Act): trademark protection is generally restricted for language likely to bear extrinsic meaning, be inconsistent with source-identification, or for which commercial monopolization is otherwise inappropriate. Preserving this balance requires affirming the conclusion of *McGinley* and rejecting PFI’s invitation to treat limits on a program of trademark registration as akin to limits on trademark use.

II. Even Assuming that Trademark Registration Implicates the First Amendment, Section 2(a) of the Lanham Act Is Constitutional.

If, as PFI asserts, a “grab bag” of arguments have been made in this litigation, Opp. at 1, that is only because PFI advances no coherent First Amendment theory. Presumably, as all of the courts to decide the issue have recognized, the reason for PFI’s inability to settle on a theory is that denial of trademark registration is not an action with First Amendment implications. In the event the Court concludes otherwise, the government has endeavored to explain why, under any potential standard that would be applied, Section 2(a)’s limits are constitutional.

As an initial matter, there is nothing novel about the United States’ suggestion that, if First Amendment scrutiny is applied, the government’s interests should be granted additional deference in this context. “Intermediate scrutiny is sufficiently flexible to accommodate . . . variations,” including “in deciding the relative weight of the [private] interest and of the

context of the goods, the public would perceive the mark to invoke an alternative meaning that is non-disparaging. *See In re Lebanese Arak Corp.*, 94 U.S.P.Q. 2d 1215 at *7 (TTAB 2010). Meanwhile, it is “close to impossible” for “common advertising slogans” and other laudatory language to receive protection. *See* McCarthy §§ 7:23, 11:17. PFI also does not address the possibility that the exclusions in Section 2(a) reflect that immoral, scandalous, and disparaging language may be so imbued with pre-existing expression or meaning as to be inconsistent with their function as a source-identifier. *Cf.* U.S. MSJ Br. at n.18 (citing, *e.g.*, *In re John F. Tolle*, 2 Off. Gaz. Pat. Office 415 (Oct. 8, 1872) (registration of mark with strong associations would “defeat the fundamental object of the trade-mark law”).

countervailing government interest.” *Statharos v. N.Y.C. Taxi & Limo. Comm’n*, 198 F.3d 317, 324 (2d Cir. 1999); *see Bartnicki v. Vopper*, 200 F.3d 109, 124 (3d Cir. 1999) (“the intermediate scrutiny test applied varies to some extent from context to context, and case to case”). Applying this flexibility, the Fourth Circuit has recognized that government participation in private speech provides “additional weight in favor of upholding” a regulation. *See* U.S. MSJ Br. at 16-17, 24 (quoting *WV Ass’n of Club Owners & Fraternal Servs. v. Musgrave*, 553 F.3d 292, 301 (4th Cir. 2009)). The standard in such “hybrid” situations is necessarily distinct from the standard of review for private speech. *See, e.g., Planned Parenthood of S.C. v. Rose*, 361 F.3d 786, 795-96 (4th Cir. 2004) (Op. of Michael, J.) (weighing whether hybrid speech at issue would be attributed to the government in deciding that viewpoint discrimination was unconstitutional, rather than relying on authority regarding purely private speech); *Sons of Confederate Veterans (“SCV”) v. Comm’r of Va. DMV*, 305 F.3d 241, 244-45 (4th Cir. 2002) (Luttig, J., respecting rehearing *en banc*) (arguing that a hybrid speech standard, although novel, should decide such cases).¹⁴ Thus, the hybrid nature of any content deemed expressive should be taken into account here.¹⁵

A. Congress May Limit Participation in the Trademark Registration Program Without Offending the First Amendment or Creating an Unconstitutional Condition.

¹⁴ To be sure, in the license plate context, the Fourth Circuit invalidated the regulations at issue as unconstitutional, but it so held only after concluding that the challenged regulations constituted viewpoint discrimination. *See id.* As discussed below and in the United States’ opening brief, *see infra* at Part II.B; U.S. MSJ Br. at 18-19, Section 2(a) is viewpoint neutral.

¹⁵ As the United States previously explained, the Supreme Court’s recognition that speech compulsions may warrant lesser scrutiny because the nature of the burden is different in character from that of an “outright prohibition[] on speech,” *Zauderer v. Ofc. of Discip. Counsel*, 471 U.S. 626, 650 (1985), should also be taken into account here, where Section 2 of the Lanham Act does not impose an “outright prohibition” and regulates trademarks, whose fundamental nature is as source-identifiers rather than speech. *Sorrell v. IMS Health, Inc.*, 131 S. Ct. 2653, 2667-68 (2011) is not to the contrary. There, the Court addressed only an outright prohibition on the sale or dissemination (and thus, the subsequent use) of “[k]nowledge of a physician’s prescription practices,” not a trademark or other source-identifier. *Id.* at 2659.

“While in some contexts the government must accommodate expression, it is not required to assist others in funding the expression of particular ideas.” *Ysursa v. Pocatello Educ. Ass’n*, 555 U.S. 353, 358 (2009). As the Supreme Court has recognized, this principle applies with additional force when the government is “not plac[ing] obstacles in the path” of speech, because in such circumstances, the decision “not to subsidize the exercise of a fundamental right does not infringe the right.” *Regan v. Taxation with Rep. of Wash.*, 461 U.S. 540, 549 (1983); *see Ysursa*, 555 U.S. at 359 (emphasizing that speakers remained “free to engage in such speech”).

The limits to trademark registration here are far closer to the bar on tax deductibility for lobbying activities at issue in *Regan* or the system of payroll deductions at issue in *Ysursa* than to the funding of student organizations in *Rosenberger v. Rector & Visitors of UVA*, 515 U.S. 819, 834 (1995), the principal case with which PFI responds. As the Court noted in *Rosenberger*, where the purpose of the program is to “expend[] funds to encourage a diversity of views,” and the context is the “background and tradition of thought and experiment” in a university, the government has an arguably greater obligation to fund all ideas. *Id.* at 835-36. Moreover, the types of benefits provided by the Act to registered trademarks primarily involve lowering the barriers created by federalism, *i.e.*, the challenges of enforcing trademarks in fifty states. *See* U.S. MSJ Br. at 15. Limits on trademark registration are thereby closer to “leav[ing] undisturbed a pre-existing barrier,” a hallmark of permissible spending conditions, than to the cases relied on by PFI. *FEC v. Intl’ Funding Inst.*, 969 F.2d 1110, 1113-14 (D.C. Cir. 1992).

PFI’s effort to invoke Congress’ 1991 decision to shift the source of federal revenue from which the PTO is funded to user application fees is unconvincing as a basis for PFI to disregard Congress’ authority to limit the scope of government programs. *Opp.* at 15. The PTO may

expend funds only “[t]o the extent and in the amounts provided in advance in appropriations Acts.” 35 U.S.C. § 42(c)(1)-(2). Neither amici nor PFI cite any authority for the claim that “the public fisc” excludes funds collected by the government in the form of user fees. *Compare id.* at 14-15 *with* ACLU Br. at 12. Congress’s funding decision should not be read to abrogate, *sub silentio*, fifty years of limits it had imposed on the trademark registration program.¹⁶

PFI’s argument purporting to show that “Section 2(a) Conditions Speech Outside” the registration program, Opp. at 16, demonstrates the opposite, as explained previously. Even if PFI’s mark is unregistered, it may use its mark in any way it chooses: denial of registration does not limit speech outside the confines of the trademark registration program. *See* U.S. MSJ Br. at 16. The government has wide latitude to control speech within the confines of a government program if it does not extend those restrictions to speech outside that program. *See Rust v. Sullivan*, 500 U.S. 173, 197 (1991); *accord USAID v. Alliance for Open Soc’y Int’l*, 133 S. Ct. 2321, 2330 (2013) (a program condition affects outside speech when it precludes a participant from “turn[ing] around and assert[ing]” a different view “on its own time and dime”).

B. If Analyzed Using Limited Public Forum Analysis, Section 2(a) is Constitutional.

In *SCV*, the Fourth Circuit recognized that privately-designed license plates fit within the definition of “private speech that occurs on government property or with government participation [] where the government is not expressing its own message,” and that the governments’ decisions about which license plates to authorize may therefore be treated as

¹⁶ In addition, the United States should have equal authority not to subsidize private parties by providing them with federal legal presumptions and other authority to assert in state courts, as the Act does. Contrary to PFI’s assertion, this is not an argument that “every administrative function” is a “subsidy,” Opp. at 14, but recognition of the unique federal authority exercised by Congress to codify the common law in pursuit of “consisten[cy] nationwide.” *See, e.g., infra* at n.12; 15 U.S.C. § 1065.

regulation of a limited public forum. *SCV v. Va. DMV*, 288 F.3d 610, 622 (4th Cir. 2002); *see also Rose*, 361 F.3d at 795-96 (Op. of Michael, J.). In such a forum, the government may impose “reasonable and permissible” restrictions on speech, “may consider content in deciding whether to authorize” particular speech, and may regulate by “prohibit[ing] patently offensive speech.” *Id.* at 797-99. In contrast to programs that it manages that are not public fora, however, the government may not “favor certain speech on the basis of viewpoint.” *Id.* at 795.

Section 2 of the Act does not burden expression and therefore does not implicate the First Amendment, but if the Court concludes otherwise and opts for a forum analysis, it should uphold Section 2(a) as a proper content-based (but not viewpoint-based) limitation. As a regulation of speech that turns on objective indicators such as usage labels in dictionaries and does not discriminate on the identity of the applicant or the views expressed by the applicant (whether purportedly through its mark or elsewhere), Section 2(a) is constitutional under this analysis as a content-based regulation of speech. *See* U.S. MSJ Br. at 18-19. PFI’s perfunctory response, Opp. at 27, never addresses that Section 2(a) at most regulates content, not a particular viewpoint. *See* U.S. MSJ Br. at 18-19; *NEA v. Finley*, 524 U.S. 569, 583 (1998) (standard of “decency and respect” does not “threaten[] censorship of ideas” or “preclude or punish the expression of particular views”). In a recent decision, the First Circuit confirmed that a regulation of “disparaging” speech does not “give one group an advantage over another in the marketplace of ideas,” and is therefore content-based. *Am. Freedom Def. Initiative v. MBTA*, --- F.3d ---, 2015 WL 1412499 at *9 (1st Cir. Mar. 30, 2015); *Cf. Perry v. McDonald*, 280 F.3d 159, 170 (2d Cir. 2001) (prohibition on profane license plates not viewpoint-based).¹⁷

¹⁷ Section 2(a) is thus not akin to a partisan restriction on trademark registration, *see* Opp. at 18,

C. Even Assuming PFI Is Correct that Its Challenge Should Be Analyzed as a Restriction on Commercial Speech, the Trademark Statute Is Constitutional.

Even if, notwithstanding PFI's continuing ability to engage in any expressive activity it likes, Section 2(a) is thought to implicate First Amendment doctrines applicable to restrictions on speech, the statute satisfies any plausibly relevant standard. Restrictions on trademark uses are subject, at most, to the standards applicable to commercial speech. *See Ritchie v. Simpson*, 170 F.3d 1092, 1103 (Fed. Cir. 1999) (Newman, J., dissenting); *Silverman v. CBS*, 870 F.2d 40, 48 (2d Cir. 1989). The application of that standard accommodates the United States' substantial interests in Section 2 of the Act in avoiding the perception of government endorsement of disparaging marks, preventing harmful secondary effects of disparaging marks, and ensuring the smooth functioning of the trademark system. *See* U.S. MSJ Br. at 19-24.

PFI does not reject these interests as insubstantial or improper, but rather asserts that the United States has "not met its burden" of demonstrating that these harms are real. But it is well-established that the government may defend a regulation of speech based on "history, consensus, and simple common sense," as it has done here, and need not "produce empirical data 'accompanied by a surfeit of background information.'" *Educ. Media Co. v. Insley*, 731 F.3d 291, 299 (4th Cir. 2013) (quoting *Lorillard Tobacco Co. v. Reilly*, 533 U.S. 525, 555 (2001)). Precedent, consensus, and common sense are particularly relevant where, as here, the challenged law is longstanding: where Congress has regulated for decades, the success of its regulation hardly casts doubt on Congress' interest in regulating.

No more than simple common sense is required to demonstrate that the government's

which implicates different concerns about free association and equal protection rather than free speech. *See Repub. Pty. of Ark. v. Faulkner Cty., Ark.*, 49 F.3d 1289, 1292 (8th Cir. 1995).

substantial interests are real. Courts routinely recognize the government’s interest in avoiding the erroneous perception of endorsement.¹⁸ *See Cox v. Warwick Valley Cent. Sch. Dist.*, 654 F.3d 267, 272 (2d Cir. 2011) (recognizing government interest in regulating student speech where it might be wrongly “perceived as being endorsed or promoted” by the school); *Curry ex rel. Curry v. Hensiner*, 513 F.3d 570 n.1 (6th Cir. 2008) (“For speech to be perceived as bearing the imprimatur of the school does not require that the audience believe the speech originated from the school”).¹⁹ A wrongful perception of endorsement is particularly reasonable here given that, once registered, trademarks appear in the government-curated Principal Register.

The United States’ description of the secondary effects of the registration of disparaging trademarks is equally rooted in history, precedent, and the common-sense understanding that widespread use of a racial epithet, particularly for commercial purposes, promotes cultural hostility and intolerance. *See, e.g., Hamm v. Weyauwega Milk Prods.*, 332 F.3d 1058, 1067-68 (7th Cir. 2003) (Op. of Posner, J.).²⁰ Defendants have recounted further evidence, such as the “obscene and racist” treatment one experienced at the hands of third parties at a PFI event. *See*

¹⁸ PFI’s suggestion that the existence of the government speech doctrine precludes reliance on mistaken endorsement as a “substantial interest,” Opp. Br. at 22-23, is difficult to follow. The government has an interest in preventing an appearance of endorsement even when the government is not the speaker and the government speech doctrine may not apply.

¹⁹ *See also Cornelius v. NAACP Legal Def. Fund*, 473 U.S. 788, 809 (1985) (“avoiding the appearance of political favoritism is a valid justification for limiting speech in a nonpublic forum”); *Gen. Media Commc’ns. v. Cohen*, 131 F.3d 273 n.10 (2d Cir. 1997) (purpose of “disassociating” government from sexually-explicit materials is permissible).

²⁰ *See also Mlinaric v. Parker Hannifin Corp.*, 853 F.2d 927 (6th Cir. 1988) (Op. of Keith, J.) (racial epithets “insidiously but effectively perpetuate[] sorry and ridiculous stereotype[s]”); *cf. J.E.B. v. Ala. ex rel. T.B.*, 511 U.S. 127, 140 (1994) (“[C]ommunity is harmed by the State’s participation in the perpetuation of invidious group stereotypes”).

TTAB Docket No. 123 at 17; Def’s MSJ Mem. at 9-10, ECF No. 71, and exhibits cited therein.²¹ Contrary to PFI’s contention, the harms of such cultural intolerance to the community, because they are not direct reactions to offensive speech, are indeed “secondary” and not “primary.” *See* Opp. at n.28. Moreover, far from rejecting the possibility that the government has a substantial interest in preventing “harmful commercial speech,” Opp. at n.28, the Supreme Court has held explicitly that “social costs” and other harms to “health, safety, and welfare” from commercial speech are a substantial interest under *Central Hudson*. *Rubin v. Coors Brewing Co.*, 514 U.S. 476, 485 (1995); *accord Sambo’s Rest. v. Ann Arbor*, 663 F.2d 686, 695 (6th Cir. 1981).

Nor is PFI correct that the United States has failed to support its substantial interest in harmonizing the federal registration system with state law: if the Act authorized registration of disparaging matter, the effects of such registration would supersede what PFI acknowledges are “common law limits [on] what constitutes a registrable ‘trademark’ in the first instance,” Opp. at 25, thereby creating potential conflicts with pre-existing state law. And the Fourth Circuit has recognized the need to protect the balance between the interests of trademark owners and the expressive interests of others. *See OBX-Stock, Inc. v. Bicast, Inc.*, 558 F.3d 334, 339-40 (4th Cir. 2009) (in context of merely descriptive and generic marks, excluding terms from registration is necessary to “protect[] the linguistic commons”).

D. Section 2(a) of the Lanham Act is Not Impermissibly Vague.

As with many of its other arguments, PFI’s vagueness challenge misapprehends the distinction between a prohibition on commercial speech and a limitation on trademark registration. This difference is critical because the Supreme Court has made clear that vagueness

²¹ This Court has recognized that the harms asserted by Defendants before the TTAB are sufficiently real to support Article III standing. *See* Mem Op. at 9, ECF No. 40 (Nov. 25, 2014).

review occurs on a sliding scale based on the “consequences of imprecision.” *Finley*, 524 U.S. at 589. The Act’s limits on registration are far less consequential than laws that impose criminal liability, civil penalties, or even those that impose outright regulations on expression. In contrast, even in circumstances the First Amendment is implicated – which is not the case here – “substantial vagueness concerns” are absent where the regulation at issue only governs a party’s access to government subsidies and legal authority. *Id.* at 588-89. Likewise, a less-searching standard of vagueness review is warranted by the “subordinate position of commercial speech under the First Amendment,” *Harrell v. Florida Bar*, 915 F. Supp. 2d 1285, 1295 (M.D. Fla. 2011), the presumption that “businesses . . . consult relevant legislation in advance of action,” *U.S. v. Sun*, 278 F.3d 302, 309 (4th Cir. 2002), and the numerous procedural protections in the Act that protect against the “abuse of censorial power.” *Lakewood v. Plain Dealer Publ’g*, 486 U.S. 750, 758-59 (1988); *see Village of Hoffman Estates v. Flipside Hoffman Estates*, 455 U.S. 489, 498 (1982) (important for a regulated party to be able “to clarify the meaning of the regulation by [their] own inquiry, or by resort to an administrative process,” as the Act provides).

In this context, PFI’s argument that the term “disparage” is too vague to be used to limit registration is unconvincing. The TTAB has promulgated a detailed definition of a disparaging trademark as one that may “dishonor by comparison with what is inferior, slight, deprecate, degrade, or affect or injure by unjust comparison.” *Harjo v. Pro Football, Inc.*, 50 USPQ 2d 1705 *35 (TTAB 1999). As Defendants have noted, this standard draws on the “materially identical” definitions published in multiple dictionaries. *See* ECF No. 106 at 19. And PFI’s assertion that “disparage” has “no settled legal meaning[]” is wrong. The Fourth Circuit has adopted “disparage” as a term central to First Amendment analysis, *see, e.g., Simpson v.*

Chesterfield Cnty. Bd. of Supervisors, 404 F.3d 276, 284 (4th Cir. 2005), and the First Circuit has confirmed in the commercial speech context that “disparage[s]” is not void for vagueness.²² *Ridley v. MBTA*, 390 F.3d 65, 74 (1st Cir. 2004). Nor does PFI reply meaningfully to the fact that registration decisions are done on the basis of a fact-specific, individualized inquiry into a record supplied by the registrant.²³

Finally, the fact that PTO initially permitted registration of PFI’s trademarks and subsequently cancelled those registrations does not demonstrate that Section 2(a) is unlawfully vague. Although PFI may be dissatisfied with the reconsideration of its registrations, the cancellation procedure protects, rather than suppresses, the ability of applicants to register trademarks. As the Federal Circuit recognized in *In re Mavety*, the cancellation procedure allows resolving doubts “in favor of [the] applicant” in the first instance and ensures that, when a petitioner seeks cancellation, a decision can be made on the basis of a more-thorough record. 33 F.3d at 1374. That a better-developed record, presented through an adversarial process, may yield a different decision does not require finding the Act to be unconstitutional. Here, where the consequences of error are not penal and are less severe than a prohibition on speech, Congress is “only require[d to] provide some guidance . . . to . . . the reach of a law’s application,” a standard it has satisfied. *Brown v. Town of Cary*, 706 F.3d 294, 306 (4th Cir. 2013).

²² PFI’s claim that it is “frivolous” to rely on judicial usage of a term as a guide to whether it is impermissible vague is baseless when PFI itself argues that the existence of a “settled legal meaning[]” is a key determinant of whether a term is vague. *Compare* *Opp.* at 30 (citing *Holder v. Humanitarian Law Project*, 561 U.S. 1 (2010) *with id.* at n.46 (cursorily dismissing relevance of Supreme Court’s usage of “disparage” as a well-defined term).

²³ PFI misapprehends the import of the fact that it failed to pair together any two TTAB decisions that are inconsistent as to the same disparaging term: this suggests that the more-detailed record assembled in the administrative appeals process is effective in ensuring that consistent, non-vague standards are applied. *See* U.S. MSJ Br. at 5, n.20, n.34.

III. Judgment Should Be Entered Against PFI On Its Fifth Amendment Claims.

PFI has no persuasive response to the precedent holding that: 1) the Court lacks jurisdiction over its “takings” claim; 2) PFI has suffered no deprivation of a property interest sufficient to create a Fifth Amendment claim; and 3) PFI has received due process in the form of an “opportunity to present [its] case and have its merits fairly judged.”²⁴ See U.S. MSJ Br. at 26-30; *Logan v. Zimmerman Brush*, 455 U.S. 422, 433 (1982). PFI has now conceded that the United States is not a party to its Fifth Amendment claims, Opp. at 36-37 & n.54, and has cited no precedent that permits Fifth Amendment protections against takings to “apply to private parties who are not state or governmental actors” or “provide for a cause of action against a private party.” U.S. MSJ Br. at 27 (quoting *Bajwa v. Sunoco*, 320 F. Supp. 2d 454, 459 (E.D. Va. 2004)). The requirement that takings claims “must be brought against the United States,” *Lion Raisins, Inc. v. U.S.*, 416 F.3d 1356, 1362-63 (Fed. Cir. 2005), serves important Article III interests and the Court should therefore reject PFI’s attempts to have these claims heard here.²⁵

CONCLUSION

For the foregoing reasons, should this Court reach the constitutional issues presented by PFI, judgment should be entered against PFI on those claims.

²⁴ Due process claims turn on the process available at the time of deprivation, which, here, was extensive. See generally *Mathews v. Eldridge*, 424 U.S. 319 (1976). Contrary to PFI’s suggestion, Pl. Reply at 41, the longstanding registration of its marks does not render any cancellation a violation of due process. Cf. *Empresa Cubana Exportada v. Dep’t of Treas.*, 638 F.3d 794, 802 (D.C. Cir. 2011).

²⁵ Should the Court reject the view that the United States is not a party to its other claims, the government rests on its prior brief and the authorities cited therein, which are more persuasive than PFI’s responses. In addition, the government notes that PFI’s claim that the “U.S. is wrong” that PFI never challenged that the taking occurred without a ‘public purpose,’” Opp. at 40, is belied by PFI’s header explicitly stating “The Taking of PFI’s Property Was For a Public Use” Pl. MSJ Br. at 27.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on the 14th day of April, 2015 I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

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