No. 23-1922

UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

CLEMENTE PROPERTIES, INC.; 21 IN RIGHT, INC.; ROBERTO CLEMENTE, JR.; LUIS ROBERTO CLEMENTE; ROBERTO ENRIQUE CLEMENTE,
Plaintiffs – Appellants,

v.

HON. PEDRO R. PIERLUISI-URRUTIA, Governor of Puerto Rico, in his official and individual capacity and as representative of the Commonwealth of Puerto Rico; THE COMMONWEALTH OF PUERTO RICO; EILEEN M. VÉLEZ-VEGA, Secretary of the Department of Transportation and Public Works, in her official and individual capacity; FRANCISCO PARÉS ALICEA, Secretary of the Department of the Treasury, in his official and individual capacity; RAY J. QUIOÑES-VÁZQUEZ, Secretary of the Department of Sports and Recreation, in his official and individual capacity; PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY,
Defendants – Appellees,

JOHN DOE; CONJUGAL PARTNERSHIP DOE-VELEZ; JANE DOE; CONJUGAL PARTNERSHIP QUINONES-DOE,
Defendants.

On Appeal from the United States District Court for the District of Puerto Rico, San Juan, Honorable Gina R. Méndez-Miró, District Judge

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APPELLANTS' REPLY BRIEF

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INTRODUCTION

The government's brief sidesteps the facts—perhaps because they are appalling. Over the objections of the Clementes, Puerto Rico sold the Roberto Clemente trademark on license plates and vehicle tags. The government made a handsome profit of roughly 15 million dollars.[1] But the Clementes faced furor from confused Puerto Rico residents who understandably resented being charged extra fees amid a financial crisis and thought the Clementes were to blame. Puerto Rico will use the revenue it generated from one appropriation of the Roberto Clemente trademark to fund yet another. The money will go toward the creation of the Roberto Clemente Sports District—a project that the Clementes never approved and one that will replace Ciudad Deportiva Roberto Clemente, which Roberto Clemente himself created to help children in Puerto Rico.[2]

The government's brief all but confirms that sovereign immunity doesn't warrant dismissal of the Clementes' case. Sovereign immunity, even assuming

[1] This brief uses "the Clementes" to refer to all Appellants, "the Roberto Clemente trademark" to refer to Roberto Clemente's trademark, name, image and likeness. The brief refers to Appellees separately as "the government" and "the Authority" and collectively as "Defendants."

[2] The Clementes object to the Authority's portrayal of Ciudad Deportiva as "deplorable." Authority Br. at 3. Luis Clemente has been steadfast in his efforts to improve Ciudad Deportiva despite cuts in government funding and natural disasters. And, regardless of condition, nothing justifies Defendants' infringement of the Clementes' rights.

Puerto Rico can assert it, doesn't bar the Clementes from seeking just compensation in federal court. The government doesn't discuss the reasoning of the Supreme Court's recent decision in *Knick v. Township of Scott*, 588 U.S. 180 (2019). *Knick* ended the notion that property rights should be treated as a second-class right. Yet, as the government would have it, property rights should still suffer from second-tier status in cases against states, and the only self-executing provision in the Bill of Rights must be the only one unenforceable in federal court. The Lanham Act also abrogates sovereign immunity. The Act provides a clear statement that Congress eliminated sovereign immunity in its territories, and Defendants provide no textual evidence suggesting otherwise. The government conflates immunity for Puerto Rico with immunity for the States. Yet the Territorial Clause of the Constitution doesn't give the federal government any power to enact legislation for the States; it gives the federal government vast powers to enact legislation for Puerto Rico.

Defendants' arguments on the merits fare no better. Defendants fail to address some of the Clementes' arguments on the Lanham Act. The arguments that Defendants advance mainly focus on likelihood-of-confusion. But the Clementes' allegations on confusion should have cleared them past dismissal and, in any event, likelihood-of-confusion isn't necessary for two of the three Lanham Act claims here.

As for the Clementes' takings claim, Defendants wisely concede that the Fifth Amendment protects both tangible and intangible property. That concession dooms

the government's argument that a physical invasion must occur for the Clementes to plead a categorical takings claim. Supreme Court precedents undermine the Authority's contention that a categorical taking depends on a change in ownership. Property owners in many of those cases retained ownership, yet still suffered categorical takings. This Court should vacate the judgment below and remand the case for further proceedings.

ARGUMENT

I. The Clementes' request for compensation is not barred by sovereign immunity

Sovereign immunity poses no obstacle to the Clementes' request for compensation for three reasons. *First*, sovereign immunity must give way to the self-executing guarantee of the Just Compensation Clause. *Second*, Puerto Rico isn't entitled to sovereign immunity, which emanates from the sovereignty that the *states* enjoyed before the ratification of the Constitution. *Third*, the Lanham Act abrogates the immunity of Puerto Rico and its officials.

a. Sovereign immunity doesn't defeat the Clementes' right to secure just compensation for a violation of their rights under the Fifth Amendment

1. The Clementes preserved their argument that sovereign immunity doesn't deprive them of their right to just compensation

The record debunks the government's claim that the Clementes waived their argument that sovereign immunity doesn't bar them from seeking just compensation

under the Fifth Amendment. The government asserts that the Clementes never pressed the argument below. Gov't Br. at 19. That is false. From the beginning, the Clementes pressed their argument that "sovereign immunity . . . does not retain its vitality in Fifth Amendment cases." Plaintiffs' Resp. to Mot. to Dismiss Amended Compl., 3:22-cv-01373-GMM, ECF No. 53, at 21 (D.P.R., Mar. 17, 2023) (citing *First Eng. Evangelical Lutheran Church of Glendale v. County of Los Angeles*, 482 U.S. 304, 316 n.9 (1987)); *see also id.* at 20–23 (arguing that the Constitution requires compensation in takings cases and noting that the Supreme Court has never "applied the sovereign immunity of the states in a takings case"). The district court grappled with the dispute over whether "Eleventh Amendment immunity [ ] bars the Plaintiffs' takings claims," and devoted several pages to addressing the parties' arguments on that issue. *See* ADD. 52–55.

That makes this case far different from cases that the government cites in support of its waiver argument. Appellants in those cases advanced contradictory legal theories on appeal or "discovered" new facts they never raised in district court. *See Rosaura Bldg. Corp. v. Municipality of Mayaguez*, 778 F.3d 55, 61–63 (1st Cir. 2015) (Rosaura informed this Court one week before oral argument that it had a contract with the City even though it was "uncontested" in the district court "that Rosaura never had a contract with the city"); *Johnson v. Johnson*, 23 F.4th 136, 143–44 (1st Cir. 2022) (Appellant "never told the district court he believed" his argument

on appeal that his previous demand letter sufficed to provide notice under Massachusetts law); *B & T Masonry Const. Co. v. Pub. Serv. Mut. Ins.,* 382 F.3d 36, 41 (1st Cir. 2004) (Appellant engaged in the "bald-faced switching of horses in mid-stream" by "[a]dvancing one theory in the trial court and jettisoning it in favor of another (previously unarticulated) theory in the court of appeals"). Nothing of the sort happened here. Instead, the Clementes pressed this argument below and the district court considered it. This Court should do so as well.

Because there has been no waiver, this Court need not consider whether "exceptional circumstances" warrant the consideration of an issue raised for the first time on appeal. Gov't Br. 19–20 & n.6. But the Clementes would meet the exceptional-circumstances test anyway. *See National Ass'n of Soc. Workers v. Harwood*, 69 F.3d 622, 627–29 (1st Cir. 1995). The Clementes present a "highly persuasive argument" on "an issue of constitutional magnitude" and one that "implicates matters of great public moment." *Id.* at 627–28. The issue is a purely legal one that hasn't deprived this Court of useful fact-finding, *id.* at 627, and even had a property owner failed to raise the issue, that failure wouldn't have yielded any tactical advantages to that property owner or caused "special prejudice" to the government. *Id.* at 628. The issue presented here warrants review.

2. States can't invoke sovereign immunity to defeat the self-executing Just Compensation Guarantee of the Fifth Amendment

Text, purpose, history, and precedent all lead to the same conclusion: when the government takes property, it can't rely on sovereign immunity to nullify its constitutional obligation to provide just compensation. The government offers hardly a word to address the text of the Takings Clause—perhaps because it calls for Puerto Rico to provide just compensation to the Clementes. *See* Gov't Br. at 21. The government doesn't dispute that the Takings Clause is unique in that it supplies not just a limit on government power, but also the remedy if the government exceeds that limit. *See id.*; *see also* Clementes' Opening Br. at 14. The government may be displeased that the Fifth Amendment bars it from taking "private property . . . for public use, *without just compensation*." U.S. Const. amend V. (emphasis added). But it provides no way to reconcile that *requirement* of compensation with its assertion that a person's right to receive compensation depends on the generosity of the government entity that prompted the taking.

The government's theory is also incompatible with the purpose of the Takings Clause. As the Supreme Court put it, the Takings Clause prevents the government from forcing individuals to shoulder public burdens that should be borne by all. *Armstrong v. United States*, 364 U.S. 40, 49 (1960). But that's precisely what the government would do if it were allowed to use sovereign immunity to evade its

obligation to provide just compensation. For instance, a government in dire financial straits could avoid making unpopular decisions (budget cuts) simply by co-opting valuable property (popular trademarks) and refusing to pay. *Cf. Fin. Oversight & Mgmt. Bd. for P.R. v. Centro de Periodismo Investigativo, Inc.*, 143 S. Ct. 1176, 1181 (2023) (noting Puerto Rico's troubled financial history). Yet the Constitution doesn't protect the government from unhappy constituents; it protects the individual's fundamental property rights. U.S. Const. amend V.

The government's arguments on history fare no better. It concedes that a state's consent to suit may flow from "the structure of the original constitution itself." Gov't Br. at 22 (quoting *Alden v. Maine*, 527 U.S. 706, 728 (1999)); *see also id.* at 22–23 (noting the Court has found "structural waivers" in the context of suits by private parties under federal bankruptcy law, suits between States, suits by the United States against a State, the exercise of federal eminent domain power (including in suits brought by private delegates), and suits authorized by Congress pursuant to its war powers). Yet the government offers no persuasive explanation for its conclusion that no structural waiver can be found in the Fifth Amendment. *Id.* at 23. It posits that to "hold that states waived their sovereign immunity in suits that invoke a right incorporated through the Fourteenth Amendment would destroy the protection the Eleventh Amendment was specifically ratified to provide." *Id.* at 24 (quoting *Skatemore, Inc. v. Whitmer*, 40 F.4th 727, 736 (6th Cir. 2022)). But the

Clementes don't argue that the states waived their immunity for every incorporated right; they argue that the states waived their immunity for takings cases. The structure of the Constitution supports the Clementes' position. A waiver of immunity in takings cases leaves much of the states' immunity intact. But to grant states immunity in takings cases would eviscerate the promise of "just compensation" and render the Takings Clause unenforceable except in lawsuits against municipal governments.

The government makes a similar mistake when it proclaims that "the Fifth Amendment could not possibly have been a 'plan of the Convention' waiver because [it] originally applied only to the federal government." Gov't Br. at 23. That argument is one against incorporation rather than compensation. The Fourteenth Amendment incorporates several provisions of the Bill of Rights against the states. *See, e.g.*, *Gitlow v. New York*, 268 U.S. 652, 666 (1927) (incorporating the Free Speech Clause). As to all the other provisions, individuals can enforce their rights by enjoining government officials from enforcing laws that violate them. *See, e.g.*, *Cutting v. City of Portland*, 13-cv-359, 2014 U.S. Dist. LEXIS 17481, at *37 (D. Me. 2014) (enjoining city from enforcing an ordinance that violated the Free Speech Clause). Yet the remedy in takings cases is typically compensation rather than an injunction. *See Knick v. Township of Scott*, 588 U.S. 180, 201 (2019). The government's assertion that sovereign immunity defeats an individual's right to just

compensation would thus lead to the anomalous result that the Takings Clause—which was the first provision incorporated against the states—is also the only provision that's unenforceable against the states.

Precedent reinforces the Clementes' position. The government doesn't even try to distinguish *Monongahela Navi. Co. v. United States*, 148 U.S. 312, 327 (1893). But that case summed up the different duties of the different branches in takings cases. *See id.* It's the legislature's prerogative to decide whether the government wishes to take property for public use. But "the ascertainment of [compensation] is a judicial inquiry." *Id.*; *see also Bay Point Props v. Miss. Transp. Comm.*, 137 S. Ct. 2002 (2017) (statement of Gorsuch, J., respecting the denial of certiorari).

The government's efforts to distinguish *Knick* and *First English Evangelical Lutheran Church of Glendale v. County of Los Angeles*, 482 U.S. 304 (1987), suffer from the same flaw. It attempts to rest its case solely on factual differences between this case and those cases. Gov't Br. at 26–27. But every case presents different facts. The government never explains why the Court shouldn't apply the *reasoning* of those cases to issue a ruling for the Clementes here. *Cf. Carson v. Makin*, 142 S. Ct. 1987, 1998, 2000 (2022) (noting that "formal distinctions" didn't prevent the application of principles from precedent and that the government's argument would have rendered that precedent "essentially meaningless").

For instance, neither the government nor the district court explained *why* sovereign immunity should bar the Clementes from seeking just compensation in federal court. Appellate courts that have adopted the government's view have concluded that sovereign immunity precludes claims for compensation in federal court "where the State's courts remain open to adjudicate such claims." *Hutto v. S.C. Ret. Sys.*, 773 F.3d 536, 552 (4th Cir. 2014); *but see Alden*, 527 U.S. at 754 (holding that states retain immunity in their own courts). But *Knick* dispelled the notion that the presence of state court remedies eviscerates the power of federal courts to decide claims brought under the Just Compensation Clause. *See Knick*, 588 U.S. at 180. As the Supreme Court explained, the fact that "the State has provided a property owner with a procedure that may subsequently result in just compensation cannot deprive the owner of his Fifth Amendment right to compensation under the Constitution, leaving only the state law right." *Id.* Indeed, *Knick* corrected an error much like the Fourth Circuit's error in *Hutto*. The Supreme Court overruled its state-litigation requirement, which required a property owner to seek just compensation in *state* court proceedings so long as they provided "reasonable, certain and adequate" procedures for obtaining compensation. *Id.* at 198. As the Court explained, the Civil Rights Act of 1871 "guarantees 'a federal forum for claims of unconstitutional treatment at the hands of state officials,'" but that guarantee ringed "hollow for

takings plaintiffs, who [were] forced to litigate their claims in state court." *Id.* at 185 (quoting 42 U.S.C. § 1983).

Knick also "restor[ed] takings claims to the full-fledged constitutional status the Framers envisioned when they included the Clause among the other protections in the Bill of Rights." *Id.* at 189. The fault with *Williamson County* was that it relegated the Takings Clause "to the status of a poor relation among the provisions of the Bill of Rights." *Id.* (internal quotations omitted). "Plaintiffs asserting any other constitutional claim are guaranteed a federal forum under §1983, but the state-litigation requirement hands authority over federal takings claims to state courts." *Id.* (internal quotations and brackets omitted). Yet the government's position would, for takings cases against state governments, put takings plaintiffs in the disfavored positions in which they were placed before *Knick*. As the government would have it, individuals who are asserting a self-executing right are the only ones who can't have their claims heard in federal court. There's no justification for this incongruous result.

The government is also wrong in asserting that nothing in *First English* "speaks to the issue here." Gov't Br. at 26. *First English* rejected an argument that "principles of sovereign immunity" in part established that the Fifth Amendment "is only a limitation on the power of the Government to act, not a remedial provision." 482 U.S. at 316, n.9. *First English* "suggested that state sovereign immunity must

yield in suits asserting takings claims." Richard H. Fallon, Jr., *The "Conservative" Paths of the Rehnquist Court's Federalism Decisions*, 69 U. Chi. L. Rev. 429, 485 (2002); *see also* Catherine T. Struve, *Turf Struggles: Land, Sovereignty, and Sovereign Immunity*, 37 New Eng. L. Rev. 571, 574 (2003) ("[T]he Supreme Court implied in *First English Evangelical Lutheran Church v. Los Angeles* that the Constitution requires the state to provide the remedy of just compensation for a governmental taking of property.").

Faced with unfavorable Supreme Court precedent, the government cites *Citadel Corp. v. P.R. Highway Auth.*, 695 F.2d 31, 33–34 & n.4 (1st Cir. 1982). In a one-sentence dictum in a footnote, *Citadel* posited that "the Eleventh Amendment *should* prevent a federal court from awarding" just compensation. *Id.* at 34, n.4 (emphasis added). The Court's holding, which has fallen into disrepute, was that courts should issue injunctive relief rather than award just compensation in inverse condemnation cases. *See id.* at 33 (citing *Pamel Corp. v. Puerto Rico Highway Auth.*, 621 F.3d 33, 35 (1st Cir. 1980)); *but see Knick*, 588 U.S. at 201 ("As long as an adequate provision for obtaining just compensation exists, there is no basis to enjoin the government's action effecting a taking."). Dictum is not precedent. *Dedham Water Co. v. Cumberland Farm Dairy, Inc.*, 972 F.2d 453, 459 (1st Cir. 1992). So the parties ultimately agree with the district court's observation that "the First Circuit has not dwelled on this thorny subject." ADD. 53; *see* Gov't Br. at 20.

The government shifts gears to marshal a handful of out-of-circuit precedents in its favor. But this Court must sometimes disagree with its sister courts. *See Anderson v. Butler*, 858 F.2d 16, 19 (1st Cir. 1988). And there are two reasons why the precedents that the government invokes do not support a ruling in its favor.

For one, the government has been coy about its position in this case. It suggests that its assertion of immunity is limited to federal court. *See, e.g.*, Gov't Br. at 27 (framing the issue as "whether the Eleventh Amendment bars a takings claim for damages when brought against a *State* in *federal* court") (second emphasis added). But it avoids any mention of the district court's opinion, which held that, despite the Clementes' assertion that "there is no local remedy to redress their takings claim, the Court must conclude that their claim under the Takings Clause is equally barred by the sovereign immunity doctrine." ADD. 55. None of the cases that the government cites go that far. *See EEE Mins., LLC v. State of N. Dakota*, 81 F.4th 809, 816 (8th Cir. 2023) (holding that "the Eleventh Amendment bars a claim against the State in federal court as long as state courts remain open to entertain the action"); *Pavlock v. Holcomb*, 35 F.4th 581, 589 (7th Cir. 2022) (same); *Zito v. N.C. Coastal Res. Comm'n*, 8 F.4th 281, 288 (4th Cir. 2021) (same); *Williams v. Utah Dep't of Corr.*, 928 F.3d 1209, 1213 (10th Cir. 2019) (same); *Bay Point Properties, Inc. v. Miss. Transp. Comm'n*, 937 F.3d 454, 455 (5th Cir. 2019) (analyzing "sovereign immunity principles protecting states from suit in federal court"); *Ladd*

v. Marchbanks, 971 F.3d 574, 582 & n.6 (6th Cir. 2020) (declining to squarely address the issue).

The government's claim of federal-court immunity in takings cases is also meritless. The same problem plagues many of the cases cited by the government and the district court. Those cases routinely rely on the reasoning in the Supreme Court's decision in *Reich v. Collins*, 513 U.S. 106 (1994). *See Hutto* 773 F.3d at 552 (reaching its conclusion by "[r]easoning analogously" from *Reich*); *DLX, Inc. v. Kentucky*, 381 F.3d 511, 527–28 (6th Cir. 2004) (relying on *Reich*); *EEE Mins., LLC v. State of N. Dakota*, 81 F.4th 809, 816 (8th Cir. 2023) (same); *Zito v. N.C. Coastal Res. Comm'n*, 8 F.4th 281, 285 (4th Cir. 2021) (same); *see also Jachetta v. United States*, 653 F.3d 898, 909 (9th Cir. 2011) (relying on circuit court precedent that relied on *Reich*); *Pavlock v. Holcomb*, 35 F.4th 581, 589 (7th Cir. 2022) (same); *Ladd v. Marchbanks*, 971 F.3d 574, 578 (6th Cir. 2020) (same); *Williams v. Utah Dep't of Corr.*, 928 F.3d 1209, 1213 (10th Cir. 2019) (same).[3]

Yet *Reich*, which noted in dicta that States enjoy sovereign immunity in federal courts over tax refunds, was a due process case. *Reich*, 513 U.S. at 109. And

[3] The government doesn't defend the district court's reliance on cases that have improperly applied *Reich* to takings cases. *See* Gov't Br. at 30 & n.8. Its argument that the Clementes waived the argument is meritless. *See id.* The Clementes' opening brief noted that the district court relied on cases that "reasoned analogously" from *Reich*, and explained why those cases were wrong to extend the reasoning in *Reich* to takings cases. *See* Clementes' Opening Br. at 18.

the Supreme Court has dispelled the notion that courts can use due process inquires to answer takings questions. *Knick*, 588 U.S. at 186 ("[T]he analogy from the due process context to the takings context is strained."); *Lingle v. Chevron U.S.A. Inc.*, 544 U.S. 528, 540 (2005) (due process inquiries "has no proper place in [ ] takings jurisprudence").

b. Puerto Rico isn't entitled to sovereign immunity

The government's argument on Puerto Rico's sovereign immunity attacks a strawman. It spills much ink to argue a point that's not in dispute: this Court has held that Puerto Rico is entitled to sovereign immunity. Gov't Br. at 13–18; Appellants' Opening Br. at 19. But, as the Clementes explained in their opening brief (at 19–21), this issue merits further review. *Cf. United States v. Padilla*, 415 F.3d 211, 215 (1st Cir. 2005) (court "voted, sua sponte, to withdraw the panel opinion in relevant part and rehear en banc" one of the issues presented). The question of whether the Commonwealth of Puerto Rico may assert the sovereign immunity of States against its residents is plainly "a question of exceptional importance." Fed. R. App. Proc. 35(a)(2). And it's a question that calls for a fresh look given that a Justice of the Supreme Court signified that Puerto Rico's assertion of sovereign immunity "appears untenable." *Fin. Oversight & Mgmt. Bd.*, 143 S. Ct. at 1186–88 (2023) (Thomas, J., dissenting); *see also id.* at 1183 & n.2 (majority opinion) (reserving judgment on that issue). That's because territories, like Puerto Rico, "are not

sovereigns distinct from the United States." *Puerto Rico v. Sanchez Valle*, 579 U.S. 59, 71 (2016). Instead, "territorial and federal laws are creations emanating from the same sovereignty." *Puerto Rico* v. *Shell Co. (P. R.), Ltd.*, 302 U.S. 253, 264 (1937). In all, in matters involving Puerto Rico, the only sovereign is the United States.

c. The Lanham Act abrogates the immunity of Puerto Rico and its officials

The Lanham Act abrogates Defendants' immunity for two independent reasons. *First*, the Lanham Act provides a clear statement that Puerto Rico doesn't retain its limited immunity in federal court, and that's all that's required. *See* Clementes' Opening Br. at 21–22. *Second*, even if Puerto Rico's immunity mirrored the immunity of the states, Congress has properly abrogated that immunity through its enforcement powers under the Fourteenth Amendment. *See id.* at 24–25.

The government fails to advance, and thus waives, any rebuttal to the Clementes' argument on *territorial* immunity.[4] *See French v. Merrill*, 15 F.4th 116, 133 (1st Cir. 2021). The government attempts to plug round pegs into square holes by borrowing from Supreme Court decisions about the sovereign immunity of the States to advance its arguments about Puerto Rico's immunity. *See* Gov't Br. at 30–34. But the Constitution's Territories Clause gives Congress plenary power to

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[4] The government also offers no response (and waives any argument) to the Clementes' contention that the Lanham Act also abrogates any qualified immunity Puerto Rico officials might possess. *See* Clementes' Opening Br. at 24–25.

legislate on behalf of Puerto Rico. *See* U.S. Const. Art. IV, § 3, Cl. 2. The only question that remains is whether Congress has made "its intent to abrogate sovereign immunity unmistakably clear in the language of the statute." *Fin. Oversight & Mgmt. Bd.*, 143 S. Ct. at 1183 (internal quotations omitted). It has. *See* Clementes' Opening Br. 21–22. The Act contains an express "waiver of sovereign immunity by the United States," 15 U.S.C. § 1122(a), a term that the Act defines to encompass "all territory which is under its jurisdiction and control." *Id.* § 1127. The Lanham Act thus properly abrogates Puerto Rico's limited immunity in federal court.

This Court need not confront the harder question of whether the Lanham Act abrogates the sovereign immunity of the States. But the Clementes would also prevail on that issue. The parties agree that Congress can abrogate a state's sovereign immunity when it (1) provides a clear statement that it intends to do so, and (2) acts within the confines of its enforcement power under Section Five of the Fourteenth Amendment. *See* Gov't Br. at 30–33.

The government veers off course at both junctions. First, the Lanham Act provides a clear statement that Congress intended to abrogate the sovereign immunity of the States. In reaching the opposition conclusion, the government points to the district court's recitation of legislative history. Gov't Br. at 31 (citing ADD. 27–28) (arguing that "amendments to the Lanham Act were made to subject the federal government to suit for trademark infringement and dilution, but not the states

or territories”). But a clear statement is found in the text of the statute itself.[5] *See* 15 U.S.C. § 1125(b) (waiver of sovereign immunity by states); *Bostock v. Clayton Cnty.*, 590 U.S. 644, 674 (2020) (“[L]egislative history can never defeat unambiguous statutory text”). That’s why even the principal case cited by the district court acknowledges that Section 1125 “demonstrate[s] Congress’s intention to subject the state to liability in trademark actions brought by those injured by a state’s acts.” *Board of Regents of the Univ. of Wisconsin Sys. v. Phoenix Int’l Software, Inc.*, 653 F.3d 448, 458 (7th Cir. 2011).

Second, Congress properly abrogated the states’ sovereign immunity in cases involving trademark infringement. *See* Clementes’ Opening Br. at 22–24. As the Clementes explained, prior cases holding that Congress didn’t properly abrogate sovereign immunity are inapt here because the Lanham Act’s protection of trademarks concern “constitutionally cognizable property interests.” *Id.*; *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Board*, 527 U.S. 666, 673 (1999).

II. The Clementes are entitled to prospective relief against all Defendants

The Clementes request prospective relief against Defendants for enforcing multiple programs that violate the Clementes’ rights. *First*, the Clementes seek an

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[5] The government doesn’t even try to reconcile the Lanham Act’s *text* with its contention that there isn’t a clear statement to abrogate sovereign immunity.

injunction prohibiting Defendants from using the Roberto Clemente trademark in its future implementation of the Roberto Clemente Sports District and from continuing to use the trademark in the project name. *Second*, the Clementes seek a separate order directing the government to cease its violation of the Takings Clause by providing just compensation for its appropriation of the trademark through its license plate and vehicle tag programs.

a. The Clementes are entitled to prospective relief to prevent the continued implementation of the Law 67-2022

The government doesn't dispute that *Ex Parte Young*, 209 U.S. 123 (1908) provides for injunctive relief against government officials to halt an ongoing violation of federal law. *See* Gov't Br. at 34–37. It instead contends that "any arguments" on *Ex Parte Young* "are waived." *Id.* at 36–37. But waiver hinges on whether a party has raised an argument, not on whether the government has bothered to read it. From the outset, the Clementes sought to stop Law 67-2022's continued appropriation of their trademark for the Roberto Clemente Sports District. *See* A25–A32, A35–37. As stated in the Clementes' complaint, this planned misuse of the Clemente trademark is a separate violation from Puerto Rico's license plate program. *See* A25–27; *see also* A27 (¶ 3.74) (noting Law 67-2022 provides that the Department of Sports and Recreation will allocate $150,000 to the Authority for the planning and organization of the facilities in the sports district). That's why the

Clementes' complaint didn't only ask for compensation for the government's appropriation of their trademark pursuant to Puerto Rico's license plate program, A50 (¶¶ 5.3–5.5). Rather, the Clementes separately sought "injunctive relief proscribing Defendants [from using] the Roberto Clemente mark pursuant to Puerto Rico Law 67-2022 and enjoining the creation of the Roberto Clemente Sports District. *Id.* (¶ 5.6); *see also* A35–37 (invoking the cause of action provided by the Lanham Act to seek injunctive relief to prevent the continued appropriation of the Roberto Clemente trademark).

The Clementes' opening brief recounts the relevant facts. *See* Clementes' Opening Br. at 6–7 (noting, for example, that the Clementes oppose the creation of the Sports District and that the project will lead to the further misuse of the Roberto Clemente trademark). It faults the decision below for having "sidestepped Law 67-2022's planned trademark infringement and declar[ing] that the Clementes had 'provided the Court with no basis from which it can infer any possibility of an ongoing violation of federal law.'" *Id.* at 9–10 (quoting ADD. 35–36). The Clementes asserted—as they have all along—that they are seeking prospective relief to "prevent the *continued* implementation of Law 67-2022." *Id.* at 25 (emphasis in original); *see also id.* at 26 (reiterating that the Clementes seek to enjoin Defendants "from the unauthorized use of the Roberto Clemente trademark in connection with

the Roberto Clemente Sports District"); *id.* at 27 (the Clementes seek "to enjoin the creation and development of the Roberto Clemente Sports District").

The Authority's brief confirms the Clementes are seeking to enjoin Defendants from undertaking future acts. *See* Authority Br. at 7 (noting that "the Authority has not commenced planning the Roberto Clemente Sports District under Act 67-2022"). The Authority resists prospective relief based on its belief that it will not violate the Lanham Act or the Takings Clause. *See id.* at 13–14. But the Authority holds a radically different view of what those provisions require. *See id.* at 13 (contending that the Authority will not violate the Clementes' rights "given that the Authority will not be the owner of the property nor the mark"); *but see infra* Sections III and IV (noting that the Authority's arguments are misguided). In any event, the Clementes have adequately pled that the Authority will develop the sports district that bears Roberto Clemente's name. *See, e.g.*, A27–A29 (¶¶ 3.74–3.75, 3.84).

Prospective relief against the Authority is proper to ensure that a favorable resolution of the Clementes' case will redress their injuries. *See Katz v. Pershing, LLC*, 672 F.3d 64, 72 (1st Cir. 2012). And the Lanham Act expressly provides for injunctive relief in situations like this one. 15 U.S.C. § 1116 ("[C]ourts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions"); *see also* 15 U.S.C. 1125(c)(1) ("[T]he owner of a famous mark… shall

be entitled to an injunction… regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”). The Clementes are therefore entitled to prospective relief to enjoin Law 67-2022’s continued misuse of the Roberto Clemente trademark for the Roberto Clemente Sports District.

b. The Clementes are entitled to prospective relief to require Defendants to halt their violation of the Takings Clause by providing just compensation

The Clementes are also entitled to an injunction requiring Defendants to provide just compensation for their appropriation of the Roberto Clemente trademark by Resolutions No. 16 and 17. *See* A50 (¶¶ 5.3 & 5.5) (requesting injunctive relief proscribing Defendants from using the Roberto Clemente mark, name and likeness under Puerto Rico Joint Resolutions No. 16 and 17 of 2021 *without just compensation*) (emphasis added).

The Clementes have the better of this complex question. *Cf.* Transcript of Oral Argument at 56–57, *DeVillier v. Texas*, 144 S. Ct. 938 (2024) (No. 22-913) (Justice Gorsuch: “why wouldn't the injunction order the state to pay?”). The government proffers out-of-circuit decisions in support of its argument, Gov’t Br. at 41–42 & n.11, but offers only a cursory analysis of the relevant Supreme Court precedent. *See id.* at 42. As the government concedes, injunctive relief is proper if it’s a necessary result of compliance with a substantive federal question determination rather than only a form of compensation. *Id.* (citing *Milliken v. Bradley*, 433 U.S. 267, 269

(1977) and *Edelman v. Jordan*, 415 U.S. 651, 667–69 (1974)). Here, injunctive relief serves *both* purposes. The Takings Clause is unique. Where other provisions of the Bill of Rights speak in prohibitory terms, the Takings Clause proscribes otherwise valid takings if the government fails to provide just compensation. U.S. Const. amend. V. Puerto Rico can't undo its misuse of the Roberto Clemente trademark on license plates and vehicle tags, so the only way by which it can comply with the Takings Clause is by providing compensation.

III. The Clementes stated a plausible claim for relief under the Lanham Act

The Clementes stated a plausible claim that Defendants violated three provisions of the Lanham Act.[6] *See* Clementes' Opening Br. at 28–44 (citing 15 U.S.C. §§ 1114, 1125(a), and 1125(c)). In their response, Defendants offer only a partial defense of the district court's dismissal. Defendants don't dispute the Clementes' contention that the district court's *sua sponte* dismissal was improper. *See id.* at 28–30. Nor do Defendants discuss the Clementes' trademark dilution claim, *see id.* at 42–44 (citing 15 U.S.C. § 1125(c)), which can succeed even without likelihood of confusion. *Jack Daniel's Properties, Inc. v. VIP Prod. LLC*, 143 S. Ct.

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[6] The jurisdictional nature of dismissals on sovereign immunity grounds requires it to be entered without prejudice. *Dupree v. Owens*, 92 F.4th 999, 1008 (11th Cir. 2024). So it seems the district court's discussion of the merits led it to dismiss this case with prejudice. ADD. 70.

1578, 1584 (2023). The Clementes' arguments on those points are thus uncontested. *See French*, 15 F.4th at 133.

The arguments that Defendants advance are unpersuasive. A plaintiff asserting a trademark infringement claim under 15 U.S.C. § 1114 must establish "(1) that its mark is entitled to trademark protection, and (2) that the allegedly infringing use is likely to cause consumer confusion." *Boston Duck Tours, LP v. Super Duck Tours, LLC*, 531 F.3d 1, 12 (1st Cir. 2008) (internal citations omitted). Both the district court and the government agree that the Roberto Clemente trademark is entitled to protection. ADD. 42; Gov't Br. at 52.[7]

The district court's dismissal turned on a different factor. ADD. 42–44. The government barely defends the district court's conclusion that the Clementes couldn't show that they used their "mark in commerce in connection with goods or services." *Id.* Nor is that conclusion defensible. The "good or service" is the trademark, which carries intrinsic value separate from any product it endorses. Clementes' Opening Br. at 33. But even if the "good or services" were viewed as

[7] The Authority's brief implies that the Clemente trademark doesn't encompass sports facilities. *See* Authority Br. at 8–9 (noting that the Clementes' registration protects the trademark from unauthorized use in video games, beer cans, and other items). But the class of registration isn't dispositive in a trademark infringement claim, *see Kotabs, Inc., v. Kotex Co.*, 50 F.2d 810, 812 (3d Cir. 1931), and at any rate, the Clementes' trademark protects it from unauthorized use in sports facilities. *See* Clementes' Opening Br. at 36–37.

license plates and tags, those items are plainly among the items included in the Clementes' trademark registration. *See id.* at 34–35.[8]

The government's main argument concerns the likelihood of confusion. *See* Gov't Br. at 51–54. The government's main case refutes its argument. *See id.* at 54 (citing *Swarovski Aktiengesellschaft v. Bldg. No. 19, Inc.*, 704 F.3d 44, 52 (1st Cir. 2013)). In *Swarovski*, this Court explained that trademark confusion can stem not only from misapprehensions of the source of a good or service, but also of "endorsement or affiliation." *Id.* at 49 (emphasis in original). That's exactly what the Clementes have pled. A20–A21 (¶¶ 3:42–3:48) (noting that Puerto Rico's sale of the Roberto Clemente trademark in license plates and vehicle tags led to resentment from Puerto Rico residents, who blamed the Clementes for the imposition of additional fees).

The Clementes also stated a plausible claim for relief under 15 U.S.C. § 1125(a). That statute protects trademark holders from false advertisement and false association. The government doesn't address false association and tries to import the likelihood-of-confusion test from Section 1114 to Section 1125 claims. *See* Gov't

[8] "Use in commerce" is not required to establish trademark infringement, but the Clementes' trademark is routinely used in commerce. *See id.* at 30–31; A15 (¶ 3.14). Moreover, the protections of the Lanham Act are not limited to commercial enterprises seeking a profit. *See Trusted Integration v. United States*, 679 F. Supp. 2d 70, 80 (D.D.C. 2010).

Br. at 51. But consumer confusion isn't necessary in a Section 1125 false-advertising claim. Rather, the trademark holder "can succeed on a false advertising claim by proving either that an advertisement is false on its face or that the advertisement is literally true or ambiguous but likely to mislead and confuse consumers." *Clorox Co. Puerto Rico v. Proctor & Gamble Com. Co*., 228 F.3d 24, 33 (1st Cir. 2000). Here, the Clementes allege that Defendants have made both false and misleading statements. *See, e.g.*, A20 (¶¶ 3.84–3.85) (noting that although Law 67-2022 describes the Sports District as fulfilling the vision of Roberto Clemente, Defendants knew all along that the Clementes are strongly opposed to the project); A19–A20 (¶ 3.39) (government documents stated that revenue generated from vehicle tags would go to a Roberto Clemente Fund—even though the fund has nothing to do with the Clementes).

The Authority asserts that the right to use Roberto Clemente's name and likeness is permitted under Puerto Rico's right-of-publicity law. Authority Br. at 9. But Puerto Rico law isn't at issue in this appeal, and federal law protects Roberto Clemente's name, image, and likeness from misuse. The Clementes can plead a false advertisement claim under 15 U.S.C. § 1125(a) "where a celebrity's image or persona is used in association with a product so as to imply that the celebrity endorses the product." *ETW Corp. v. Jireh Pub., Inc.*, 332 F.3d 915, 925 (6th Cir. 2003); *see also Fleischer Studios, Inc. v. A.V.E.L.A., Inc.*, 925 F.Supp.2d 1067, 1077

(C.D. Cal. 2012) (the doctrine of legal equivalents "recognizes that words and pictures that have the same meaning can be confusingly similar"). That is what happened here. A21 (¶ 3.47) (Puerto Rico residents perceived the Clementes as blameworthy for the sale of the Clemente trademark on license plates and vehicle tags); A29 (¶ 3.84) (Puerto Rico's use of Roberto Clemente's name in the new sports district is misleading and communicates the Clementes' endorsement of the project).

IV. The Clementes stated a plausible claim for relief under the Takings Clause of the Fifth Amendment

1. The Roberto Clemente Trademark is a constitutionally protected property right under the Fifth Amendment's Takings Clause

The government all but concedes that trademarks are constitutionally protected under the Takings Clause. *See* Gov't Br. at 43–46. It concedes, as it must, that the Takings Clause protects both tangible and intangible property. *See id.* at 46; *Ruckelshaus v. Monsanto Co*., 467 U.S. 986, 1003 (1984). And it offers no dispute that trademarks have historically been protected under both common law and Puerto Rico law. *Compare* Gov't Br. at 43–46, *with* Clementes' Opening Br. at 45–47. The government instead cites both commentary and cases *affirming* that trademarks are a form of property and give the property owner the "right to exclude" others. Gov't Br. at 45 & n.13; *see* Clementes' Opening Br. at 47–49 (noting that trademarks bear the hallmark of constitutionally protected property rights because they grant the trademark holder the right to exclude others). That should be the end of the matter.

*See Tyler v. Hennepin Cnty.,*143 S. Ct. 1369, 1375 (2023) (property rights are defined by drawing on state law, traditional property law principles, historical practice, and Supreme Court precedents); *id.* at 1379 (the government "may not extinguish a property interest that it recognizes everywhere else to avoid paying just compensation when it is the one doing the taking").

At all events, the government's concessions leave it in the unenviable position of advancing the theory that trademarks are "a form of property," but are not a "property interest protected by the Fifth Amendment." Gov't Br. at 45–46; *but see* Authority Br. at 13 (conceding that trademarks are "[w]ithin the spectrum of property safeguarded by the Takings Clause"). The government fails to offer a single case in support of this contorted theory, and instead points to a commentator for support. *See id.* at 46 & n.14. But the commentary quoted by the government says nothing about the Fifth Amendment. *See id.* The commentator is incorrect in suggesting that "the exclusive property right of a trademark is [usually] defined by customer perception." McCarthy on Trademarks and Unfair Competition § 2:10 (internal quotations omitted); *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 575 U.S. 138, 142 (2015) (noting that one acquires trademark rights by using the trademark in commerce, and those rights include preventing others from using the mark). And the government doesn't even hint as to why that assertion, even if true, would somehow be relevant to the Fifth Amendment analysis.

2. Puerto Rico's appropriation and unauthorized use of the Roberto Clemente trademark is a categorical taking requiring just compensation

Puerto Rico's appropriation and unauthorized use of the Clementes' trademark is a categorical taking. The government devotes many words to reciting the district court's decision but barely any to defend the district court's conclusion. *See* Gov't Br. at 46–49. As the Clementes explained in their opening brief (at 49–53), the district court was wrong to conclude that the Clementes didn't allege a taking merely because the government didn't deprive them of "all economically beneficial use" of the property. ADD. 56; *See, e.g.*, *Cedar Point Nursery v. Hassid*, 141 S. Ct. 2063, 2072, 2077 (2021) (access regulation that allowed union organizers time-limited access to the private property of agricultural growers effected a categorical taking because it destroyed the growers' right to exclude). As the government all but concedes, the district court borrowed that inquiry from a "second category of *per se* regulatory taking[s]" not at issue in this case. Gov't Br. at 49 (citing *Lucas v. S.C. Coastal Council*, 505 U.S. 1003, 1115–16 (1992)).

The government takes a different tack—arguing that the Clementes can't plead a categorical taking because the government didn't "require [them] to suffer any physical invasion of their property." Gov't Br. at 49. The Government's argument proves too much. The list of constitutionally protected property interests includes trade secrets, real estate liens, contracts, and the like. *See Monsanto*, 467

U.S. at 1003. Those property interests aren't susceptible of "physical invasion"—not because they aren't property but because they are *intangible*. The Fifth Amendment protects those intangible property rights because they—like trademarks—share "many of the characteristics of more tangible forms of property" and are "products of an individual's [labor] and invention." *Id.* at 1002–03 (internal quotations omitted); *see B&B Hardware, Inc.*, 575 U.S. at 172 ("[T]he right to adopt and exclusively use a trademark appears to be a private property right that 'has been long recognized by the common law and the chancery courts of England and of this country.'") (quoting *Trademark Cases*, 100 U.S. 82, 92 (1879)); *Coll. Sav. Bank*, 527 U.S. at 673 (noting that the owner of a trademark has the right to exclude others).

The government's appropriation and use of the Roberto Clemente trademark for its personal use is a classic taking which demands payment of just compensation. *Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg'l Plan Agency*, 535 U.S. 302, 322 (2002). The fact that a trademark is intangible and can't be physically invaded is irrelevant to whether the government took the Clementes' trademark and used it as its own.

The Authority contends that it can't violate the Takings Clause because it will not "hold the ownership of the property in question." Authority Br. at 13. But the Supreme Court has found a categorical taking of property in many cases—even without a change in ownership. *See, e.g.*, *Cedar Point*, 141 S. Ct. at 2074; *Loretto v.*

Teleprompter Manhattan CATV Corp., 458 U.S. 419, 441 (1982).[9] It is when the government takes away an owner's right to exclude others from using their property, not whether the government took title or ownership of the property, that triggers the categorical duty to pay just compensation. *Cedar Point*, 141 S. Ct. at 2073.

V. Defendants are not entitled to qualified immunity for their appropriation of the Roberto Clemente trademark

As the Clementes explained in their opening brief, Defendants waived some of their qualified immunity arguments, Clementes' Opening Br. at 53–54, and the Lanham Act abrogates any qualified immunity that Defendants might otherwise possess. *Id.* at 24–25. Defendants offer no rebuttal, and therefore waive, their response to these points. *See French*, 15 F.4th at 133.

The arguments that Defendants do advance fare no better. The government officials feign ignorance on whether they are sued in their official or individual capacity. Gov't Br. at 56. But the operative complaint makes it plain that the government officials are sued in both their individual and official capacities. *See* A12–A13 (¶¶ 2.6–2.10). The Authority argues that its involvement in enforcing Law 67-2022 is "merely incidental." Authority Br. at 15. But the Authority will be paid

[9] In fact, all inverse condemnation and regulatory takings cases involve a taking of private property where the government has not formally taken ownership or title in the property. *See United States v. Clarke,* 445 U.S. 253, 257 (1980); *Lingle*, 544 U.S. at 537–38.

$150,000 per year by Puerto Rico—from money that Puerto Rico generated from its earlier appropriation of the Clemente trademark—to develop the Roberto Clemente Sports District. *See* Clementes' Opening Br. at 59–60; *see also* A30–31 (¶¶ 3.90–3.92) (noting that even the reference to Roberto Clemente constitutes an illicit appropriation of the Clemente trademark).

Also unpersuasive is Defendants' assertion that they are immune because they were "merely complying with their official duties to enforce a law as adopted by the legislature." Gov't Br. at 57 (citing ADD. 63). Defendants' assertion undermines their claim of qualified immunity, "which shields public officials from personal liability for actions taken while performing *discretionary* functions." *Ciarametaro v. City of Gloucester*, 87 F.4th 83, 87 (1st Cir. 2023) (internal quotations omitted) (emphasis added). In any case, Defendants can't absolve themselves of liability merely by following Puerto Rico law because it's clearly established that federal law is the supreme law of the land. *See* U.S. Const. art. VI, cl. 2.

Defendants retreat to the stance that they aren't liable because the district court held that the Clementes' "allegations do not plausibly establish a claim under the Lanham Act [or] the Takings Clause." Gov't Br. at 57 (quoting ADD. 63). But, as the Clementes explain in this appeal, the lower court's conclusion was incorrect. Defendants are not entitled to qualified immunity.

CONCLUSION

This Court should reverse the district court's judgment and remand the case for further proceedings.

Dated: July 19, 2024.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

I hereby certify that this document complies with this Court's order granting Appellants leave to file an oversized brief because, excluding the parts of the document exempted by Fed. R. App. P. 32(f), this document contains 7,905 words. This document complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type-style requirements of Fed. R. App. P. 32(a)(6) because this document has been prepared in a proportionally spaced typeface using 14-point font in Times New Roman.

Dated: July 19, 2024.

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CERTIFICATE OF SERVICE

I hereby certify that on July 19, 2024, I submitted the foregoing brief to the Clerk of the Court via the CM/ECF system, which served those documents on all counsel of record.

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