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## Condemning Clothes: The Constitutionality of Taking Trademarks in the Professional Sports Franchise Context

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# Condemning Clothes: The Constitutionality of Taking Trademarks in the Professional Sports Franchise Context

Mitchell D. Diles\*

## *Abstract*

*The resurgence in franchise free agency in the National Football League (NFL) potentially implicates the loss of a significant source of local identity and tradition for multiple cities. In January 2016, NFL owners approved the relocation of the Rams franchise from St. Louis, Missouri, to Los Angeles, California, by a vote of thirty-to-two. The owners' vote also potentially implicates the relocation of the San Diego Chargers and the Oakland Raiders. Though applauded by numerous sports commentators, athletes, and fans, the vote reflects the failure of negotiations between the City of St. Louis and the Rams organization. The approval also sets the stage for a new generation of controversies over valuable team property. This includes disputes over team logos and other trademarks.*

*Although cities and fans may appear helpless when faced with franchise relocation, one powerful, although rarely invoked, point of leverage for local governments is the threat of exercising eminent domain power. In theory, this action could prevent a team from relocating. During the 1980s and 1990s, efforts to prevent professional sports franchises from moving, which included condemnation proceedings initiated by multiple cities, largely failed. Given the current, broad interpretation of the public use*

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\* Candidate for J.D., Washington and Lee University School of Law, May 2017. I am eternally grateful to Professor Christopher Seaman for inspiring this Note and for his constant guidance and feedback. I would also like to thank the Washington and Lee Law Review editorial boards for their thoughtful edits and suggestions. Finally, thank you to my parents, David and Suzanne, for their enduring love and support in all my endeavors. I owe all my success to them.

language in the Takings Clause, however, it is unclear whether another eminent domain action could succeed. Moreover, it is unclear whether an eminent domain action could seize a moving franchise's trademarks given the "proPERTIZATION" of trademarks and other forms of intellectual property.

This Note examines whether a city could exercise its eminent domain powers to acquire the intangible intellectual property rights associated with a professional sports franchise, specifically a team's trademarks and associated goodwill. In doing so, it examines the unresolved issue of whether trademarks constitute constitutionally protected private property under the Takings Clause of the Fifth Amendment. If trademarks constitute constitutionally protected private property, the Fifth Amendment provides users of the mark with enhanced protection against government seizures. In the context of professional sports franchises, this would give teams greater protection upon relocation.

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### I. Introduction

As Jerry Seinfeld famously explained, sports fans cheer for clothes.<sup>1</sup> In many respects, he is right. The clothes represent a particular brand—the city, the franchise’s history, and a prized form of entertainment.<sup>2</sup> Essentially, a professional sports team and the clothes its players wear symbolize the franchise’s home community.<sup>3</sup> Teams help give their fans a sense of belonging and

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1. See *Seinfeld: The Label Maker* (NBC television broadcast Jan. 19, 1995) (discussing the phenomenon of fan loyalty to any one sports franchise, regardless of the players for that team). According to Seinfeld’s observations, “[l]oyalty to any one sports team is pretty hard to justify, because the players are always changing, the team could move to another city. You’re actually rooting for the clothes when you get right down to it.” *Id.* Often, he notes, “[f]ans will be so in love with a player, but if he goes to another team, they boo him.” *Id.*

2. See GLENN M. WONG, *ESSENTIALS OF SPORTS LAW* 672 (4th ed. 2010) (describing the desire of fans to identify with a favorite franchise or athletic organization, which results in the purchase of items ranging from hats to jerseys to pennants “that carry a team name, nickname, team player name or number, logo, or symbol of the organization”).

3. See Matthew J. Mitten & Bruce W. Burton, *Professional Sports Franchise Relocations from Private Law and Public Law Perspectives: Balancing Marketplace Competition, League Autonomy, and the Need for a Level Playing*

something to believe in, something to look forward to, and something that they take pride in.<sup>4</sup> Though athletes and coaches come and go, the franchise remains.<sup>5</sup>

In the context of professional sports, trademarks protect a franchise's exclusive interest in the names, colors,<sup>6</sup> logos, and symbols fans associate with the team.<sup>7</sup> For any company in a competitive market, the ability to capture the attention of consumers is an invaluable asset.<sup>8</sup> The same is true for sports teams.<sup>9</sup> With the help of trademarks, the clothes players wear create an identifiable image through which a team promotes its products and services.<sup>10</sup> Considering the increase in popularity of professional sports and modern sports marketing, trademark licensing is a growing, multi-million dollar industry.<sup>11</sup>

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*Field*, 56 MD. L. REV. 57, 59 (1997) (discussing the relationship between a professional sports franchise and its host city in the context of franchise relocation).

4. *See id.* (explaining the effect of a professional sports franchise on its host community).

5. *See id.* (observing that professional sports franchises often become “deeply ingrained in the local identity” of their host communities).

6. *See, e.g.,* *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995) (holding that trademark protection may extend to a single color).

7. *See* WONG, *supra* note 2, at 665 (illustrating the additional revenue that sports teams earn by licensing their trademarks).

8. *See* Dannean J. Hetzel, *Professional Athletes and Sports Teams: The Nexus of Their Identity Protection*, 11 SPORTS L.J. 141, 143 (2004) (commenting on the value of identity for any professional athlete or sports franchise).

9. *See id.* (showing the increase in value and popularity of sports franchises over the years).

10. *See* WONG, *supra* note 2, at 665–66 (describing the primary, historical purposes underlying a sports franchise's trademark, and the emergence of trademark licensing as a significant revenue source for teams); Hetzel, *supra* note 8, at 142 (noting that “[p]rofessional . . . sports teams generate millions of dollars each year using their popularity to sell products and services”).

11. *See* Mark S. Nagel & Daniel A. Rascher, *Washington “Redskins”-Disparaging Term or Valuable Tradition?: Legal and Economic Issues Concerning Harjo v. Pro-Football, Inc.*, 17 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 789, 796 (2007) (commenting on the recent trend among professional sports teams in “releasing multiple versions of their uniforms, hats, and other licensed merchandise to enhance revenues by capitalizing on their trademarks and logos”); Sean H. Brogan, *Who Are These “Colts?”: The Likelihood of Confusion, Consumer Survey Evidence and Trademark Abandonment in Indianapolis Colts, Inc. v. Metropolitan Baltimore Football Club, Ltd.*, 7 MARQ. SPORTS L.J. 39, 39 (1996) (illustrating “how professional football is experiencing a sharp increase in competition for valuable trademarks”).

Consequently, professional sports leagues and teams vigorously protect their trademarks and associated goodwill from infringement.<sup>12</sup>

The increase in value of professional sports franchises parallels the growing popularity of professional sports in general.<sup>13</sup> Taking both tangible and intangible property rights into consideration, estimates value professional sports franchises in the hundreds of millions, and even billions, of dollars.<sup>14</sup> Although difficult to quantify, the intangible intellectual property interests associated with a professional sports franchise add substantial value and marketability.<sup>15</sup> As Seinfeld might put it, a big chunk of the value of sports teams is fans cheering for clothes.<sup>16</sup>

Unfortunately for some fans, the potential for franchise relocation is a reality among professional sports leagues.<sup>17</sup> In particular, a team may engage in “franchise free agency”<sup>18</sup> when

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12. See WONG, *supra* note 2, at 665 (describing how professional sports leagues and franchises often initiate lawsuits to retain exclusive trademark rights). Related to trademarks, goodwill, as defined by one court, is “the favorable consideration shown by the purchasing public to goods known to emanate from a particular source.” See *White Tower Sys. v. White Castle Sys. of Eating Houses Corp.*, 90 F.2d 67, 69 (6th Cir. 1937) (enjoining a junior user who substantially appropriated a trade name, advertising slogan, and building type of another in the same business with established goodwill).

13. See Kurt Badenhausen, *The World’s 50 Most Valuable Teams 2015*, FORBES (July 15, 2015), <http://www.forbes.com/sites/kurtbadenhausen/2015/07/15/the-worlds-50-most-valuable-sports-teams-2015/> (last visited Apr. 18, 2016) (ranking the world’s fifty most valuable sports franchises, which include twenty National Football League (NFL) franchises, twelve Major League Baseball (MLB) franchises, and ten National Basketball Association (NBA) franchises) (on file with the Washington and Lee Law Review).

14. See *id.* (describing that, on average, the world’s fifty most valuable sports teams are worth an estimated \$1.75 billion).

15. *Id.*

16. See *supra* notes 1–5 and accompanying text (introducing the phenomenon of sports fans cheering for clothes).

17. See Brogan, *supra* note 11, at 40 (referring to the underlying financial interests that influence a professional football team’s desire to relocate).

18. Originally coined by former NFL Commissioner Pete Rozelle, the term refers to the competition among cities to attract major league teams. See Don Nottingham, *Keeping the Home Team at Home: Antitrust and Trademark Law as Weapons in the Fight Against Professional Sports Franchise Relocation*, 75 U. COLO. L. REV. 1065, 1067–72 (2004) (detailing the phenomenon of franchise free agency). Traditionally, the term “free agent” refers to a player without a

requesting or demanding certain benefits from local and state governments, such as tax-free financing for new stadiums.<sup>19</sup> Fearful of angry fans and other consequences of relocation, local politicians regularly capitulate to these demands.<sup>20</sup> Additionally, some politicians contend that granting these benefits, like new stadiums, will provide new employment opportunities and spur economic development.<sup>21</sup>

Although teams may appear to hold most of the cards in relocation, one powerful, although rarely invoked, point of leverage for local governments is the threat of exercising eminent domain power<sup>22</sup> to seize the franchise.<sup>23</sup> In theory, this action

contractual obligation to play for any particular team. *Id.* at 1067 n.4. The absence of any obligation permits that player to negotiate with his former team and other interested teams until a satisfactory deal is reached. *Id.* Similarly, a franchise free agent is a team that shops for a new home and a superior situation. *Id.*

19. See Michael Colangelo, *Teams Continue to Use Relocation Threat as Leverage*, FIELDS OF GREEN (Dec. 22, 2014), <http://thefieldsofgreen.com/2014/12/22/chargers-rams-raiders-relocation-kings-patriots-venues/> (last visited Apr. 18, 2016) (asserting that the threat of relocation to obtain financial benefits is not a new practice among professional sports franchises) (on file with the Washington and Lee Law Review).

20. See Mitten & Burton, *supra* note 3, at 58 (mentioning the cultural truism that any community's most visible and cherished asset is its local professional sports franchise).

21. The perceived public benefits from hosting a professional sports franchise include enhanced reputation and prestige, additional job opportunities, increased sales and use taxes, new recreational opportunities, and enhanced civic pride and youth interest in sports. *Id.* at 60 n.6. Most economists, however, present a skeptical view that utilizing public funds to support a professional sports franchise contributes to economic growth. See, e.g., Andrew Zimbalist & Roger G. Noll, *Sports, Jobs, & Taxes: Are New Stadiums Worth the Cost?*, BROOKINGS INST. (June 1997), <http://www.brookings.edu/research/articles/1997/06/summer-taxes-noll> (last visited Apr. 18, 2016) (concluding that sports teams and facilities are not a source of local economic growth and employment and that public support of professional sports is a poor investment decision) (on file with the Washington and Lee Law Review). For a more in depth discussion of the economic impact of professional sports franchises on local economies, see generally SPORTS, JOBS AND TAXES: THE ECONOMIC IMPACT OF SPORTS TEAMS AND STADIUMS (Roger G. Noll & Andrew Zimbalist eds., 1997) (exploring the appropriate methods for measuring economic benefits derived from professional sports franchises and including case studies of major league sports facilities in various markets).

22. Eminent domain, in its broadest sense, is the power of government to take property for public use without the owner's consent, provided that the owner receive just compensation. See *Eminent Domain*, BLACK'S LAW

could prevent a team from relocating.<sup>24</sup> There are numerous legal issues involved with the exercise of eminent domain in this context, however, many of which have not been fully explored.<sup>25</sup> Among these is whether a professional sports team's trademark can be seized as part of a franchise.<sup>26</sup> If successful, cities could avoid a significant loss of local identity and tradition.<sup>27</sup>

This Note examines whether a city could exercise its eminent domain powers to acquire the intangible intellectual property rights associated with a professional sports franchise, specifically

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DICTIONARY (10th ed. 2014) (defining eminent domain as “[t]he inherent power of a governmental entity to take privately owned property, esp. land, and convert it to public use, subject to reasonable compensation for the taking”).

23. See, e.g., *Mayor & City Council of Baltimore v. Baltimore Football Club Inc.*, 624 F. Supp. 278, 279 (D. Md. 1985) (involving “the attempt of the Mayor and City Council of Baltimore to condemn a professional football team—formerly the Baltimore Colts, and now doing business as the Indianapolis Colts”); *City of Oakland v. Oakland Raiders*, 646 P.2d 835, 837 (Cal. 1982) (concerning the City of Oakland’s eminent domain action to acquire the property rights associated with ownership of the Raiders professional football team as a franchise member of the NFL).

24. See Thomas W. E. Joyce, III, *The Constitutionality of Taking a Sports Franchise by Eminent Domain and the Need for Federal Legislation to Restrict Franchise Relocation*, 13 *FORDHAM URB. L. J.* 553, 553–96 (1984) (exploring the constitutionality of public use, just compensation, right to travel, and Commerce Clause limitations as applied to the taking of sports franchises by eminent domain following the City of Oakland’s unsuccessful attempt to seize the Oakland Raiders franchise).

25. See *id.* at 596 (concluding that eminent domain is not an appropriate method in preventing the relocation of sports franchises); see also Charles Gray, Note, *Keeping the Home Team at Home*, 74 *CAL. L. REV.* 1329, 1329–72 (1986) (discussing the potential limitations on a city’s ability to condemn a sports franchise, the impact of the Commerce Clause of the federal Constitution on the exercise of eminent domain, the potential restriction of the right to travel that might result from a sports franchise taking, and antitrust implications); Greg L. Johnson, Note, *City of Oakland v. Oakland Raiders (Raiders IV): Commerce Clause Scrutiny as an End-Run Around Traditional Public Use Analysis*, 1 *BYU J. PUB. L.* 335, 335–61 (1987) (examining whether the Public Use Clause can be legitimately extended to a sports franchise).

26. See Thomas F. Cotter, *Do Federal Uses of Intellectual Property Implicate the Fifth Amendment?*, 50 *FLA. L. REV.* 529, 536 (1998) (noting that the vast majority of Supreme Court decisions regarding the Takings Clause concern actions initiated in response to government takings of real, as opposed to personal or intangible, property).

27. See Brogan, *supra* note 11, at 73 (arguing that the increasing exodus of professional sports franchises from their host cities “sets the stage for future trademark disputes over valuable team logos and other trademarks”).

a team's trademark and associated goodwill. Such property rights are critical to the identity of sports teams and their host communities. To address that question, this Note considers the broader question of whether trademarks constitute constitutionally protected private property under the Takings Clause of the Fifth Amendment. Understanding the scope of trademark law and its intersection with takings jurisprudence helps clarify the property interests associated with trademarks and the degree of protection those interests receive.

Part II summarizes historical disputes regarding franchise relocation to introduce the possibility that a city could exercise its eminent domain powers to seize a moving team's trademark rights.<sup>28</sup> It then reviews the NFL's recent approval of the Rams franchise to relocate to Los Angeles, California.<sup>29</sup> Part III explains the legal background necessary for understanding the issues surrounding the Takings Clause and its application to intangible intellectual property rights, including trademarks.<sup>30</sup> Part IV provides a brief overview of the four major categories of intangible intellectual property rights—trade secrets, patents, copyrights, and trademarks—and how the private property interests of each differ.<sup>31</sup> Part V proceeds in two stages: First, it evaluates the unresolved issue of whether trademarks constitute constitutionally protected private property under the Takings Clause.<sup>32</sup> Second, it argues that trademarks should be considered constitutionally protected private property.<sup>33</sup> Part VI concludes that trademarks are constitutional private property interests to

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28. See *infra* Part II.A (describing the relocation of four NFL franchises during the 1980s and 1990s, as well as their consequences).

29. See *infra* Part II.B (illustrating modern franchise free agency in the NFL).

30. See *infra* Part III (discussing the historical justifications for the Takings Clause, its jurisprudence, and its application to forms of property other than real property).

31. See *infra* Part IV (differentiating between the four major categories of intellectual property and the bundle of rights associated with each).

32. See *infra* Part V.A–B (discussing the arguments against treating trademarks as private property rights and contemporary judicial guidance, which future courts would likely apply to the trademark taking issue).

33. See *infra* Part V.C (concluding that, based on recent judicial guidance and the propertization of trademarks and other forms of intellectual property, trademarks should be considered constitutionally protected private property).

professional sports franchises but ultimately determines that the taking of a team's trademark could constitute a valid public use.<sup>34</sup>

## *II. Franchise Relocation: The NFL as a Case Study*

This Part discusses franchise relocation as an ongoing issue, using the NFL as a case study. It first summarizes historical disputes regarding franchise relocation in the NFL in the 1980s and 1990s.<sup>35</sup> It then addresses the NFL's recent decision to permit the Rams franchise to move from St. Louis, Missouri, to Los Angeles, California.<sup>36</sup>

### *A. The 1980s: Oakland and Baltimore*

During the 1980s, two cities went to court to prevent their teams from relocating.<sup>37</sup> Both the City of Baltimore and the City of Oakland attempted to take title to their local NFL teams through the exercise of eminent domain power.<sup>38</sup> In addition to other arguments, the cities asserted that the condemnation of a professional sports franchise qualified as a valid public use.<sup>39</sup>

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34. See *infra* Part VI (concluding that, even with heightened constitutional protection under the Takings Clause, the seizure of a relocating professional sports franchise's trademark could constitute a valid public use).

35. See *infra* Part II.A (discussing relocation disputes arising in the cities of Oakland and Baltimore in the 1980s, and in the cities of Cleveland and Houston in the 1990s).

36. See *infra* Part II.B (explaining that, presently, multiple cities face relocation dilemmas created by franchise free agency).

37. See *infra* Part II.C (summarizing condemnation proceedings initiated by the cities of Oakland and Baltimore in an attempt to block the relocation of two professional football franchises).

38. See *City of Oakland v. Oakland Raiders (Raiders I)*, 176 Cal. Rptr. 646, 647 (Cal. Ct. App. 1981) (representing the first wave of litigation resulting from the City of Oakland's attempt to condemn the Raiders franchise), *vacated sub nom.*, 646 P.2d 835 (Cal. 1982); *Mayor & City Council of Baltimore v. Baltimore Football Club Inc.*, 624 F. Supp. 278, 279 (D. Md. 1985) (involving the City of Baltimore's attempt to seize the Colts franchise following their infamous midnight move to Indianapolis, Indiana).

39. See Jonathan N. Portner, Comment, *The Continued Expansion of the Public Use Requirement in Eminent Domain*, 17 U. BALT. L. REV. 542, 548-51 (1988) (examining the evolution of the public use requirement of the Takings Clause and its influence on sports franchises).

This subpart discusses the events preceding the disputes and the judicial resolution of both controversies.<sup>40</sup>

### 1. Oakland Raiders v. City of Oakland

The first example of a city's attempt to seize the property rights associated with the ownership of a professional sports franchise occurred almost four decades ago.<sup>41</sup> In 1980, Oakland Raiders owner Al Davis announced his intention to move the franchise to Los Angeles, California.<sup>42</sup> In the years leading up to the announcement, the franchise recorded thirteen consecutive sellout seasons.<sup>43</sup> Soon after the announcement, the City of Oakland filed an eminent domain action to acquire the property rights associated with the ownership of the Raiders as a franchise member of the NFL.<sup>44</sup>

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40. See *infra* Part II.A.1–2 (discussing the litigation following the relocation of the Raiders and Colts franchises and the various judicial decisions reached).

41. See *Raiders I*, 176 Cal. Rptr. at 647 (concluding that California law did not authorize the condemnation of the Raiders franchise), *vacated sub nom.*, 646 P.2d 835 (Cal. 1982).

42. “In 1966, the Raiders and the Oakland-Alameda County Coliseum, Inc., a nonprofit corporation, entered into a five-year licensing agreement for use of the Oakland Coliseum by the Raiders.” See *Raiders I*, 646 P.2d at 837 (describing the contractual agreement between the Raiders franchise and the City of Oakland). The contract included five three-year renewal options. *Id.* The Raiders exercised the first three renewals, but failed to negotiate a fourth extension for the 1980 season. *Id.*

43. See Sanjay Jose’ Mullick, *Browns to Baltimore: Franchise Free Agency and the New Economics of the NFL*, 7 MARQ. SPORTS L.J. 1, 20 (1996) (noting that part of the agreement reached between Al Davis and the City of Los Angeles included “a luxury box package of unshared revenue amounting to over three times what Oakland could offer,” which, subsequently, generated significantly more revenue for the franchise).

44. See *Raiders I*, 646 P.2d 835, 837 (Cal. 1982) (summarizing that the Raiders argued that the law of eminent domain did not permit the taking of intangible property and that the City of Oakland could not establish a valid public use). The Oakland relocation controversy also resulted in antitrust litigation. See *L.A. Mem’l Coliseum Comm’n v. NFL*, 726 F. 2d 1381, 1384–86 (9th Cir. 1984) (describing the background and facts of the lawsuit). One week after Al Davis’s announcement, league owners voted unanimously against the move under Rule 4.3 of the NFL Constitution and Bylaws. See *id.* at 1385 (“[T]he NFL teams voted . . . 22–0 against the move, with five teams abstaining.”). The rule requires an affirmative vote of three-fourths from franchise owners to approve relocation. *Id.* In response, Al Davis, joined by the

In the original lawsuit, *Raiders I*, the Superior Court granted the Raiders franchise summary judgment and dismissed the action with prejudice.<sup>45</sup> The trial judge found that “no essential public use to an eminent domain action could be found, and [that the City] lacked the authority to exercise eminent domain for the purpose of keeping the Raiders’ franchise in Oakland.”<sup>46</sup> The appellate court affirmed the decision.<sup>47</sup>

On appeal, the California Supreme Court determined that the trial court erred in granting the Raiders franchise summary judgment.<sup>48</sup> Therefore, it reversed and remanded the case back to the trial court.<sup>49</sup> In reaching its conclusion, the court considered two major issues: (1) whether the law of eminent domain permits the taking of intangible property,<sup>50</sup> and (2) whether the public use requirement permitted the taking of a professional sports franchise.<sup>51</sup>

Addressing the first issue, the California Supreme Court concluded that, “[f]or eminent domain purposes, neither the federal nor the state Constitution distinguishes between property

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Los Angeles Coliseum, sued the NFL. *Id.* They claimed that Rule 4.3 violated section one of the Sherman Antitrust Act by unlawfully restraining trade. *Id.* Hearing the case on appeal, the U.S. Court of Appeals for the Ninth Circuit determined that the NFL violated federal antitrust laws by attempting to block the move, allowing the Raiders franchise to move to Los Angeles. *Id.* at 1401. In a subsequent lawsuit, the Ninth Circuit held the NFL liable for treble damages that totaled approximately \$50 million. *See* L.A. Mem’l Coliseum Comm’n v. NFL, 791 F. 2d 1356, 1376 (9th Cir. 1986) (affirming a trebled damage verdict in favor of the Los Angeles Coliseum but vacating the Raiders’ antitrust damage recovery).

45. *See Raiders I*, 646 P.2d at 837 (“The City of Oakland . . . appeals from a summary judgment dismissing with prejudice . . .”).

46. *See Joyce, III, supra* note 24, at 555 (quoting the unreported decision of the lower court) (internal quotation marks omitted).

47. *Id.*

48. *See Raiders I*, 646 P.2d at 837 (considering whether a sufficient factual controversy existed to warrant a trial on the merits).

49. *See id.* (“We conclude that the trial court erred in granting the summary judgment and we reverse and remand the case for a full evidentiary trial of the issues on the merits.”).

50. *See id.* at 837 (noting that the Raiders characterized the property rights associated with the franchise as a “network of intangible contractual rights”).

51. *See id.* (adding that the Raiders also argued that the public use requirement did not encompass the City of Oakland’s proposed action).

which is real or personal, tangible or intangible.”<sup>52</sup> Regarding the public use issue, the court determined only “that the acquisition and, indeed, the operation of a sports franchise may be an appropriate municipal function.”<sup>53</sup> However, the court explicitly stated its refusal to decide the merits of the City of Oakland’s condemnation claim.<sup>54</sup> Instead, the court instructed the trial court to determine whether a valid public use justified the City of Oakland’s eminent domain action on remand.<sup>55</sup>

The case moved between the trial and appellate court levels for the next three years.<sup>56</sup> During that time, the Raiders relocated and played their home games in Los Angeles.<sup>57</sup> But, after years of litigation and appeals, the California Court of Appeals entered judgment for the Raiders on final remand.<sup>58</sup> The court based its decision on three independent grounds: (1) the Public Use Clause, (2) federal antitrust laws, and (3) the Commerce Clause of the U.S. Constitution.<sup>59</sup>

In its opinion, the final *Raiders* court (*Raiders IV*) first addressed the trial court’s determination that the Commerce Clause of the federal constitution invalidated the City of Oakland’s action.<sup>60</sup> It noted that years of precedent established

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52. *Id.* at 840.

53. *Id.* at 843.

54. *See id.* at 845 (“[W]e do not decide whether [the] City has a meritorious condemnation claim in this case.”).

55. *See id.* (noting that the City of Oakland’s “ability to prove a valid public use for its proposed action” remained untested).

56. *See City of Oakland v. Superior Court (Raiders II)*, 186 Cal. Rptr. 326, 329 (Cal. Ct. App. 1982) (granting the City of Oakland’s request for a writ of mandate requiring the trial court to hold an evidentiary hearing on the application to reinstate the preliminary injunction); *City of Oakland v. Superior Court (Raiders III)*, 197 Cal. Rptr. 729, 736 (Cal. Ct. App. 1983) (reversing the trial court, again, and remanding the case for further hearings on several issues, including whether the taking served a public use), *appeal filed*, 220 Cal. Rptr. 153 (Cal. Ct. App. 1985), *cert. denied*, 478 U.S. 1007 (1986).

57. *See Nottingham, supra* note 18, at 1076 n.62 (mentioning that the Raiders franchise moved back to the City of Oakland in 1995).

58. *See City of Oakland v. Oakland Raiders (Raiders IV)*, 220 Cal. Rptr. 153, 158 (Cal. Ct. App. 1985) (concluding that the City of Oakland’s attempted seizure of the Raiders franchise violated the Commerce Clause of the U.S. Constitution), *cert. denied*, 478 U.S. 1007 (1986).

59. *See id.* at 155 (describing that, on remand, the trial court again entered judgment for the Raiders franchise based on three independent grounds).

60. *See id.* (“We turn first to the trial court’s commerce clause

“that a state may exercise eminent domain power even though by so doing it indirectly or incidentally burdens interstate commerce.”<sup>61</sup> But the court accepted the Raiders contention that, because professional football is a nationwide business, the seizure of a franchise by eminent domain would constitute an undue burden on interstate commerce.<sup>62</sup> This burden outweighed any state interest in enforcing its antitrust laws against the Oakland Raiders franchise.<sup>63</sup>

The court’s conclusion on the Commerce Clause and antitrust issues signaled defeat for the City of Oakland.<sup>64</sup> Regardless, the court engaged in a short discussion of an essential question facing any challenge to an eminent domain action: whether the taking constituted a valid public use.<sup>65</sup> The City of Oakland alleged that its reasons for condemnation—which included the promotion of public recreation, social welfare, and related economic benefits—satisfied the public use requirement.<sup>66</sup> The court disagreed, finding the City of Oakland’s arguments unpersuasive.<sup>67</sup> Though presumptively legitimate, local interests did not outweigh the foreseeable burdens on interstate commerce.<sup>68</sup>

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determination.”).

61. *Id.* at 156. Stated another way, a state’s exercise of eminent domain violates the Commerce Clause if it impermissibly burdens or affects interstate commerce. *Id.*

62. *See id.* at 156–57 (“Plaintiff’s proposed action would more than indirectly or incidentally regulate interstate commerce . . . [t]his is the precise brand of parochial meddling with the national economy that the commerce clause was designed to prohibit.”).

63. *See id.* at 157 (“Fragmentation of the league structure on the basis of state lines would adversely affect the success of the competitive business enterprise, and differing state antitrust decisions if applied to the enterprise would likely compel all member teams to comply with the laws of the strictest state.”).

64. *See id.* at 158 (“Our conclusion on the commerce clause obviates the need for further consideration of the public use and antitrust arguments.”).

65. *Id.*

66. *See id.* (noting that the City of Oakland desired “to best utilize the stadium in which the Raiders played”).

67. *See id.* (characterizing the City of Oakland’s public use claims as presumably legitimate but less compelling).

68. *See id.* (“[T]he burden that would be imposed on interstate commerce outweighs the local interest in exercising statutory eminent domain authority over the Raiders franchise.”); *see also infra* Part VI.A (discussing the precedential value of the public use determination in the Raiders litigation).

## 2. Indianapolis Colts v. Mayor & City Council of Baltimore

The Raiders cases signaled the beginning of the modern franchise free agency era in professional sports.<sup>69</sup> Moving forward, courts characterized NFL franchises as business enterprises rather than agents of their host cities.<sup>70</sup> Taking advantage of the precedent set by the Raiders organization, multiple franchises demonstrated an interest in relocation—among them, the Baltimore Colts.<sup>71</sup>

Beginning in late 1983 and early 1984, Baltimore Colts owner Robert Irsay entered into extensive negotiations with the mayor of Baltimore, William Donald Schaefer, to address the terms of his stadium lease.<sup>72</sup> Among other things, the discussions included the possibility of constructing a new stadium to replace the aging Baltimore Memorial Stadium.<sup>73</sup> When negotiations failed to produce an agreement, Irsay explored the possibility of relocating the Colts to Indianapolis, Indiana.<sup>74</sup>

Faced with the prospect of losing the Colts, on February 24, 1984, the Maryland State Senate introduced a bill to amend the City of Baltimore's charter.<sup>75</sup> The proposed legislation authorized

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69. See Katherine C. Leone, *No Team, No Peace: Franchise Free Agency in the National Football League*, 97 COLUM. L. REV. 473, 493–95 (1997) (summarizing franchise free agency's harm to professional sports leagues).

70. See, e.g., *Raiders IV*, 220 Cal. Rptr. 153, 157 (Cal. Ct. App. 1985) (characterizing the Raiders franchise as a "competitive business enterprise").

71. See *Mayor & City Council of Baltimore v. Baltimore Football Club Inc.*, 624 F. Supp. 278, 279 (D. Md. 1985) (involving an eminent domain action initiated by the City of Baltimore following the relocation of the Colts franchise to Indianapolis, Indiana).

72. See *id.* (discussing the events leading to the City of Baltimore's attempt to condemn the Colts franchise).

73. See Philip B. Wilson, *Thirty Years Later, Remembering How Colts' Move Went Down*, USA TODAY (Mar. 29, 2014), <http://www.usatoday.com/story/sports/nfl/colts/2014/03/29/indianapolis-baltimore-move-30-year-anniversary-mayflower/7053553/> (last visited Apr. 18, 2016) (describing Irsay's dissatisfaction with the outdated Memorial Stadium and declining fan attendance at home games) (on file with the Washington and Lee Law Review).

74. See *Mayor & City Council of Baltimore*, 624 F. Supp. at 279 (noting that the Mayor of Indianapolis organized a control group comprised of local politicians and businessmen to negotiate with the Colts organization in the hope of persuading the franchise to relocate).

75. *Id.*

the city to condemn the franchise if the need arose.<sup>76</sup> At the same time, the Colts entered into extended negotiations with “the Capital Improvements Board of Managers of Marion County, Indiana (“CIB”), the owner of the Hoosier Dome, concerning the possibility of a lease of the Dome to the Colts.”<sup>77</sup>

On the morning of March 27, 1984, the Maryland State Senate passed this emergency legislation.<sup>78</sup> Hearing of the news the following day, Irsay immediately decided to move the Colts franchise.<sup>79</sup> He instructed Michael Chernoff, vice-president and general counsel of the Colts, to “conclude the Hoosier Dome lease . . . [and] move all the Colts’ property from Owings Mills, Maryland, to Indianapolis immediately.”<sup>80</sup>

Fearing an imminent eminent domain action, moving personnel worked through the night of March 28, 1984, to load all of the Colts’ physical property into the now infamous “Mayflower moving vans.”<sup>81</sup> Departing under the cover of darkness, a convoy of moving vans left the Colts’ training complex loaded with most of the team’s office and athletic equipment.<sup>82</sup> Their destination: Indianapolis.<sup>83</sup>

On March 30, 1984, the Maryland legislature enacted Emergency Bill No. 1042, the legislation that authorized the City

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76. *See id.* (describing that news of the bill’s introduction, which occurred on February 24, 1984, quickly reached the Indianapolis control group).

77. *Id.* In contrast to the Oakland Raiders relocation controversy, the NFL stated “that it would take no action with respect to any possible move of the Colts.” *Id.* at 280–81. The announcement was made in the wake of the Ninth Circuit’s decision in the antitrust lawsuit from the Raiders litigation, which was released on February 28, 1984. *See supra* note 44 and accompanying text (summarizing the antitrust litigation triggered by the Raiders’ relocation controversy, which resulted in treble damages against the NFL).

78. *See Mayor & City Council of Baltimore v. Baltimore Football Club Inc.*, 624 F. Supp. 278, 280 (D. Md. 1985) (explaining that city officials continued to negotiate a financial package with the Colts franchise to persuade the team to stay in Baltimore).

79. *See id.* (adding that Irsay learned of the Maryland Senate’s emergency legislation “from a Chicago newspaper account”).

80. *See id.* (“Chernoff and the Indianapolis officials executed a twenty-year lease and the corresponding loan agreement the same day.”).

81. *Id.*

82. *Id.*

83. *See id.* (“By the morning of March 29, 1984, the Mayflower [moving] vans were on their way to Indianapolis.”).

of Baltimore to condemn sports franchises.<sup>84</sup> Under the new legislation, the city immediately filed a condemnation petition in the Circuit Court for Baltimore City.<sup>85</sup> The Colts later removed the action to the U.S. District Court for the District of Maryland on the basis of diversity jurisdiction.<sup>86</sup>

Ultimately, the district court invalidated the condemnation.<sup>87</sup> First, the court addressed the failure of the City of Baltimore to make any compensation payment.<sup>88</sup> According to Judge Walter E. Black, Jr., the City of Baltimore had no right to restrict the owner of a professional football franchise from moving the team beyond the state's jurisdiction except through payment of compensation.<sup>89</sup> The mere filing of the condemnation petition did not automatically bestow the City of Baltimore with rights over the franchise.<sup>90</sup> Of course, as Judge Black noted, it is "axiomatic that a sovereign state's power to condemn property extends only as far as its borders."<sup>91</sup> With the Colts principal place of business no longer in Maryland, the court determined that the City of Baltimore's jurisdictional reach did not extend to the franchise.<sup>92</sup> Consequently, the court invalidated the City of Baltimore's exercise of eminent domain.<sup>93</sup>

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84. *See id.* (adding that the Mayor and City Council of Baltimore enacted a secondary piece of legislation, which also authorized condemnation).

85. *Id.*

86. *Id.* at 281.

87. *See infra* notes 88–93 and accompanying text (describing the reasons for the court's conclusion that the City of Baltimore lacked the power to condemn the Colts' franchise).

88. *See Mayor & City Council of Baltimore v. Baltimore Football Club Inc.*, 624 F. Supp. 278, 283 (D. Md. 1985) (explaining that the relevant provisions of the Maryland Constitution explicitly prohibited the legislature from seizing private property until paying or tendering just compensation).

89. *See id.* (concluding that the relevant provisions of the State of Maryland's statutory scheme clearly provided that no taking is valid "until compensation is paid to the owner or to a court").

90. *See id.* ("The City has at no time made any payment of the compensation that would be required, and, as a result, it had no power to stop Irsay from treating his property as he wished.").

91. *Id.*

92. *See id.* at 287 (finding that the applicable laws of eminent domain did not provide a remedy for the City of Baltimore and that, in the courts words, "the Colts were 'gone' on March 30, 1984").

93. *Id.* The court did not engage in a public use analysis because the Colts prevailed on the "threshold issue of the appropriate date for determining the

*B. The 1990s: Cleveland and Houston*

As previously mentioned, cities and fans may refuse to let their teams leave them completely empty-handed upon relocation.<sup>94</sup> This was the case during the Cleveland Browns relocation controversy of 1995.<sup>95</sup> On November 6, 1995, Cleveland Browns owner Arthur “Art” Modell announced that the city’s beloved NFL franchise would move to Baltimore, Maryland, for the 1996 season.<sup>96</sup> Outraged, the City of Cleveland filed a breach of contract claim against the Browns to enjoin Modell from relocating the team.<sup>97</sup> In addition, the City filed a trademark suit to prevent the Browns’ name from leaving if Modell succeeded in relocating the team.<sup>98</sup> The complaint focused on the history and

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situs of the franchise.” *Id.*

94. See Nottingham, *supra* note 18, at 1081–89 (discussing “what rights fans or cities have in a team’s name, colors, and records”).

95. Both the Rams and Raiders franchises also relocated from Los Angeles, California, during the 1990s. See *infra* note 118 and accompanying text (describing the NFL’s exodus from the Southern California market following the 1994 regular season).

96. See Charles Babington & Ken Denlinger, *Modell Announces Browns’ Move to Baltimore*, WASH. POST (Nov. 7, 1995), <http://www.washingtonpost.com/wpsrv/sports/longterm/memories/1995/95nfl4.htm> (last visited Apr. 18, 2016) (announcing Art Modell’s plans to move the Cleveland Browns franchise to Baltimore and describing possible impediments to the move) (on file with the Washington and Lee Law Review). At the time of the announcement, the Browns franchise occupied a sixty-four-year-old stadium. See Nottingham, *supra* note 18, at 1069 (describing the economic health of the Browns franchise in 1995). Although the City recently built Jacobs Field, a brand new stadium for the Cleveland Indians, the Browns were unable to convince voters to approve funding for another new stadium. *Id.* But, in exchange for relocating the Browns franchise, Baltimore offered Modell “a new stadium, rent-free for seven years, in addition to all revenue from all one hundred eight luxury boxes, 7500 box seats, parking, and in-stadium advertising.” *Id.* Baltimore also paid the Modell’s moving expenses. *Id.*

97. See Alvin B. Lindsay, *Our Team, Our Name, Our Colors: The Trademark Rights of Cities in Team Name Ownership*, 21 WHITTIER L. REV. 915, 917–18 (2000) (describing that the breach of contract claim arose out of terms in the franchise’s stadium lease).

98. See *id.* at 946 (noting that “The City of Cleveland’s Lanham Act complaint brought civil actions for unfair competition, wrongful registration, and misappropriation of trade name and mark designations of origin”). Fans and local politicians also took other steps to prevent the Browns franchise from relocating following Modell’s announcement. *Id.* at 918. Fans formed organizations to protest the move and held numerous rallies. *Id.* Cleveland mayor Michael R. White “hosted a conference of U.S. mayors aimed at arming

tradition of the Browns in Cleveland since the franchise's founding in 1945.<sup>99</sup> It also alleged an inseparable connection between the City of Cleveland and the Browns' trademarks.<sup>100</sup>

Unfortunately for the City of Cleveland, its efforts did not prevent "The Move"<sup>101</sup> from occurring.<sup>102</sup> Extensive negotiations between the Browns, the NFL, and officials from both cities, however, resulted in a settlement that kept the franchise's legacy in Cleveland.<sup>103</sup> The deal permitted Modell's team to leave for Baltimore, but the team name, colors, and records remained in Cleveland for a new Browns franchise.<sup>104</sup>

The Cleveland Browns relocation controversy of 1995 is the most recent example of a city's attempt to obtain the intangible intellectual property rights associated with a relocating NFL franchise.<sup>105</sup> A similar legal battle did not ensue when Houston

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communities to protect themselves against franchise free agency." *Id.* Ohio Senator John Glenn even "introduced a bill to give the NFL a limited antitrust exemption to vote to block such moves." *Id.* (internal quotation marks omitted).

99. *See id.* at 946–47 (summarizing the history of the Browns franchise in Cleveland).

100. *See id.* at 946 (characterizing the registered trademarks of the Browns franchise as being "inseparably connected in the minds of consumers, particularly with reference to the market for professional football").

101. *See* BOB DYER, *THE TOP 20 MOMENTS IN CLEVELAND SPORTS: TREMENDOUS TALES OF HEROES AND HEARTBREAKS* 277–91 (2003) (ranking "The Move" as the third most sensational event in Cleveland sports history).

102. *See id.* (describing the events leading up to the Browns' relocation to Baltimore, Maryland).

103. *See* Mullick, *supra* note 43, at 21–22 (analyzing the deal reached between the NFL and the City of Cleveland in the wake of the team's relocation).

104. *See id.* at 22 ("The NFL then pledged to help finance the construction of a new football stadium in Cleveland within three years and guaranteed Cleveland a football team for the 1999 season."). Additionally, Modell agreed to pay the City of Cleveland \$12 million in damages over four years. *See* Leone, *supra* note 69, at 476 (arguing that congressional action is necessary to protect the interests of cities and fans from self-interested owners who relocate sports franchises after accepting local or federal subsidies or public financing for stadium construction, renovations, or other services).

105. Even though the City of Cleveland did not initiate an eminent domain action against the Browns franchise, the controversy is nonetheless significant in illustrating the efforts that a city may take to prevent a professional sports franchise from relocating. *See supra* notes 94–104 and accompanying text (describing multiple legal actions initiated by the City of Cleveland to prevent the Cleveland Browns franchise from relocating, which included a trademark suit).

Oilers owner Bud Adams moved his team to Nashville, Tennessee, before the 1997 season.<sup>106</sup> After relocating, the team played as the Oilers for its first two seasons in Tennessee.<sup>107</sup> During the 1998 season, however, the franchise announced its intention to forge a new identity as the Tennessee Titans.<sup>108</sup> At the same time, NFL Commissioner Paul Tagliabue agreed to retire the Oilers nickname and trademark.<sup>109</sup> The decision prohibited any future team from taking the name and allowed the new Titans franchise to retain the history, traditions, and records of the Oilers.<sup>110</sup>

After being deserted by its former team, the City of Houston was awarded the thirty-second NFL franchise in late 1999.<sup>111</sup> The newly minted Houston Texans played their inaugural NFL season in 2002.<sup>112</sup>

The relocation of the Browns and Oilers franchises followed two different paths and resulted in two different outcomes.<sup>113</sup>

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106. See Leone, *supra* note 69, at 486 (“Nashville lured the Oilers from Houston with a promise of a \$292 million stadium with 65,000–70,000 seats, 120 luxury suites, and 12,000–14,000 premium club seats.”).

107. See CBSNews.com Staff, *Oilers Change Name to Titans*, CBS NEWS (Nov. 14, 1998), <http://www.cbsnews.com/news/oilers-change-name-to-titans/> (last visited Apr. 18, 2016) (noting that Tennessee fans did not initially embrace the Oilers, who played their first season in the City of Memphis and their second in Nashville’s Vanderbilt Stadium) (on file with the Washington and Lee Law Review).

108. See *id.* (describing the process of deciding upon a new nickname for the franchise, which included input from prominent state officials and business executives).

109. *Id.*

110. *Id.*; see also Lindsay, *supra* note 97, at 915 (mentioning that the decision to retire the Oilers’ nickname received some backlash from prominent members of the Houston community, including “legendary Oilers coach Bum Phillips”).

111. See *id.* (revealing that the City of Houston defeated the City of Los Angeles to obtain the honor of becoming the host city of the newest NFL franchise).

112. See Bradley J. Stein, *How the Home Team Can Keep from Getting Sacked: A City’s Best Defense to Franchise Free Agency in Professional Football*, 5 TEX. REV. ENT. & SPORTS L. 1, 7 (2003) (“[T]he city of Houston was awarded an expansion franchise by the NFL to ‘compensate’ the city for the loss of the Oilers.”).

113. See Leone, *supra* note 69, at 503–04 (arguing that the Oilers move seemed more justified than other relocations because the team remained in Houston until the end of its lease obligation, efforts to keep the team garnered

While a substantial amount of conflict characterized the Browns' relocation, the efforts of the City of Cleveland resulted in a small, albeit significant, victory.<sup>114</sup> The City of Houston, in contrast, did not threaten the Oilers with legal action aimed at blocking the franchise from moving.<sup>115</sup> Considering the history of franchise relocation in the NFL since the beginning of the franchise free agency era, this is somewhat surprising.<sup>116</sup>

### *C. The 2010s: Return to Los Angeles*

On January 12, 2016, the NFL confirmed its return to Los Angeles, California.<sup>117</sup> The second largest city and television market in the United States, Los Angeles has not been home to a professional football team in over twenty years, since both the Raiders and Rams departed for Oakland and St. Louis respectively.<sup>118</sup> Though the NFL periodically considered a return to Los Angeles, multiple efforts ultimately stalled.<sup>119</sup> However, in

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little fan support, and, at the time, the stadium was over thirty years old).

114. See *supra* notes 103–104 and accompanying text (describing the result of negotiations between the Browns, the NFL, and officials from both cities).

115. See *supra* notes 106–110 and accompanying text (explaining events that transpired after the relocation of the Houston Oilers franchise).

116. See *supra* Part II.A (discussing eminent domain actions filed against the Raiders and Colts franchises to prevent their relocation).

117. See Nick Wagoner, *Rams, Chargers, Raiders File with NFL for Relocation to Los Angeles*, ESPN (Jan. 5, 2016), [http://espn.go.com/nfl/story/\\_id/14505636/st-louis-rams-san-diego-chargers-oakland-raiders-file-los-angeles-relocation](http://espn.go.com/nfl/story/_id/14505636/st-louis-rams-san-diego-chargers-oakland-raiders-file-los-angeles-relocation) (last visited Apr. 18, 2016) (reporting on the relocation applications of the Oakland Raiders, San Diego Chargers, and St. Louis Rams to relocate to Los Angeles, California, which were filed following the end of the 2015 regular season) (on file with the Washington and Lee Law Review).

118. Both the Rams and Raiders relocated from Los Angeles, California, following the 1994 NFL season. See *Rams Headed Back to Los Angeles; Chargers Have Option to Join*, ESPN (Jan. 13, 2016), [http://espn.go.com/nfl/story/\\_id/14558668/st-louis-rams-relocate-los-angeles](http://espn.go.com/nfl/story/_id/14558668/st-louis-rams-relocate-los-angeles) (last visited Apr. 18, 2016) (discussing the relocation of the Rams organization to Los Angeles, California, for the 2016 NFL season) (on file with the Washington and Lee Law Review). The Rams moved to St. Louis, Missouri, and the Raiders went to Oakland, California. *Id.* Though the Rams organization was founded in Cleveland, Ohio, the franchise resided in Los Angeles, California, from 1946–1994. *Id.* During that time period, the team earned twenty-one playoff appearances and one NFL title. *Id.*

119. See *id.* (“For more than two decades, billionaire developers, corporate

accordance with the NFL's Policy and Procedures for Proposed Franchise Relocations, three franchises filed applications for relocation following the 2015 regular season.<sup>120</sup> One team, the St. Louis Rams, proposed building a domed stadium in Inglewood, California, which could also house a second franchise.<sup>121</sup> Alternatively, the Oakland Raiders and the San Diego Chargers proposed building an outdoor stadium together in Carson, California.<sup>122</sup>

After vetting by various committees, including the NFL's Committee on Los Angeles Opportunities,<sup>123</sup> League officials

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titans, Hollywood power-brokers[,] and four Los Angeles mayors tried and failed to bring the National Football League back to the nation's second-largest market.”).

120. See Around the NFL Staff, *Rams, Chargers, Raiders Apply for L.A. Relocation*, NFL (Jan. 4, 2016), <http://www.nfl.com/news/story/0ap3000000617813/article/rams-chargers-raiders-apply-for-la-relocation> (last visited Apr. 18, 2016) (reporting that, in accordance with the NFL's relocation policies, three teams submitted applications to move to Los Angeles) (on file with the Washington and Lee Law Review).

121. In January 2014, Rams owner Stan Kroenke acquired approximately sixty acres of land in Inglewood, California, for an estimated \$101 million. See Sam Farmer & Nathan Fenno, *NFL Will Return to Los Angeles for 2016 Season*, L.A. TIMES (Jan. 12, 2016), <http://www.latimes.com/sports/nfl/la-sp-nfl-la-chargers-rams-20160113-story.html> (last visited Apr. 18, 2016) (reporting on the NFL's approval of the Rams' relocation and numerous behind the scenes efforts to send a team back to Los Angeles) (on file with the Washington and Lee Law Review). The property is adjacent to 238 acres of land owned by San Francisco-based developer Stockbridge Capital Group. *Id.* A year after Kroenke's land purchase, the Los Angeles Times reported that Kroenke and Stockbridge Capital Group partnered to build a new NFL stadium on the Inglewood property owned by Kroenke. *Id.* Developers envision transforming the entire 298-acre site into a “multibillion-dollar entertainment, retail[,] and housing complex.” *Id.* The entire project will be privately financed, with the “stadium and a performing arts venue as the centerpiece.” *Id.*

122. See *id.* (noting that the Rams' relocation and stadium proposal faced competition; the Chargers and Raiders proposed to build a \$1.7 billion stadium on 157-acres in Carson, California).

123. Commissioner Roger Goodell formed the Committee on Los Angeles Opportunities in January 2015 to “evaluate the various stadium options available in Los Angeles, oversee the application of the relocation guidelines in the event that one or more clubs seek to move to Los Angeles, ensure proper coordination with other standing committees . . . and confirm that all steps taken in Los Angeles are consistent with the Constitution and Bylaws and NFL policies.” See Dan Hanzus, *NFL Forms Committee on Los Angeles Opportunities*, NFL (Jan. 9, 2015), <http://www.nfl.com/news/story/0ap3000000469646/article/roger-goodell-forms->

slated the relocation proposals for a final vote.<sup>124</sup> On January 12, 2016, the NFL's thirty-two owners accepted the Rams' proposal by a vote of thirty-to-two, allowing the franchise to relocate to Los Angeles for the 2016 season.<sup>125</sup> The vote also gave the "San Diego Chargers a one-year option to join the Rams in Inglewood."<sup>126</sup> If the Chargers forfeit their option to join the Rams by January 15, 2017, the Raiders will have a one-year option to move to Inglewood.<sup>127</sup> While franchise owners applauded the outcome,<sup>128</sup> the move reflects the failure of negotiations between the City of St. Louis and the Rams organization.<sup>129</sup>

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committee-on-la-opportunities (last visited Apr. 18, 2016) (reporting on a memo sent to all thirty-two NFL franchises, notifying owners of the committee's formation) (on file with the Washington and Lee Law Review). The committee consisted of six franchise owners, including Clark Hunt, Robert Kraft, John Mara, Bob McNair, Jerry Richardson, and Art Rooney. *Id.*

124. See Ken Belson, *A Primer on the N.F.L. Relocating a Team to Los Angeles*, N.Y. TIMES (Jan. 10, 2016), [http://www.nytimes.com/2016/01/11/sports/football/nfl-los-angeles-relocation-vote-oakland-san-diego-st-louis.html?\\_r=0](http://www.nytimes.com/2016/01/11/sports/football/nfl-los-angeles-relocation-vote-oakland-san-diego-st-louis.html?_r=0) (last visited Apr. 18, 2016) (explaining the role of the NFL's Committee on Los Angeles Opportunities in vetting the proposals for relocation) (on file with the Washington and Lee Law Review).

125. *Id.* According to the NFL's Constitution and Bylaws, relocation approval requires an "affirmative vote of three-fourths of the existing member clubs of the League." See CONST. AND BYLAWS OF THE NAT'L FOOTBALL LEAGUE, art. IV, § 3 (rev. 2006), <http://www.leg.state.mn.us/webcontent/lrl/issues/footballstadium/nflfranchisereleocationrules.pdf> (outlining the basic requirements for franchise relocation).

126. *Id.*

127. *Id.*

128. See Jim Thomas, *NFL Owners Thrilled by Kroenke's Move*, ST. LOUIS DISPATCH (Jan. 13, 2016), [http://www.stltoday.com/sports/football/professional/cowboys-owner-jerry-jones-exults-in-rams-relocation/article\\_09762b03-a87e-5c6b-a9fa-250bb46450ae.html](http://www.stltoday.com/sports/football/professional/cowboys-owner-jerry-jones-exults-in-rams-relocation/article_09762b03-a87e-5c6b-a9fa-250bb46450ae.html) (last visited Apr. 18, 2016) (quoting Jerry Jones, the owner of the Dallas Cowboys, who called the approval of the move "absolutely the greatest plan that has ever been conceived in sports") (on file with the Washington and Lee Law Review).

129. See Belson, *supra* note 124 (mentioning efforts by the cities of Oakland, St. Louis, and San Diego to prevent their teams from relocating).

*D. What Does This Mean for Modern Franchise Free Agency?*

Presently, the City of St. Louis faces the same dilemma once confronted by the cities of Oakland and Baltimore in the 1980s, and the cities of Cleveland and Houston in the 1990s.<sup>130</sup> The terms of the NFL's relocation vote in January 2016 also potentially implicates the cities of San Diego and Oakland.<sup>131</sup> With multiple NFL franchise relocations resulting in significant controversy, the present situation begs the question: Will cities faced with franchise relocation take measures to protect the community's interests? If so, by what means?

After the Oakland and Baltimore litigation, no other city has attempted to seize an NFL franchise by eminent domain.<sup>132</sup> While the courts ruled against the cities of Oakland and Baltimore, it is unclear whether another eminent domain action would succeed given the expansion in takings jurisprudence.<sup>133</sup> Moreover, it is unclear whether an eminent domain action could seize a moving franchise's trademarks given the propertization of trademarks and other forms of intellectual property.<sup>134</sup>

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130. See *supra* notes 117–127 and accompanying text (summarizing the approved relocation of the Rams franchise from St. Louis, Missouri to Los Angeles, California).

131. See *supra* notes 126–127 and accompanying text (explaining that the NFL's vote permitting the Rams to move to Los Angeles also gives the San Diego Chargers a one-year option to join the Rams in Inglewood, which is then extended to the Oakland Raiders if the Chargers remain in San Diego).

132. See Leone, *supra* note 69, at 506 (describing the inability of a city to protect its interests from franchise free agency).

133. See Ellen Z. Mufson, Note, *Jurisdictional Limitations on Intangible Property in Eminent Domain: Focus on the Indianapolis Colts*, 60 IND. L.J. 389, 389–411 (1984) (describing historical uncertainty surrounding the question of whether intangible property may be seized by eminent domain); see also Portner, *supra* note 39, at 548–51 (examining the status of the public use requirement and applying it to sports franchises).

134. A significant development in takings jurisprudence involves the widening of the public use language in the Takings Clause to encompass takings that transfer private property from one owner to another for a public purpose, which occurred two decades after the courts struck down the eminent domain actions of Oakland and Baltimore. See *Kelo v. City of New London*, 545 U.S. 469, 489 (2005) (describing the deference given to legislative determinations of public use).

### III. The Takings Clause and Intangible Property Rights

This Part provides an overview of general takings law and its applications.<sup>135</sup> It then discusses the implications of extending the Takings Clause to personal property under *Horne v. Department of Agriculture*.<sup>136</sup> Lastly, it considers the underexplored issue of whether the Takings Clause encompasses intangible intellectual property rights, including trademarks.<sup>137</sup>

#### A. A Short History of the “Public Use” Requirement

The final clause of the Fifth Amendment to the U.S. Constitution states, “[N]or shall private property be taken for public use, without just compensation.”<sup>138</sup> The Takings Clause bars the “[g]overnment from forcing some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole.”<sup>139</sup>

James Madison, the drafter of the Fifth Amendment, recognized the ability of the political majority to suppress minority groups and feared the power of government.<sup>140</sup> Prior to independence, eighteenth-century colonial legislatures took

135. See *infra* Part III.A–B (summarizing the history of the Takings Clause and its jurisprudence).

136. See *Horne v. Dep’t of Agric.*, 135 S. Ct. 2419, 2435–33 (2015) (concluding that the Fifth Amendment requires that the government pay just compensation when it takes personal property, just as when it takes “real” property); *infra* Part III.C (explaining the Court’s rationale).

137. See *infra* Part III.D (discussing the implications of the Court’s decision in *Horne* for intellectual property rights).

138. U.S. CONST. amend. V.

139. See *Armstrong v. United States*, 364 U.S. 40, 49 (1960) (involving a shipbuilder’s default on its contract to construct certain boats for the United States, and where the government, exercising an option under the contract, required the shipbuilder to transfer to the government title to the uncompleted boats and the materials on hand for their construction).

140. See William Michael Treanor, *The Origins and Original Significance of the Just Compensation Clause of the Fifth Amendment*, 94 YALE L.J. 694, 708–13 (1985) (explaining that, because James Madison believed that the right to property was a manifestation of positive law, erecting strong safeguards for property rights was of critical importance); see also THE FEDERALIST No. 54, at 370 (James Madison) (Jacob E. Cooke ed., 1961) (arguing that “government is instituted no less for the protection of the property, than of the persons of individuals”).

private property without providing any compensation to the owner.<sup>141</sup> Embracing the emerging ideals of liberalism, Madison structured the Takings Clause to impose two restrictions on the government's ability to take private property.<sup>142</sup> First, it requires that the government take property only for a "public use."<sup>143</sup> Second, the Takings Clause constrains government seizures of property by imposing fiscal burdens for such activity.<sup>144</sup> More precisely, the government must pay a property owner "just compensation" whenever (1) a state actor, (2) authorized by law, (3) effectuates a taking, (4) of a private actor's property, (5) for a valid public use.<sup>145</sup>

Similar to other constitutional provisions, the Takings Clause establishes only broad principles necessitating judicial

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141. See Treanor, *supra* note 140, at 695 (illustrating that "neither colonial statutes nor the first state constitutions recognized a right to receive compensation when the government took property from an individual"). *But cf. Horne*, 135 S. Ct. at 2426 (describing legislation passed by multiple colonial legislatures to protect against uncompensated takings of personal property for public use or service).

142. Scholars are split as to whether the original understanding of the Takings Clause applied only to government seizures of private property, or whether it also encompassed regulatory takings. Compare RICHARD A. EPSTEIN, *TAKINGS: PRIVATE PROPERTY AND THE POWER OF EMINENT DOMAIN* 196 (1985) (advocating an expansive interpretation of the Takings Clause to require compensation for virtually every interference with an individual's existing set of property rights), with Treanor, *supra* note 140, at 791–97 (contending that the original understanding of the Takings Clause included only physical seizures of property by the government).

143. See U.S. CONST. amend. V ("[N]or shall private property be taken for public use, without just compensation." (emphasis added)).

144. See *id.* ("[N]or shall private property be taken for public use, without just compensation." (emphasis added)). If the government is obligated to pay just compensation under the Takings Clause, it is unlikely to seize property unless the value of the public use outweighs the market value of the property. See *Zoltek Corp. v. United States*, 442 F.3d 1345, 1373 (Fed. Cir. 2006) (Plager, J., dissenting) ("By requiring just compensation the Constitution . . . places a constraint on government action by imposing the cost of such action on the Government's fisc, thus subjecting administrative action to the discipline of public decision-making and legislative authorization."), *reh'g en banc denied*, 464 F.3d 1335, 1336 (Fed. Cir. 2006), and *vacated in part*, 672 F.3d 1309, 1317, 1322, 1327 (Fed. Cir. 2012); Michael W. McConnell, *The Raisin Case*, 2015 CATO SUP. CT. REV. 313, 314–15 (2015) (describing the logic of the Takings Clause).

145. See Cotter, *supra* note 26, at 535 (summarizing the elements of a takings claim).

interpretation when applied to particular facts.<sup>146</sup> The text of the Takings Clause leaves three critical questions unanswered: (1) What constitutes a “taking;”<sup>147</sup> (2) What qualifies as a “public use;”<sup>148</sup> and (3) What is the appropriate measure for “just compensation”?<sup>149</sup>

A significant development in takings jurisprudence is the adoption of a broad interpretation of public use.<sup>150</sup> In 1984, the Supreme Court clarified the expansive nature of the Takings Clause.<sup>151</sup> In *Hawaii Housing Authority v. Midkiff*,<sup>152</sup> the Court held that a state could use the eminent domain process to take privately held land and redistribute it to a wider population of private residents.<sup>153</sup> The case involved a challenge to Hawaii’s Land Reform Act of 1967,<sup>154</sup> which sought to reduce the concentration of land ownership.<sup>155</sup> The problem resulted from a

146. See William Michael Treanor, *The Original Understanding of the Takings Clause and the Political Process*, 95 COLUM. L. REV. 782, 803–10 (1995) (discussing modern understandings of the Takings Clause and how it differs from early, historical interpretations).

147. See *United States v. Gen. Motors Corp.*, 323 U.S. 373, 378–79 (1945) (defining the term “taken” within the Fifth Amendment expansively to cover, not only substitution of ownership, but also deprivation of ownership, including damage to, depreciation in value of, and destruction of property).

148. See *Berman v. Parker*, 348 U.S. 26, 32–33 (1954) (clarifying that the concept of public welfare, which influences determinations of public use, represents spiritual values as well as physical, aesthetic, and monetary values).

149. See *Brown v. Legal Found. of Wash.*, 538 U.S. 216, 237–38 (2003) (explaining that just compensation is measured in terms of loss to the owner, which is determined by fair market value); see also *Bost. Chamber of Commerce v. Boston*, 217 U.S. 189, 195 (1910) (declaring that the appropriate measure of just compensation is “what the owner has lost, not what the taker has gained”).

150. See Dustin Marlan, *Trademark Takings: Trademarks As Constitutional Property Under the Fifth Amendment Takings Clause*, 15 U. PA. J. CONST. L. 1581, 1587–91 (2013) (commenting on the development of takings jurisprudence and the expansion of the public use language in the Takings Clause).

151. See *Public Use-Economic Development*, 119 HARV. L. REV. 287, 287 (2005) (“For over a century, courts have adopted a broad view of what constitutes a ‘public use’ for purposes of the Takings Clause.”).

152. 467 U.S. 229 (1984).

153. See *id.* at 232–36 (considering a Hawaii statute whereby fee title was taken from lessors and transferred to lessees, for just compensation, with the goal of reducing the concentration of private land ownership).

154. See HAW. REV. STAT. §§ 516–22 (1976) (codifying the Land Reform Act of 1967).

155. See *Midkiff*, 467 U.S. at 232 (noting that previous efforts to divide Hawaiian lands proved unsuccessful).

feudal land tenure system, which did not recognize the concept of fee simple ownership.<sup>156</sup> Consequently, a handful of individuals owned a large percentage of the land available for residential development.<sup>157</sup> To alleviate this problem, the Land Reform Act authorized a redistribution of fee simple titles from the few landowners to private residents, who were often lessors, through the power of eminent domain.<sup>158</sup>

The Court held that, if a compensated taking is rationally related to a conceivable public purpose, then the taking is constitutional.<sup>159</sup> Therefore, if the government rationally believes that a taking will promote a valid objective, it will satisfy the public use requirement.<sup>160</sup> In the years following *Midkiff*, the Public Use Clause did not impose a significant impediment to state and local efforts to condemn private property.<sup>161</sup> Courts exhibited substantial deference to legislative determinations that particular uses of property served an appropriate municipal function.<sup>162</sup> As a result, public-private urban redevelopment efforts intensified.<sup>163</sup>

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156. *See id.* (explaining that, during extensive hearings, the Hawaii legislature concluded that concentrated land ownership skewed the State's residential fee simple market, inflated land prices, and "injured the public tranquility and welfare").

157. *See id.* (reporting that, although the State and Federal Governments owned approximately 49% of the State's land, seventy-two private landowners owned 47% of Hawaiian lands).

158. *See id.* at 232–34 (describing the title transfer process that the Land Reform Act of 1967 implemented).

159. *See id.* at 230 (noting that condemnations and private-to-private transfers are constitutional under the Takings Clause so long as they are "rationally related to a conceivable public purpose").

160. *See id.* at 244–45 (explaining that, although a purely private government taking cannot withstand the Fifth Amendment scrutiny, courts are highly deferential to the legislature in the determination of whether a taking will serve a public use).

161. *See, e.g.,* Lynn E. Blais, *The Problem with Pretext*, 38 *FORDHAM URB. L.J.* 963, 965 (2011) (illustrating that the *Midkiff* decision embraced a wide range of public purposes); Thomas W. Merrill, *The Economics of Public Use*, 72 *CORNELL L. REV.* 61, 61 (1986) ("In practice . . . most observers today think that the public use limitation is a dead letter.").

162. *See* Abraham Bell, *Private Takings*, 76 *U. CHI. L. REV.* 517, 550–52 (2009) (describing that many states engage in the controversial practice of partnering with or employing private development corporations to condemn property for redevelopment projects).

163. *See* Blais, *supra* note 161, at 966–67 (noting that the *Midkiff* decision

More recently, the Court held that the condemnation and transfer of property from one private actor to another private actor as part of a “comprehensive redevelopment plan” was a public use.<sup>164</sup> In *Kelo v. City of New London*, the Court addressed the City of New London’s authority to seize private residential property to sell to private developers.<sup>165</sup> This was done in accordance with the City’s comprehensive development plan, which included the expected arrival of a new research facility, constructed by pharmaceutical giant Pfizer.<sup>166</sup>

The Court largely focused on the City of New London’s planning and projected economic growth.<sup>167</sup> The City claimed that the associated public benefits were neither incidental nor pretextual and satisfied the Fifth Amendment.<sup>168</sup> The majority agreed in a 5-to-4 decision.<sup>169</sup> According to the Court, “[p]romoting economic development is a traditional and long accepted function of government”<sup>170</sup> that cannot be distinguished from a public purpose.<sup>171</sup>

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permitted state and local governments to expand the scope of redevelopment projects “beyond slum clearance and urban renewal to urban revitalization and redevelopment”).

164. *See Kelo v. City of New London*, 545 U.S. 469, 480–81 (2005) (illustrating that, historically, the Court has interpreted the Takings Clause as being broad and inclusive as to what public needs satisfy the public use requirement).

165. *See id.* at 475 (noting that, after negotiations with several residents failed, the City initiated condemnation proceedings and claimed the land as its own).

166. *See id.* (noting that the City of New London did not claim that the properties were “blighted or otherwise in poor condition”).

167. *See id.* at 480–82 (describing that resolution turned on whether the City of New London’s economic development plan accomplished a “public purpose,” defined broadly, and with deference to legislative judgments (citing *Berman v. Parker*, 348 U.S. 266 (1954); *Haw. Hous. Auth. v. Midkiff*, 467 U.S. 229 (1984))).

168. *See id.* at 478 (explaining that the Public Use Clause prohibits transfers of private property with only incidental or pretextual public benefits).

169. *See id.* at 483–84 (characterizing the City of New London’s economic development plan as “comprehensive,” and concluding that the proposed plan and taking undeniably served a public purpose).

170. *Id.* at 484.

171. *See id.* (“There is, moreover, no principled way of distinguishing economic development from the other public purposes that we have recognized.”).

The Supreme Court's holding in *Kelo* remains controversial and resulted in an unprecedented political backlash, including state legislative action.<sup>172</sup> The decision is significant, however, for reaffirming the broad nature of the public use requirement.<sup>173</sup>

Post-*Kelo*, two categories of public use are widely recognized as valid: First, the Fifth Amendment clearly authorizes government to take private property without consent if it is to be used by the government for general public benefit.<sup>174</sup> Second, the government is authorized to transfer private property to another private entity, provided that the transfer is for a public rather than private purpose and that there is no provision of state law that prohibits such conduct.<sup>175</sup>

### *B. Taking Property: The Per Se Rule*

Seizures of property under the Takings Clause fall into one of three categories: per se (possessory) takings,<sup>176</sup> regulatory takings,<sup>177</sup> or judicial takings.<sup>178</sup> In the context of professional

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172. For a comprehensive account of state legislative responses to *Kelo*, see Dana Berliner, *Looking Back Ten Years After Kelo*, 125 YALE L.J. F. 82, 84 (2015) (noting that, in the years after *Kelo*, a total of forty-seven states increased protection against takings for private use through constitutional, legislative, or judicial action); D. Zachary Hudson, Note, *Eminent Domain Process*, 119 YALE L.J. 1280, 1282 (2010) (“[M]any states altered their eminent domain statutes or amended their constitutions to ensure that economic development could not serve as a legitimate basis for exercising the state’s eminent domain power.”).

173. See *Kelo v. City of New London*, 545 U.S. 469, 487–90 (2005) (illustrating that a ruling in favor of petitioners would represent a departure from prior precedents).

174. See U.S. CONST. amend. V (“[N]or shall private property be taken for public use, without just compensation.” (emphasis added)).

175. See *Kelo*, 545 U.S. at 479–80 (interpreting the “public use” language of the Takings Clause to encompass “public purpose”).

176. See *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 427 (1982) (noting that the Court has consistently found a taking when faced with a constitutional challenge to a permanent physical occupation of real property).

177. See *Penn Cent. Transp. Co. v. New York City*, 438 U.S. 104, 124 (1978) (challenging an alleged regulatory taking, which is a less obvious type of taking that results from government regulations that have a significant adverse effect on an individual’s use and enjoyment of land). The *Penn Central* Court developed a three-factor balancing test that determines whether a government regulation amounts to a regulatory taking. *Id.* at 123. The factors

sports franchises, however, a successful exercise of eminent domain power against a team implicates only the doctrines associated with per se takings.<sup>179</sup> The taking would not subject a private owner to restrictions on the ability to use, develop, or dispose of team property.<sup>180</sup> Additionally, the exercise of eminent domain in this context would not involve a court declaration that “what was once an established right of private property no longer exists.”<sup>181</sup> Rather, attempted seizures of professional sports franchises involve a municipality’s desire to acquire all property rights associated with ownership.<sup>182</sup> Following the payment of just compensation to the appropriate party, eminent domain effectively transfers title from a private party to the government.<sup>183</sup>

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include: (1) the economic impact of the regulation on the claimant, (2) the extent to which the regulation has interfered with distinct investment-backed expectations, and (3) the character of the government action. *See, e.g.*, *Connolly v. Pension Benefit Guar. Corp.*, 475 U.S. 211, 225 (1986) (restating the *Penn Central* balancing test).

178. *See Stop the Beach Renourishment, Inc. v. Fla. Dep’t of Env’tl. Prot.*, 560 U.S. 702, 715 (2010) (plurality opinion) (breathing life into the doctrine of judicial takings—the concept that judicial decisions, similar to other government actions, might be deemed to take property rights under the Takings Clause of the Fifth Amendment). In that case, petitioners challenged the Supreme Court of Florida’s determination that, under state law, depositing sand on eroded beaches constituted an avulsion whereby ownership accrued to the state. *Id.* at 711–12. In a plurality decision, the Supreme Court declared that, if “a court declares that what was once an established right of private property no longer exists, it has taken that property.” *Id.* at 714–15.

179. *See Lindsay, supra* note 97, at 937 (recognizing that historical attempts to seize a professional sports franchise have involved efforts to acquire complete ownership of *all* team property (emphasis added)).

180. *See* Richard A. Epstein, *Physical and Regulatory Takings: One Distinction Too Many*, 64 STAN. L. REV. ONLINE 99, 101 (2012) (asserting that major regulatory initiatives undertaken by the government “rarely require a penny in compensation for millions of dollars in economic losses”).

181. *Stop the Beach Renourishment*, 560 U.S. at 714–15 (2010).

182. *See, e.g., Raiders IV*, 220 Cal. Rptr. 153, 155 (1985) (noting that the City of Oakland sought, among other things, to condemn the intangible property rights associated with the Raiders franchise); *Mayor & City Council of Baltimore v. Baltimore Football Club Inc.*, 624 F. Supp. 278, 282 (D. Md. 1985) (“As a preliminary matter, the Court points out that it is now beyond dispute that intangible property is properly the subject of condemnation proceedings.”).

183. *See Leone, supra* note 69, at 506 (“Both Baltimore and Oakland attempted to take title to their teams through eminent domain.”).

The Supreme Court has found *per se* takings when (1) the government physically seizes private property, which results in a permanent physical occupation,<sup>184</sup> and (2) when a government regulation results in the loss of all economically beneficial or productive use of property.<sup>185</sup> A permanent physical seizure of private property, however, does not mean forever.<sup>186</sup> All takings are “temporary” at some level because the government may relinquish control of the property at a later time.<sup>187</sup> This is true regardless of the type of property taken or the method of seizure.<sup>188</sup>

### *C. Taking Personal Property*

The Fifth Amendment protects multiple forms of property other than real property.<sup>189</sup> At its historical core, the Takings Clause protects physical property.<sup>190</sup> This category of property includes both real property and personal property.<sup>191</sup> According to

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184. *See, e.g.*, *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 441 (1982) (determining that a government-sanctioned, “permanent physical occupation of property” is a taking, regardless of the reason for the government’s taking).

185. *See, e.g.*, *Lucas v. S.C. Coastal Council*, 505 U.S. 1003, 1019 (1992) (determining that, if a government regulation eliminates all economically beneficial or productive use of privately owned land in the name of the common good, that is, to leave the owner’s property economically idle, the owner has suffered a taking which requires just compensation).

186. *See Hendler v. United States*, 952 F.2d 1364, 1376 (Fed. Cir. 1991) (describing that the term “permanent” does not mean forever, or anything like it,” and that a government taking for a limited period of time does not absolve the government of its liability).

187. *See id.* (clarifying that the government may return condemned property to its original owner or otherwise release its interest through other means).

188. *See id.* (explaining that physical takings of property through condemnation and easements by virtue of regulations do not necessarily continue into perpetuity).

189. *See, e.g.*, *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1001–04 (1984) (holding that the Fifth Amendment protects trade secrets, an intangible form of intellectual property, from uncompensated government seizures).

190. *See Treanor, supra* note 140, at 708–13 (describing Madison’s rationale for the Fifth Amendment, which included a desire to ensure the protection of physical property).

191. *See id.* (arguing that Madison’s writings reveal a commitment to protecting both personal and real property).

the Supreme Court, Takings Clause protection extends to a range of real property interests, including fee simple estates, leaseholds,<sup>192</sup> easements,<sup>193</sup> and mortgages.<sup>194</sup> Additionally, it encompasses multiple intangible property rights.<sup>195</sup> But, as the Supreme Court stated in *Lucas v. South Carolina Coastal Council*,<sup>196</sup> the Takings Clause affords less protection to personal property than real property.<sup>197</sup> According to the *Lucas* Court, traditional understandings of property rights permitted a distinction between the two types of property.<sup>198</sup>

In 2015, the Supreme Court rebutted this presumption and held that personal property is constitutionally protected private property under the Takings Clause.<sup>199</sup> The case, *Horne v. Department of Agriculture* (The Raisin Case), involved a challenge to a federal scheme designed to stabilize the market for several agricultural products, including raisins.<sup>200</sup> The program

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192. See *United States v. Gen. Motors Corp.*, 323 U.S. 373, 378–79 (1945) (concerning condemnation proceedings initiated to procure temporary use of property held under a long-term lease by General Motors Corporation).

193. See *United States v. Welch*, 217 U.S. 333, 339 (1910) (treating the taking of an easement as a physical appropriation of land).

194. See *Louisville Joint Stock Land Bank v. Radford*, 295 U.S. 555, 601–02 (1935) (finding that an amendment to federal bankruptcy law providing for the scaling down of mortgage debts without the full repayment of the loans that they secured violated the Fifth Amendment’s Just Compensation Clause).

195. See, e.g., *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1001–04 (1984) (holding that trade secrets constitute constitutionally protected private property under the Takings Clause); *Webb’s Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 164–65 (1980) (finding that the Takings Clause protects the right to retain the interest earned on principal); *Lynch v. United States*, 292 U.S. 571, 579 (1934) (determining that valid contracts constitute Fifth Amendment property).

196. 505 U.S. 1003 (1992).

197. See *id.* at 1014, 1027–28 (describing the historical concern with physical appropriations and their equivalents).

198. See *id.* (analyzing the perceived difference in the bundle of rights associated with real and personal property).

199. See *Horne v. Dep’t of Agric.*, 135 S. Ct. 2419, 2425–33 (2015) (concluding that the Fifth Amendment requires that the Government pay just compensation when it takes personal property, just as when it takes real property).

200. The Agriculture Marketing Act of 1937 authorized the Secretary of Agriculture to promulgate “marketing orders,” which set quotas for certain agricultural products. *Id.* at 2424. The Raisin Administrative Committee, a government entity, determined the required allocation of individual growers. *Id.*

prohibited raisin growers from placing a certain percentage of their crop into the market and fined growers for noncompliance.<sup>201</sup> It also required raisin growers to deliver these “reserve raisins” to a governmental body (Raisin Committee).<sup>202</sup> Without paying any compensation, the Raisin Committee subsequently acquired title to the reserve raisins and disposed of them at its discretion.<sup>203</sup> Raisin growers retained a proportional, contingent interest in the value of raisins reserved for the government if the proceeds exceeded the administrative costs of the Raisin Committee.<sup>204</sup>

Citing understandings of property law dating back to the Magna Carta,<sup>205</sup> the Court concluded that Fifth Amendment protections equally apply to both personal property and real property.<sup>206</sup> According to the Court, nothing in the text, history, or logic of the Takings Clause permitted any other interpretation.<sup>207</sup> Applying this understanding to the facts, the

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Earlier in the litigation, Justice Elena Kagan referred to the California raisin statute “the world’s most outdated law.” See Transcript of Oral Argument at 40, 49, *Horne v. Dep’t of Agric.*, 133 S. Ct. 2053 (2013) (No. 12-123) (addressing a procedural aspect of the case). Justice Antonin Scalia agreed, calling it “a crazy statute.” *Id.*

201. Petitioners grew and produced raisins. *Horne*, 135 S. Ct. at 2424. After refusing to comply with the set-aside requirement, the Government assessed a fine of \$483,843.53 against the Hornes. *Id.* at 2433. This fine allegedly represented the market value of the missing raisins. *Id.* at 2425. The government also assessed “an additional civil penalty of just over \$200,000 for disobeying the order to turn them over.” *Id.*

202. See *id.* at 2424 (describing that the Raisin Committee ordered raisin growers to set aside 47% of their crop from 2002–2003 and 30% from 2003–2004).

203. See *id.* (explaining that, once title is acquired, the Raisin Committee sells the reserve raisins in noncompetitive markets, donates them to charity, releases them to growers who agree to reduce their production, or disposes of them by other means consistent with the purposes of the program).

204. The government characterized the proportional interest retained by growers as the “the most important property interest” in the reserve raisins. *Id.* at 2428–29. Therefore, they argued that no Fifth Amendment taking occurred. *Id.* at 2429.

205. See *id.* at 2426 (illustrating that the principles reflected in the Takings Clause go back “at least 800 years to Magna Carta, which specifically protected agricultural crops from uncompensated takings”).

206. See *id.* at 2426 (“[T]he Government has a categorical duty to pay just compensation when it takes your car, just as when it takes your home.”).

207. See *id.* (commenting on arbitrary and oppressive appropriations of

Court determined that the regulatory reserve requirement imposed on raisin growers was a possessory per se taking, which required just compensation.<sup>208</sup>

#### *D. Taking Intangible Intellectual Property*

Prior to *The Raisin Case*, the Supreme Court never directly addressed the question of whether the Takings Clause applied to property other than real property.<sup>209</sup> An explanation offered by one scholar is, essentially, that “no one ever doubted that the Takings Clause [applied] fully to personal property.”<sup>210</sup> However, *The Raisin Case* unequivocally concludes, as the majority wrote, that “[t]he Government has a categorical duty to pay just compensation when it takes your car, just as when it takes your home.”<sup>211</sup>

At first glance, the Court’s opinion seems to examine only the application of the Takings Clause to personal property, ignoring any potential implications on intellectual property interests.<sup>212</sup>

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personal property during the Revolutionary War, which likely influence the inclusion of the Takings Clause in the Fifth Amendment).

208. See *id.* at 2427–28 (concluding that the reserve requirement imposed on raisin growers constituted a “clear physical taking”). The Court also addressed two more issues presented by *The Raisin Case*. See *id.* at 2425 (“The petition for certiorari poses three questions, which we answer in turn.”). The government claimed that there was no taking because growers retained an important property interest in the reserve raisins: the contingent interest in net proceeds. *Id.* at 2428–30. It also argued that the government program operated as a valid condition on permission to engage in commerce. *Id.* at 2429–30. The Court did not find either of the government’s arguments compelling. *Id.* at 2430–31. It reiterated, however, that raisins are private property and that any physical taking of them for public use requires just compensation. *Id.*

209. See McConnell, *supra* note 144, at 322–23 (illustrating that the Supreme Court had previously applied the Takings Clause (in its per se form) to personal property, including patents, steamboats, machinery, and money, but that it did so without explanation).

210. See *id.* at 322 (noting the surprising nature of the Ninth Circuit’s holding that per se takings rules did not apply to personal property because nothing in the “text history or logic of the Takings Clause suggest otherwise”).

211. *Horne v. Dep’t of Agric.*, 135 S. Ct. 2419, 2426 (2015); see also McConnell, *supra* note 144, at 317 (noting that no dissenting justice challenged this interpretation of the Takings Clause).

212. See *Horne*, 135 S. Ct. at 2425–33 (discussing why the Takings Clause extends to personal property as well as real property).

However, the Court's opinion briefly mentions the protections that the Taking Clause provides for patents.<sup>213</sup> Addressing the history of the Takings Clause, the Court reiterated that a patent manifests an exclusive property interest in the patented invention, held by the patentee.<sup>214</sup> Such a property interest "cannot be appropriated or used by the government itself, without just compensation."<sup>215</sup> The Court then analogized the exclusive property interest created by a patent to interests in real property, held by a private purchaser.<sup>216</sup> But, aside from utilizing a discussion of the property interests created by patents to illustrate the development of takings jurisprudence, the Court did not delve further into a discussion of intangible intellectual property interests.<sup>217</sup>

As takings jurisprudence makes clear, the Takings Clause, and the associated constitutional protections it affords, is most often applied to real or tangible property.<sup>218</sup> However, this reality should not prohibit courts from applying the Takings Clause to intangible property.<sup>219</sup> In fact, takings jurisprudence demonstrates a commitment to protecting many forms of property besides real property.<sup>220</sup> This makes the fact that the Court's

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213. See *id.* at 2427 (noting the constitutional protection of patents to make the assertion that personal property is "no less protected against physical appropriation than real property").

214. See *id.* (citing *James v. Campbell*, 104 U.S. 356, 358 (1881) (concerning the U.S. Post Office's alleged appropriation of a patent, which was obtained for an improved postmarking or stamping machine)).

215. *Id.*

216. See *id.* ("[A patent] confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser.").

217. See *id.* at 2427–28 (discussing the Court's takings jurisprudence and disagreement with the Ninth Circuit's distinction between real and personal property).

218. See *Cotter*, *supra* note 26, at 536 (noting that the vast majority of Supreme Court decisions regarding the Takings Clause concern actions initiated in response to government takings of real, as opposed to personal or intangible, property).

219. See *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1003–04 (1984) (holding that trade secrets are protected under the Takings Clause).

220. For a discussion of the historical protections afforded to patents, see Adam Mossoff, *Patents as Constitutional Private Property: The Historical Protection of Patents Under the Takings Clause*, 87 B.U. L. REV. 689, 700–11

opinion in *The Raisin Case* expressly relies on a patent case to support a broad reading of the word “property” in the Fifth Amendment rather curious.<sup>221</sup> The Court could have utilized language from another case to establish the broad nature of property rights, but it did not.<sup>222</sup> Additionally, the Court has never held that the Takings Clause directly applies to patents.<sup>223</sup> Taken together, these realities strongly suggest that constitutional property is not limited to tangible property rights and that the current Court considers intellectual property rights protected by the Takings Clause.

#### IV. Types of Intellectual Property

This Part provides a brief overview of the four major categories of intellectual property rights—trade secrets, patents, copyrights, and trademarks—and how the private property interests of each differ.<sup>224</sup> Additionally, it introduces whether the property interests of each qualify as constitutional property for purposes of the Takings Clause.<sup>225</sup>

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(2007) (examining the judicial and legislative records and arguing that nineteenth-century courts, “enthusiastically applied the Takings Clause to patents”). But, as Mossoff’s Article describes, modern courts and scholars have obscured the constitutional proposition that patents are private property rights secured under the Constitution. *Id.* at 711–24.

221. See *supra* notes 212–217 and accompanying text (discussing the Supreme Court’s use of a nineteenth-century patent case to illustrate the development of takings jurisprudence).

222. See, e.g., *Ruckelshaus*, 467 U.S. at 1003 (noting that property “extends beyond land and tangible goods and includes the products of an individual’s labour and invention”).

223. Rather, the U.S. Court of Appeals for the Federal Circuit has stated that patents are not constitutionally protected property under the Takings Clause. See *Zoltek Corp. v. United States (Zoltek III)*, 442 F.3d 1345, 1370 (Fed. Cir. 2006) (per curiam) (concluding that the government’s uses of a patented invention or method is not a seizure of any property interest belonging to the patentee), *reh’g en banc denied*, 464 F.3d 1335, 1336 (Fed. Cir. 2006), and *vacated in part*, 672 F.3d 1309, 1317, 1322, 1327 (Fed. Cir. 2012).

224. See *infra* Part IV.A–D (differentiating between the four major categories of intellectual property and the property rights associated with each).

225. See *infra* Part IV.A–D (illustrating that, while trade secrets receive heightened protection under the Takings Clause, the application of the Takings Clause to other categories of intellectual property is unclear).

### A. Trade Secrets

“A trade secret is any information that can be used in the operation of a business or other enterprise and that is sufficiently valuable and secret to afford an actual or potential economic advantage over others.”<sup>226</sup> The bundle of rights associated with trade secrets is defined by the extent to which the owner protects his interest from disclosure to others.<sup>227</sup> Though state laws primarily govern trade secrets,<sup>228</sup> they receive heightened constitutional protection under the Takings Clause.<sup>229</sup>

### B. Patents

The Constitution grants Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>230</sup> Under this power, Congress has the right to enact various laws regarding patents, which are exclusive property rights in certain types of inventions

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226. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 39 (AM. LAW INST. 1995); *see also* RESTATEMENT (FIRST) OF TORTS § 757, cmt. b (AM. LAW INST. 1939) (defining trade secrets as “any formula, pattern, device or compilation of information which is used in one’s business, and that gives one an opportunity to obtain an advantage over competitors who do not know or use it”).

227. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 40 (AM. LAW INST. 1995) (stating that, among other things, the owner of a trade secret may exclude others from acquiring the secret by “improper means,” or from using or disclosing the secret if the other knew, or had reason to know, that the circumstances of disclosure gave rise to a duty to maintain secrecy).

228. *See* Richard A. Epstein, *The Constitutional Protection of Trade Secrets Under the Takings Clause*, 71 U. CHI. L. REV. 57, 58 (2004) (“Unlike patents and copyrights, trade secrets are protected primarily by state law rules, with some limited federal protection thrown into the mix.”); Christopher B. Seaman, *The Case Against Federalizing Trade Secrecy*, 101 VA. L. REV. 317, 330–38 (2015) (describing that, although state laws generally govern trade secrets, a significant body of federal statutory law is potentially applicable to the growing issue of trade secret theft).

229. *See* *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1001–04 (1984) (holding that trade secrets associated with the development of an agrochemical product were property under Missouri law and, thus, protected against confiscation under the Takings Clause).

230. U.S. CONST. art. I, § 8, cl. 8.

and other useful information.<sup>231</sup> While Congress enacted the first patent law in 1790,<sup>232</sup> the present Patent Act states that, once granted, a patent confers the patentee with an exclusive property interest for a term of twenty years.<sup>233</sup> As recognized by the Supreme Court, “patent protection strikes a delicate balance between creating incentives that lead to creation, invention, discovery, and impeding the flow of information that might permit, indeed spur, invention.”<sup>234</sup>

Similar to other types of intellectual property, “[t]he question that haunts scholars and courts today is whether patents also are constitutional private property, falling within the ambit of protections afforded to private property under the Takings Clause.”<sup>235</sup> In 2006, the U.S. Court of Appeals for the Federal Circuit provided an answer.<sup>236</sup> Despite being considered “private

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231. See 35 U.S.C. § 154(a) (2012) (granting a patentee the right to exclude others from making, using, or selling the patented invention in the United States).

232. See Patent Act of 1790, ch. 7, § 1, 1 Stat. 109, 110 (repealed 1793) (stating that a patent protects “the sole and exclusive right and liberty of making, constructing, using and vending to others to be used, the said invention or discovery”).

233. See 35 U.S.C. § 154(a)(2) (2012) (“Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States . . .”).

234. See *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013) (involving a challenge to the validity of multiple gene patents) (internal quotation marks omitted).

235. Mossoff, *supra* note 220, at 690 (internal quotation marks omitted).

236. See *Zoltek Corp. v. United States (Zoltek III)*, 442 F.3d 1345, 1370 (Fed. Cir. 2006) (per curiam) (concluding that the government’s uses of a patented invention or method is not a seizure of any property interest belonging to the patentee), *reh’g en banc denied*, 464 F.3d 1335, 1336 (Fed. Cir. 2006), and *vacated in part*, 672 F.3d 1309, 1317, 1322, 1327 (Fed. Cir. 2012). The Federal Circuit is particularly influential in the area of patent law because it is the only federal appellate court with per se jurisdiction over patent appeals. See *Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 838–39 (2002) (explaining that, although the Federal Circuit “does not have exclusive jurisdiction over all cases raising patent issues,” there is an interest in “directing appeals in patent cases to the specialized court that was created, in part, to promote uniformity in the development of this area of the law”).

property interests,”<sup>237</sup> the court determined that patents are not constitutional property under the Takings Clause.<sup>238</sup>

### C. Copyrights

Copyrights, a third form of intellectual property, provide authors of original works with a bundle of proprietary rights for limited times.<sup>239</sup> Similar to patents, copyrights are also creatures of federal law.<sup>240</sup> A legal scheme enumerated in the Constitution and developed by Congress, copyright encourages the authorship and dissemination of original forms of expression.<sup>241</sup> As with other categories of intangible intellectual property, the issue of applying Takings Clause scrutiny to copyrights is relatively unexplored by the courts,<sup>242</sup> resulting in scholars reaching different conclusions on the issue.<sup>243</sup>

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237. See 35 U.S.C. § 261 (2012) (“Subject to the provisions of this title, patents shall have the attributes of personal property.”).

238. See *Zoltek*, 442 F.3d at 1352 (concluding that, because patents are “creatures of federal law” and not created by “an independent source such as state law,” they do not receive the protections afforded by the Takings Clause).

239. See 17 U.S.C. § 106 (2006) (embodying the concept of private ownership by securing to a copyright owner the exclusive right to reproduce, distribute, perform, and display the secured work, as well as the right to prepare derivative works).

240. See U.S. CONST. art. I, § 8, cl. 8 (endowing Congress with the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”); 17 U.S.C. §§ 101–1332 (2006) (codifying United States copyright law).

241. See Jessica Litman, *The Public Domain*, 39 EMORY L.J. 965, 970–77 (1990) (outlining the basics of copyright as a category of private intellectual property).

242. See DAVID A. DANA & THOMAS W. MERRILL, PROPERTY: TAKINGS 233 (2002) (stating that the “[a]pplication of the Takings Clause to intellectual property—trademarks, copyrights and patents—has not yet been seriously tested in the courts”).

243. Compare Davida H. Isaacs, *Not All Property Is Created Equal: Why Modern Courts Resist Applying the Takings Clause to Patents, and Why They Are Right to Do So*, 15 GEO. MASON L. REV. 1, 43 (2007) (arguing that the *Zoltek* court’s conclusion was correct and that patents should not trigger Takings Clause protection), with Cotter, *supra* note 26, at 532 (concluding that, “on balance, most federal uses of patents and copyrights probably do implicate the Takings Clause”).

### D. Trademarks

Fundamentally, trademarks differ from the other categories of intellectual property protection.<sup>244</sup> According to the federal Lanham Act,<sup>245</sup> which governs trademark law, trademarks include “any word, name, symbol, device or any combination thereof—(1) used by a person, or (2) which a person has a bona fide intention to use in commerce . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods.”<sup>246</sup> In contrast to patents, copyrights, and trade secrets, trademarks do not share the same underlying purpose of encouraging and rewarding innovation, physical creation, or original authorship.<sup>247</sup> Rather, historical and modern trademark law is the manifestation of two competing policy goals: (1) the protection of consumers from deception and confusion, and (2) the protection of the private property interests a trademark represents.<sup>248</sup>

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244. See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:15 (4th ed. 2012) (“Trademarks, unlike patents and copyrights, have no existence independent of the good will of the products or services in connection with which the mark is used.”).

245. See 15 U.S.C. §§ 1051–1127 (2012) (codifying the Lanham Act, as amended).

246. 15 U.S.C. § 1127 (2012). The United States Patent and Trademark Office (USPTO) is the federal agency responsible for granting U.S. patents and registering trademarks. *Id.* § 1051. It derives its authority to register trademarks from the Commerce Clause of the U.S. Constitution. See *id.* (permitting the application for registration of “a trademark used in commerce” or of a trademark that a person has a bona fide intention to use in commerce).

247. See *supra* Part IV.A–C (discussing, among other things, the policy goals associated with patents, copyrights, and trade secrets).

248. Before the Lanham Act’s passage, Congressman Lanham, the bill’s sponsor, elaborated on the goals of trademark law:

The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trademark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trademark owner.

S. Rep. No. 1333, at 3 (1946); see also 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:2 (4th ed. 2012) (“In the author’s

Until Congress enacted the first federal trademark statutes in the late nineteenth century, state common law protected trademarks.<sup>249</sup> Today, trademarks receive federal protection under the Lanham Act.<sup>250</sup> Originally enacted in 1946, the Lanham Act codifies and expands on years of state common law trademark traditions.<sup>251</sup> Generally, its clauses provide a registration scheme for trademarks and service marks used in interstate commerce.<sup>252</sup> It also establishes remedies against third parties for infringement<sup>253</sup> and dilution.<sup>254</sup> Finally, the Lanham Act provides federal protection against various acts of unfair competition, which, among other things, include false advertising, false designations of origin, and false description or representation.<sup>255</sup>

At common law and under the Lanham Act, exclusive use of a trademark is awarded to the first person to make a lawful,

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opinion, to select as paramount either protection of the trademark property or protection of consumers would be to oversimplify the *dual* goals of trademark law, both historical and modern: the protection of both consumers from deception and confusion *and* the protection of the trademark as property.”).

249. Congress enacted the first federal trademark statute in 1870, which anchored protection for the property rights associated with trademarks in the Patent and Copyright Clause of the Constitution. *See* Act of July 8, 1870, 16 Stat. 198 (providing a system of federal registration for all trademarks used throughout the United States). The Supreme Court later struck down the Trademark Act of 1870 because it exceeded Congress’s authority under the Patent and Copyright Clause. *See In re Trade-Mark Cases*, 100 U.S. 82, 92–94 (1879) (reasoning that the Patent and Copyright Clause did not protect trademarks because a trademark does not “depend upon novelty, invention, discovery, or any work of the brain”). The Court also determined that the Act violated the Commerce Clause because it extended federal protection to trademarks regardless of whether the mark was used in interstate commerce. *Id.* at 97–98.

250. *See* 15 U.S.C. §§ 1051–1127 (2012) (codifying U.S. trademark law).

251. *See* Seaman, *supra* note 228, at 382–84 (describing the federalization of trademark law, which ultimately resulted in strengthened trademark rights).

252. *See* 15 U.S.C. §§ 1051–72 (2012) (outlining registration under the Principal Register, the primary register of trademarks maintained by the United States Patent and Trademark Office).

253. *See id.* §§ 1125(a), 1114 (providing for a federal cause of action for the infringement of registered marks and unregistered marks).

254. *See id.* § 1125(c) (codifying the Federal Trademark Dilution Act of 1995 and providing a federal cause of action for the dilution of famous marks).

255. *See id.* § 1125(a)(1)(B) (creating a federal cause of action for various common-law unfair competition torts).

commercial use of the mark in commerce.<sup>256</sup> This permits the senior user or owner to exclude others from using the same mark or a confusingly similar mark.<sup>257</sup> Combined with the protections afforded by trademarks, this exclusionary function safeguards the economic interests of owners and consumers in the preservation of brand identity.<sup>258</sup>

### V. Trademarks as Constitutionally Protected Private Property

Trademarks possess many of the qualities of other forms of constitutionally protected private property.<sup>259</sup> The framers of the Constitution limited the Fifth Amendment guarantee to property.<sup>260</sup> In doing so, they “obliged the Supreme Court to come up with criteria for identifying those interests that qualify as property and for excluding others that would fail the test.”<sup>261</sup> This is because neither the Fifth Amendment nor any other constitutional provision defines what constitutes property.<sup>262</sup> As a result, courts have endeavored to distinguish between those

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256. Essentially, an owner acquires the property rights associated with trademarks through its use in commerce. *See id.* § 1051(A)(3) (requiring that the applicant for a trademark believe, in good faith, that they are the first entity to use the designation as a mark). For competing users of an inherently distinctive mark, ownership and priority of use goes to the “first entity to use the designation as a mark.” *See* 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 16:1 (4th ed. 2015) (describing trademark priority at common law, which follows the rule of first-in-time, first-in-right).

257. *See* 15 U.S.C. §§ 1051, 1072, 1115 (2012) (stating that registration of the mark serves as nationwide, constructive notice of ownership and use).

258. *See supra* note 248 and accompanying text (discussing the underlying goals of trademark law).

259. *See* Marlan, *supra* note 150, at 1599 (arguing that “trademarks possess the qualities of constitutional property and are therefore subject to the Takings Clause”).

260. *See* U.S. CONST. amend. V. (permitting the government to take private property for public use upon payment of just compensation).

261. *See* Paul J. Heald & Michael L. Wells, *Remedies for the Misappropriation of Intellectual Property by State and Municipal Governments Before and After Seminole Tribe: The Eleventh Amendment and Other Immunity Doctrines*, 55 WASH. & LEE L. REV. 849, 857 (1998) (contemplating whether intellectual property constitutes constitutional property under the Fifth Amendment).

262. *See supra* notes 147–149 and accompanying text (describing three critical questions left unanswered by the Fifth Amendment).

forms of property that fall outside the bounds of the Fifth Amendment and those that receive heightened protection from government seizure.<sup>263</sup>

Though it is well understood that “[t]he Takings Clause does not extend equal protection to each form of property it recognizes,”<sup>264</sup> takings jurisprudence is often characterized as a “muddle.”<sup>265</sup> The doctrines utilized to interpret the Takings Clause are difficult to ascertain, continually evolving, and sometimes lack theoretical coherence.<sup>266</sup> The application of the Takings Clause to intangible intellectual property rights—which are distinguishable in numerous ways from the more common seizure of real property—only complicates the matter further.<sup>267</sup>

The issue of whether trademarks constitute constitutionally protected private property under the Fifth Amendment is a relatively underexplored area of the law.<sup>268</sup> However, two landmark intellectual property cases provide some guidance on the issue.<sup>269</sup> First, in 1984, the Supreme Court held that the

263. See Note, *Copyright Reform and the Takings Clause*, 128 HARV. L. REV. 973, 976–77 (2015) (“[N]ot all legal rights and privileges amount to property.”).

264. *Id.*

265. See, e.g., Jane B. Baron, *Winding Toward the Heart of the Takings Muddle: Kelo, Lingle, and Public Discourse About Private Property*, 34 FORDHAM URB. L.J. 613, 618 (2007) (arguing that, in reaffirming the broad nature of the Public Use Clause, *Kelo* may have “paradoxically made it more difficult for state and local governments to exercise that power, because it only heightened distrust of municipal actions affecting property”); Bradley C. Karkkainen, *The Police Power Revisited: Phantom Incorporation and the Roots of the Takings “Muddle”*, 90 MINN. L. REV. 826, 827 (2006) (tracing the roots of the doctrinal muddle in the context of regulatory takings); Carol M. Rose, *Mahon Reconstructed: Why the Takings Issue Is Still a Muddle*, 57 S. CAL. L. REV. 561, 561–62 (1984) (characterizing Takings Clause jurisprudence as “[b]y far the most intractable constitutional property issue”).

266. See Karkkainen, *supra* note 265, at 827–33 (introducing the doctrinal challenges associated with the Supreme Court’s takings jurisprudence).

267. See Cotter, *supra* note 26, at 529 (“If the law of takings as applied to real and personal property is the ‘muddle’ that many commentators insist it is, the law of taking with regard to intellectual property can only be characterized as a muddle within the muddle.”).

268. See DANA & MERRILL, *supra* note 242, at 233 (explaining that courts have not seriously tested the application of the Takings Clause to the various categories of intellectual property); see also Marlan, *supra* note 150, at 1599–1620 (exploring the case for trademarks as constitutionally protected private property).

269. See *infra* Part V.B (discussing two judicial decision that concern the

Takings Clause protects trade secrets.<sup>270</sup> The U.S. Court of Appeals for the Federal Circuit reached the opposite conclusion regarding the status of patents.<sup>271</sup> Second, in 2006, the Federal Circuit concluded that “patents, despite being considered private property interests, are not constitutional property under the Takings Clause.”<sup>272</sup> Utilizing both cases and arguments for and against the Fifth Amendment’s application to trademarks, this Part contends that trademarks should be considered constitutionally protected private property.<sup>273</sup>

#### *A. Public Goods or Private Property?*

The Takings Clause of the Fifth Amendment protects private property interests.<sup>274</sup> Public goods, on the other hand, do not qualify for constitutional protection.<sup>275</sup> A common counterargument to treating trademarks as constitutional property rests on this latter principle.<sup>276</sup>

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application of the Takings Clause to trade secrets and patents).

270. See *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1003–04 (1984) (holding that trade secrets constitute property under the Takings Clause).

271. See *Zoltek Corp. v. United States (Zoltek III)*, 442 F.3d 1345, 1370 (Fed. Cir. 2006) (per curiam) (concluding that the government’s uses of a patented invention or method is not a seizure of any property interest belonging to the patentee), *reh’g en banc denied*, 464 F.3d 1335, 1336 (Fed. Cir. 2006), and *vacated in part*, 672 F.3d 1309, 1317, 1322, 1327 (Fed. Cir. 2012).

272. See *Marlan*, *supra* note 150, at 1584 (arguing that trademarks constitute both legal private property and constitutionally protected property for the purposes of the Takings Clause).

273. See *infra* Part V.C (concluding that, based on contemporary judicial guidance and the propertization of intellectual property, trademarks are constitutionally protected private property).

274. See U.S. CONST. amend. V (“[N]or shall *private property* be taken for public use, without just compensation.”) (emphasis added).

275. Public goods are non-rivalrous, meaning that, once the good is produced, many individuals can simultaneously consume that good without interfering with the consumption opportunities available to others. See David W. Barnes, *A New Economics of Trademarks*, 5 NW. J. TECH. & INTELL. PROP. 22, 24 (2006) (rejecting the private goods characterization of trademarks).

276. Recall that trademark law is the manifestation of two competing policy goals, one of which is the protection of consumers from deception and confusion. See *supra* note 248 and accompanying text (describing the historical and modern goals of trademark law).

Arguably, traditional property doctrines resist treating trademarks as private property because restrictive rights in a mark extend only to its use in conjunction with the sale of goods and services.<sup>277</sup> Essentially, by using a mark to identify and distinguish his products or services in commerce, the owner of a mark merely contributes to the store of information available for consumer use.<sup>278</sup> This permits consumers to use a mark in a beneficial, but non-rivalrous manner.<sup>279</sup> Consumers thus may invoke the communicative, source-indicating value of the mark without interfering with the mark holder's rights or those of other consumers.<sup>280</sup> This reality, some argue, erodes the economic foundation for the propertization of trademarks.<sup>281</sup>

Trademarks no longer serve a primary function as “consumer-driven, communicative devices.”<sup>282</sup> Those who claim that trademarks do not constitute constitutionally protected private property fail to acknowledge the increased treatment of trademarks as property.<sup>283</sup> Undeniably, trademarks serve the interests of consumers.<sup>284</sup> They reduce search costs and create

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277. See Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 463 (1999) (disputing the economic foundation for the propertization of trademarks, and arguing that without legal protections, trademarks are public goods).

278. See *id.* at 369 (“By identifying the source of goods, a trademark provides consumers with information that they need (and cannot otherwise readily obtain) in order to match their desires to particular products.”).

279. See *id.* at 28–35 (arguing that the dominant modern theory of trademark law, which is based on the tendency of consumers to refer or search for products or services based on recognition of a supplier's mark, ignores the public goods character of referential meaning).

280. See Marlan, *supra* note 150, at 1600 (summarizing the argument that trademarks constitute public goods).

281. See Lunney, Jr., *supra* note 277, at 486–87 (“[W]e have divorced trademark law from its historical and sensible policy focus on the probability of material confusion, and crafted an overbroad, ill-considered legal regime that serves simply to enrich certain trademark owners at the expense of consumers . . .”).

282. See Marlan, *supra* note 150, at 1600 (addressing the public goods counterargument to treating trademarks as private property).

283. See *id.* at 1603 (“While trademark law's expansion in the past half-century has solidified trademarks as property rights . . . scholars have noted that even early American trademark law cases focused on the protection of owners' trademarks as property.”).

284. See Irina D. Manta, *Privatizing Trademarks*, 51 ARIZ. L. REV. 381, 381 (2009) (“Trademark law is guided by market-oriented principles that encourage

incentives for businesses to ensure the production of quality products.<sup>285</sup> As one scholar proclaimed, “The true functions of the trademark are . . . to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public.”<sup>286</sup> Nevertheless, increased propertization has characterized the evolution of trademark law throughout the twentieth century and into the modern era.<sup>287</sup> Eclipsing the consumer protection rationale, the private property-based functions of trademarks presently dominate.<sup>288</sup>

### *B. Contemporary Judicial Guidance*

This subpart contends that Takings Clause precedent from other forms of intellectual property strongly suggests that trademarks are property rights as well. First, it discusses the Supreme Court’s holding that the Takings Clause protects trade secrets.<sup>289</sup> It then examines the status of patents, which, according to the U.S. Court of Appeals for the Federal Circuit, do not receive Fifth Amendment protection.<sup>290</sup> Considering both cases, this subpart argues that trademarks satisfy the requirements for constitutionally protected private property mandated in each.<sup>291</sup>

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productivity and successful sale of goods.”).

285. *See id.* (describing the commercial interest associated with trademarks, which promotes competition in the market).

286. *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 818 (1927) (discussing the topic of trademark dilution).

287. *See* Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1847 (2007) (characterizing the propertization of trademark law as a “shift . . . away from confusion-based protection and towards a property-based regime that is focused only superficially on consumers”).

288. *See id.* at 1915 (“Virtually every significant doctrinal development in the last century has given mark owners greater control over the use and meaning of their marks.”).

289. *See infra* Part V.B.1 (describing a trade secret misappropriation claim by a producer of pesticides and other chemicals).

290. *See infra* Part V.B.2 (summarizing a patent infringement claim by the assignee of a patent for certain methods of manufacturing carbon fiber sheets with controlled surface electrical resistivity).

291. *See infra* Part V.B.3 (considering the implications of both cases for the constitutional protection of trademarks).

## 1. Ruckelshaus v. Monsanto

In *Ruckelshaus v. Monsanto*,<sup>292</sup> the Supreme Court held that trade secrets are property constitutionally protected from government seizure without compensation under the Fifth Amendment.<sup>293</sup> Monsanto Company develops, produces, and sells pesticides and other chemicals.<sup>294</sup> To comply with certain provisions of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), the company registered all pesticides sold in interstate commerce with the Secretary of Agriculture.<sup>295</sup> The legislation also required disclosure of a producer's pesticide formulas.<sup>296</sup> Challenging the disclosure requirement, Monsanto argued that disclosure of the data constituted misappropriation of trade secret information without just compensation.<sup>297</sup>

On direct appeal, the Supreme Court confronted the question of whether the Fifth Amendment protected the trade secret information submitted by Monsanto.<sup>298</sup> The Court answered in the affirmative.<sup>299</sup> It determined that intangible property rights created by an independent source such as state law deserve the protection of the Takings Clause.<sup>300</sup> In reaching that conclusion,

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292. 467 U.S. 986 (1984).

293. *See id.* at 1003–04 (holding that the government's misappropriation of data from a producer of pesticides and other chemical products constituted a Fifth Amendment taking).

294. *See id.* at 997 (mentioning that the company sells products in “both domestic and foreign markets”).

295. *See id.* at 991 (discussing FIFRA's disclosure requirements).

296. Under some circumstances, FIFRA authorized the Environmental Protection Agency (EPA) to use trade secret information acquired from an earlier permit applicant to evaluate the safety of a product developed by a subsequent applicant. *Id.* at 991–92. Additionally, it authorized the EPA to disclose certain data, including trade secrets and other confidential information, “to protect against an unreasonable risk of injury to health or the environment.” *Id.* at 996.

297. *See id.* at 998–99 (listing Monsanto's claims).

298. *See id.* at 1000 (“Does Monsanto have a property interest protected by the Fifth Amendment's Taking Clause in the health, safety, and environmental data it has submitted to EPA?”).

299. *See id.* at 1003–04 (stating “[t]hat intangible property rights protected by state law are deserving of the protection of the Taking Clause” and that this principle “has long been implicit in the thinking of” the Court).

300. *See id.* (noting that much of the information submitted by Monsanto qualified as trade secrets under Missouri law).

the Court analogized trade secrets to real property.<sup>301</sup> According to the Court, characteristics of trade secrets mirror those of more tangible forms of property, including assignability and the capacity of trade secrets to form the res of a trust.<sup>302</sup> Next, the Court cited the legislative history of FIFRA to support the property-like nature of trade secrets.<sup>303</sup> Discussing the very amendments to FIFRA that led to the litigation, Congress acknowledged that developers retain a “proprietary interest” in trade secret data.<sup>304</sup> This entitles data submitters to compensation because they “have legal ownership of the data.”<sup>305</sup> Finally, the Court explained its history of extending Takings Clause protection to other forms of intangible property interests created by state law, including liens and contracts.<sup>306</sup>

## 2. Zoltek Corp. v. United States (Zoltek III)

While the Supreme Court found that trade secrets qualified for Fifth Amendment protection, the U.S. Circuit Court of Appeals for the Federal Circuit reached the opposite conclusion regarding the status of patents.<sup>307</sup> Zoltek Corporation is the assignee of a patent for certain methods of manufacturing carbon fiber sheets with controlled surface electrical resistivity.<sup>308</sup> The company claimed that Lockheed Martin, which designed and built F-22 fighter jets for the federal government, utilized carbon

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301. *Id.* at 1002.

302. *Id.*

303. *Id.*

304. *Id.*

305. *Id.*

306. *See id.* at 1003 (invoking John Locke’s labour theory to conclude that the notion of property “extends beyond land and tangible goods and includes the products of an individual’s labour and invention”) (internal quotation marks omitted).

307. *See Zoltek Corp. v. United States (Zoltek III)*, 442 F.3d 1345, 1370 (Fed. Cir. 2006) (per curiam) (concluding that the government’s uses of a patented invention or method is not a seizure of any property interest belonging to the patentee), *reh’g en banc denied*, 464 F.3d 1335, 1336 (Fed. Cir. 2006), *and vacated in part*, 672 F.3d 1309, 1317, 1322, 1327 (Fed. Cir. 2012).

308. *See id.* at 1347 (“Zoltek Corporation . . . is the assignee of United States Reissue Patent No. 34,162 (reissued Jan. 19, 1993) to a ‘Controlled Surface Electrical Resistance Carbon Fiber Sheet Product.’”).

fiber sheets produced through the method in Zoltek's patent.<sup>309</sup> Zoltek sued, claiming that the United States committed patent infringement, which constituted a taking under the Fifth Amendment.<sup>310</sup> Relying on the 1894 case of *Schillinger v. United States*,<sup>311</sup> the Federal Circuit held that a patent holder could not sue the government for patent infringement as a Fifth Amendment taking.<sup>312</sup>

The Federal Circuit explained that property interests that qualify as constitutional property for purposes of the Takings Clause must arise out of "an independent source such as state law."<sup>313</sup> Patents do not meet this requirement.<sup>314</sup> Instead, federal law creates and Congress defines the dimensions of the property interests associated with patents.<sup>315</sup> The court also noted that Congress did not intend for the Fifth Amendment to protect patents.<sup>316</sup> It explained that:

In response to *Schillinger*, Congress provided a specific sovereign immunity waiver for a patentee to recover for infringement by the government. Had Congress intended to clarify the dimensions of the patent rights as property interests under the Fifth Amendment, there would have been no need for the new and limited sovereign immunity waiver.<sup>317</sup>

Essentially, the Federal Circuit reasoned that, if the Takings Clause protected patent rights, then "Congress' enactment of the 1910 Patent Act (later codified at 35 U.S.C. § 1498)—expressly

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309. *See id.* at 1349 (describing that the government contracted with Lockheed Martin to build F-22 fighters, who subsequently subcontracted for the production of two types of silicide fiber products used in the fifth-generation, stealth fighter jet).

310. *See id.* (alleging that the silicide fiber products were made for the government, using its claimed methods).

311. *See* 155 U.S. 163, 164–65 (1894) (involving a claim that against the government for the wrongful use of a patented method for concrete stone paving).

312. *See Zoltek III*, 442 F.3d at 1350 (noting that "*Schillinger* remains the law").

313. *Id.* at 1352 (citing *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1001 (1984)).

314. *Id.*

315. *See id.* ("[P]atent rights are a creature of federal law.").

316. *Id.*

317. *Id.*

waiving sovereign immunity for state-sponsored patent infringement in limited circumstances—would be superfluous.”<sup>318</sup>

### C. What Does This Mean for Trademarks?

The Fifth Amendment provides trade secrets with heightened protection against government takings.<sup>319</sup> No other form of intellectual property receives such protection.<sup>320</sup> On the other hand, the Federal Circuit explicitly held that patents are not protected.<sup>321</sup> Though the *Monsanto* and *Zoltek III* cases resulted in different outcomes, both provide a framework for assessing whether other forms of intellectual property receive constitutional protection.<sup>322</sup> Notably, they help answer the question of whether trademarks constitute constitutionally protected private property.

First, mindful of the basic axiom that the Constitution does not create property interests, both courts reinforced the state law creation requirement.<sup>323</sup> In *Monsanto*, the Supreme Court found that the confidential information submitted in accordance with FIFRA constituted property under Missouri law.<sup>324</sup> Subsequent disclosure of the data by the EPA constituted a misappropriation

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318. *Additional Developments-Patent*, 22 BERKELEY TECH. L.J. 259, 265 (2007).

319. *See* Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1003–04 (1984) (summarizing the Court’s reasoning).

320. *See supra* Part IV.A–D (illustrating that, while trade secrets receive heightened protection under the Takings Clause, the Supreme Court has never held that the protections of the Takings Clause extend to other categories of intellectual property).

321. *See* *Zoltek Corp. v. United States (Zoltek III)*, 442 F.3d 1345, 1370 (Fed. Cir. 2006) (per curiam) (holding that patents do not constitute Fifth Amendment property), *reh’g en banc denied*, 464 F.3d 1335, 1336 (Fed. Cir. 2006), *and vacated in part*, 672 F.3d 1309, 1317, 1322, 1327 (Fed. Cir. 2012).

322. *See* Marlan, *supra* note 150, at 1614 (stating that courts will likely apply the precedents set by the *Monsanto* and *Zoltek III* courts to a trademark takings issue).

323. *See Zoltek III*, 442 F.3d at 1352 (quoting Ruckelshaus v. Monsanto Co., 467 U.S. 986, 1001 (1984)).

324. *See Monsanto*, 467 U.S. at 1003 (characterizing the confidential information submitted by Monsanto as a “trade secret property rights under Missouri law”).

of trade secret information without just compensation.<sup>325</sup> Conversely, the *Zoltek III* court explained that the federal creation of patents disqualified them from Fifth Amendment protection.<sup>326</sup>

Current patent law stems from Congress's authority to regulate patents and copyrights under the Patent and Copyright Clause of the U.S. Constitution.<sup>327</sup> Unlike patents and copyrights, however, Congress is prohibited from regulating trademarks under the Patent and Copyright Clause.<sup>328</sup> Instead, federal trademark jurisdiction implicitly derives its authority from the Commerce Clause.<sup>329</sup> The fact that the U.S. Constitution does not explicitly create trademarks distinguishes them from patents. While the *Zoltek III* court mentioned the federal creation of patents as a primary reason why they do not constitute constitutional property, trademarks, on the other hand, are not entirely "creature[s] of federal law."<sup>330</sup> Rather, trademarks are historically the products of state common law.<sup>331</sup> This reality arguably satisfies the state law creation requirement for constitutional property.

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325. See *id.* at 1014–16 (holding that the EPA's use and disclosure of Monsanto's trade secret rights constituted a taking for public use).

326. See *Zoltek III*, 442 F.3d at 1352 (concluding that, because patents are "a creature of federal law," they do not constitute property interests under the Takings Clause).

327. See U.S. CONST. art. I, § 8, cl. 8. (authorizing Congress to enact legislation governing copyrights and patents).

328. See *supra* note 249 and accompanying text (describing that, in 1879, the Supreme Court denied Congress the authority to register or regulate trademarks under the Patent and Trademark Clause).

329. See 15 U.S.C. § 1051 (2012) (permitting the application for registration of "a trademark used in commerce" or of a trademark that a person has a bona fide intention to use in commerce).

330. See *Zoltek Corp. v. United States (Zoltek III)*, 442 F.3d 1345, 1352 (Fed. Cir. 2006) (per curiam) (describing why patents do not constitute constitutionally protected private property rights), *reh'g en banc denied*, 464 F.3d 1335, 1336 (Fed. Cir. 2006), *and vacated in part*, 672 F.3d 1309, 1317, 1322, 1327 (Fed. Cir. 2012).

331. See Marlan, *supra* note 150, at 1617 (arguing that trademarks "meet the state law creation requirement for constitutional property because they are products of the common law").

*D. Putting the Pieces Together*

Applying the guidance provided by the courts in *Monsanto* and *Zoltek III*, trademarks theoretically constitute constitutionally protected private property.<sup>332</sup> First, despite its codification under the federal Lanham Act, current trademark law largely incorporates existing common law principles “governing both the subject matter and scope of [trademark] protection.”<sup>333</sup> As originally passed in 1946, the Lanham Act largely adopted the principles of state trademark law, but has since expanded in ways that go beyond many states’ common law, such as the dilution remedy.<sup>334</sup> Second, compared with other forms of property, trademarks meet the right-to-exclude theorization of property that is at the core of constitutional property.<sup>335</sup> Under the Lanham Act and at common law, trademarks serve an exclusionary function because exclusive use of a mark is awarded to the first person to make a lawful, commercial use of the mark in commerce.<sup>336</sup> Third, the Supreme Court recognizes that the notion of property “extends beyond land and tangible goods and includes the products of an individual’s labour and invention.”<sup>337</sup> Trademarks arguably satisfy John Locke’s labor and invention conception of property discussed in *Monsanto* given “the extensive use requirements necessary . . . to

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332. See *id.* at 1629 (concluding that, among other things, trademarks are both legal private property and constitutionally protected property for the purposes of the Takings Clause).

333. See Robert C. Denicola, *Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995*, 59 LAW & CONTEMP. PROBS. 75, 79–80 (1996) (recounting the origins of the Lanham Act, the codification of which embraced a balance of interests drawn from “more than a century of common law adjudication”).

334. See 15 U.S.C. § 1125(c) (2012) (codifying the Federal Trademark Dilution Act of 1995, which creates a federal cause of action to protect famous marks from unauthorized use, to prevent others from benefiting from the established goodwill of such marks, and to prevent dilution of the distinctiveness of such marks).

335. See Felix S. Cohen, *Dialogue on Private Property*, 9 RUTGERS L. REV. 357, 374 (1954) (explaining property as that “to which the following label can be attached: To the world: Keep off X unless you have my permission, which I may grant or withhold. Signed: Private Citizen[,] Endorsed: The State”).

336. See *supra* Part IV.D (explaining that the exclusionary function of trademarks preserves both private economic interests and brand identity).

337. *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1003 (1984).

obtain a trademark registration, as well as the effort put forth in the creation of a mark.”<sup>338</sup> Fourth, in contrast to other forms of intellectual property with limited legal lives, such as patents and copyrights,<sup>339</sup> the property interests associated with trademarks potentially exist into perpetuity.<sup>340</sup> Considered together, the bundle of property rights associated with trademarks should qualify as constitutional property interests, subject to the protection of the Takings Clause. The history and development of trademark law,<sup>341</sup> combined with the Supreme Court’s broad reading of the word “property” in the Fifth Amendment, reinforces this conclusion.<sup>342</sup>

### VI. Taking a Team’s Trademark

This Part concludes that the seizure of a professional sports franchise’s trademark could constitute a valid public use under the Takings Clause.<sup>343</sup> Assessing a Fifth Amendment taking requires multiple inquiries.<sup>344</sup> As previously mentioned, the government must pay a property owner just compensation whenever (1) a state actor, (2) authorized by law, (3) effectuates a taking, (4) of a private actor’s property, (5) for a valid public

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338. Marlan, *supra* note 150, at 1617.

339. See *supra* Part IV.B–C (explaining that patents and copyrights confer an owner with a set of property rights for limited times).

340. See 15 U.S.C. § 1059(a) (2012) (“[E]ach registration may be renewed for periods of 10 years at the end of each successive 10-year period following the date of registration.”). In addition to timely renewal, the owner of a trademark must continue to use the mark in commerce, or risk abandonment. See *id.* § 1127 (describing the risk of abandonment resulting from, among other things, the owner’s failure to use the mark in commerce).

341. See *supra* Part V.A (arguing that the private property-based functions of trademarks currently dominate).

342. See *supra* Part III.D (arguing that *The Raisin Case* supports an expansive definition of the word “property” in the Fifth Amendment, and that the Court’s decision suggests that the Takings Clause protects intellectual property rights).

343. See *supra* Part III.A (explaining the history of the public use requirement in takings jurisprudence).

344. See *supra* notes 142–144 and accompanying text (describing the various restrictions that the Takings Clause imposes on the government’s ability to take private property).

use.<sup>345</sup> If a proposed taking satisfies each requirement, the government is authorized to seize the property in question notwithstanding the owner's objection.<sup>346</sup> According to the Supreme Court, the government's power to effectuate a taking applies to private property other than real, tangible property.<sup>347</sup> Consequently, the Takings Clause of the Fifth Amendment also applies to various forms of intangible property.<sup>348</sup> Though not yet addressed by the Supreme Court, government seizures of trademarks should implicate the Fifth Amendment.<sup>349</sup>

The conclusion that trademarks constitute constitutionally protected private property provides users of the mark with greater protection against government seizures.<sup>350</sup> In the context of professional sports franchises, it could also provide teams with greater protection upon relocation.<sup>351</sup> This Part explores the potential for a city to acquire a relocating franchise's trademarks through the exercise of its eminent domain powers. In doing so, it analyzes the decisions of the courts involved with the Oakland Raiders and Baltimore Colts litigation.<sup>352</sup> Additionally, it

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345. See Cotter, *supra* note 26, at 535 (summarizing the elements of a takings claim and the requirements that the government must satisfy before seizing property).

346. See, e.g., *Brown v. Legal Found. of Wash.*, 538 U.S. 216, 232 (2003) (confirming the proposition that, provided an owner receives just compensation for the taking of her property, that owner does not have standing to object to the government's decision).

347. See, e.g., *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1003–04 (1984) (noting that other types of intangible rights constitute Fifth Amendment property).

348. See *supra* notes 190–198 and accompanying text (explaining that, although the protection of real property lies at the historical core of takings protection, Fifth Amendment protection extends to multiple types of intangible property rights).

349. See *supra* Part V.D (concluding that trademarks should constitute constitutionally protected private property).

350. See *supra* notes 7–12 and accompanying text (describing why professional sports teams vigorously protect their trademarks and associated goodwill from infringement).

351. See *supra* notes 142–149 and accompanying text (summarizing the general restrictions imposed by the Fifth Amendment on the government's ability to take private property).

352. See *infra* Part VI.A (discussing the public use implications of the Oakland Raiders and Baltimore Colts litigation).

considers the aforementioned widening of the public use language in the Takings Clause.<sup>353</sup>

### A. *The Eminent Domain Cases*

Though the series of decisions in the Raiders litigation has been criticized for ignoring crucial aspects of takings analysis, it provides important precedent for future actions against professional sports franchises.<sup>354</sup> Rather than engaging in a more traditional takings analysis, the final reviewing court mainly questioned “the propriety of using the dormant commerce clause as a limitation on an eminent domain action.”<sup>355</sup> According to the *Raiders IV* court, its conclusion on the Commerce Clause issue obviated the need for further consideration of the City of Oakland’s public use argument.<sup>356</sup>

Regardless of the result of the Raiders litigation, the series of court decisions provide some guidance concerning the public use issue.<sup>357</sup> The *Raiders I* court found that the acquisition and operation of a professional sports franchise could qualify as an appropriate municipal function.<sup>358</sup> Unequivocally, it indicated that the validity of the City of Oakland’s contemplated taking necessarily turned on its ability to demonstrate the Fifth

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353. See *infra* Part VI.B (considering modern franchise free agency in light of the Supreme Court’s arguable annihilation of the public use requirement).

354. The *Raiders IV* court largely avoided the public use and just compensation issues before the court. See Greg L. Johnson, *City of Oakland v. Oakland Raiders (Raiders IV): Commerce Clause Scrutiny as an End-Run Around Traditional Public Use Analysis*, 1 *BYU J. PUB. L.* 335, 360 (1987) (“The irony of all of the Raiders litigation is that the crucial, traditional, and fundamental points of taking analysis . . . received virtually no attention in comparison with other issues.”).

355. See *id.* (“The appeals court did not attempt to justify its revolutionary approach, except to say that prior cases have simply never presented the issue as *Raiders IV* did.”).

356. See *Raiders IV*, 220 Cal. Rptr. 153, 158 (Cal. Ct. App. 1985) (asserting that the conclusions reached on the Commerce Clause and antitrust issues outweighed any legitimate public use claims alleged by the City of Oakland).

357. See *supra* Part II.A.1 (summarizing the Raiders litigation).

358. See *Raiders I*, 646 P.2d 835, 843 (Cal. 1982) (concluding that, if the City of Oakland could demonstrate a valid public use, the acquisition and operation of the Raiders franchise would qualify as an appropriate municipal function).

Amendment's public use requirement.<sup>359</sup> In doing so, it extended the public use doctrine to "matters of public health, recreation and enjoyment."<sup>360</sup> The court articulated that the government's ability to provide the public access to spectator sports is an appropriate municipal function.<sup>361</sup> Additionally, even though the *Raiders IV* court invalidated the City of Oakland's proposed action, different circumstances might have resulted in a different conclusion. The court implied that the exercise of eminent domain is appropriate where compelling state interests outweigh the burdens on interstate commerce.<sup>362</sup> Unfortunately, the appellate courts in the Raiders cases never fully addressed the validity of the City of Oakland's public use claims.<sup>363</sup>

Though the City of Oakland did not prevail, its response provided a legitimate course of action for future victims of franchise free agency.<sup>364</sup> Following the litigation, a professional sports franchise could no longer scoff at a city's threat to exercise its eminent domain powers against the team's tangible and intangible property rights.<sup>365</sup> Based on the implications of the Raiders decisions, different circumstances and a showing of

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359. *See id.* (determining that, "[i]f such valid public use can be demonstrated, the statutes discussed herein afford City the power to acquire by eminent domain any property necessary to accomplish that use"). While the trial court addressed the public use issue on the final remand, the *Raiders IV* appeals court avoided the public use issue. *See supra* notes 60–63 (describing that the *Raiders IV* court invalidated the City of Oakland's proposed action on dormant Commerce Clause grounds).

360. *Raiders I*, 646 P.2d at 841.

361. *See id.* at 841–42 (utilizing the examples of stadiums owned and operated by municipalities, including Candlestick Park in San Francisco, to bolster the argument that providing access to recreation "in the form of spectator sports is an appropriate function of city government").

362. *See id.* (implying that more compelling reasons that justify the exercise of eminent domain include the promotion of health, safety, and fair economic competition).

363. *See, e.g., Raiders IV*, 220 Cal. Rptr. 153, 158 (Cal. Ct. App. 1985) ("Our conclusion on the commerce clause obviates the need for further consideration of the public use and antitrust arguments.").

364. *See* Portner, *supra* note 39, at 549 (describing the influence of eminent domain on sports franchises following the initiation of the Raiders litigation).

365. *See* Joyce, III, *supra* note 24, at 553 n.2 (mentioning that a member of the Raider's team counsel termed the City of Oakland's efforts to acquire the team by eminent domain "a joke").

public use could justify the condemnation of a professional sports franchise.<sup>366</sup>

The Colts litigation focused on another set of eminent domain issues, but still provides valuable guidance for question of whether the seizure of a professional sports team's trademark could constitute a public purpose.<sup>367</sup> As discussed by the district court, the propriety of condemning a business is dependent upon the situs and jurisdictional reach of the government.<sup>368</sup> Because the Colts franchise relocated the night before the Maryland legislature enacted the Emergency Bill No. 1042, the City of Baltimore lacked jurisdiction to seize the franchise.<sup>369</sup> Similar to the *Raiders IV* court, the Maryland District Court also avoided the public use issue.<sup>370</sup> Considering that the Colts prevailed on the threshold issue of the appropriate date for determining the situs of the franchise, it did not contemplate a thorough eminent domain analysis.<sup>371</sup>

The Raiders and Colts cases support the proposition that the Public Use Clause could permit the seizure of a professional sports team's trademark, contingent on the satisfaction of certain requirements.<sup>372</sup> This is true regardless of the fact that the cities

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366. See Portner, *supra* note 39, at 548–51 (explaining the significance of the Raiders litigation and its influence on the expansion of the public use requirement of the Fifth Amendment).

367. See *supra* notes 87–93 and accompanying text (summarizing the issues presented by the Colts litigation and their subsequent resolution by the Maryland District Court).

368. See *Mayor & City Council of Baltimore v. Baltimore Football Club Inc.*, 624 F. Supp. 278, 284 (D. Md. 1985) (“It is, of course, axiomatic that a sovereign state’s power to condemn property extends only as far as its borders and that the property to be taken must be within the state’s jurisdictional boundaries.”).

369. See *id.* at 287 (finding that the City of Baltimore lacked the authority to seize the Colts franchise because the team relocated outside the state before the City initiated an eminent domain action).

370. See *id.* (concluding that an eminent domain analysis was not required because the Colts “prevailed on the threshold issue of the appropriate date for determining the situs of the franchise”).

371. See *id.* (stating that three considerations drove the court’s conclusion, including the fact that (1) the team’s principal place of business no longer in Maryland, (2) the team’s tangible property was located in Indianapolis before the March 30 filing, and (3) Irsay’s intentions for the Colts to escape Maryland’s jurisdiction).

372. See, e.g., *Raiders I*, 646 P.2d 835, 843 (Cal. 1982) (finding that the seizure of a professional sports franchise could constitute an appropriate

of Oakland and Baltimore failed to stop their teams from relocating.<sup>373</sup> They suggest that “the broad definition and the limited review applied to legislative determinations of public use indicate that the limitation is broad enough to encompass such a taking.”<sup>374</sup>

### *B. Future Implications and Leveling the Playing Field*

A professional sports franchise’s trademarks operate to protect the proprietary interest in the team’s name, logo, and colors, but as a matter of public interest, this property-like right can be seized pursuant to a valid public use.<sup>375</sup> The expansive interpretation of the Fifth Amendment’s public use requirement supports this claim.<sup>376</sup> While the *Midkiff* and *Kelo* decisions received considerable attention and criticism, they affirmed the encompassing nature of public use.<sup>377</sup> The government’s right to interfere with private property rights emerged in the early nineteenth century, coinciding with the nation’s economic growth.<sup>378</sup> In many respects, the current, broad interpretation of public use represents years of state action and judicial precedent.<sup>379</sup>

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municipal function contingent on the demonstration of a valid public use).

373. See Portner, *supra* note 39, at 548 (“A broad interpretation of the public use requirement in eminent domain law has also been applied where cities have used sports franchises to aid their economy.”).

374. See Joyce, III, *supra* note 24, at 571 (applying the Public Use Clause to sports franchises).

375. See *supra* notes 7–12 and accompanying text (commenting on the role played by trademarks in protecting a professional sports franchise’s brand).

376. See *supra* notes 161–163 and accompanying text (describing that, in the years after the *Midkiff* decision, the Public Use Clause did not impose a significant impediment to state and local efforts to condemn private property).

377. See *supra* Part III.A (discussing the *Midkiff* and *Kelo* cases, which clarified the broad and inclusive nature of the public use requirement).

378. See Portner, *supra* note 39, at 542–44 (summarizing the historical background of the public use limitation).

379. See *id.* at 542–51 (examining multiple decisions in eminent domain cases that demonstrate a willingness by state and federal courts to expand the definition of public use).

The fact that sports fans cheer for clothes sets the stage for disputes over valuable trademarks.<sup>380</sup> Arguably, the name, logo, and colors associated with a professional sports franchise are the most important aspects of the team.<sup>381</sup> The marks identify and promote a team's products and services in commerce, and represent millions of dollars in value.<sup>382</sup> Therefore, cities have a significant interest in preventing a team's trademark from relocating, regardless of what happens to the franchise's physical property.<sup>383</sup>

The condemnation of a professional sports franchise's trademark arguably serves the purpose of encouraging recreational and spectator activity, promoting civic identity, and protecting a substantial source of revenue.<sup>384</sup> Given the Supreme Court's deferential approach to legislative determinations of public use, such an argument theoretically satisfies the requirements of the Fifth Amendment.<sup>385</sup> Therefore, while franchises may appear to hold most of the cards in relocation, the exercise of eminent domain power to obtain a relocating team's trademark is a viable option for a city to protect its interests.<sup>386</sup> If successful, cities could avoid a substantial loss of local identity and tradition by securing trademarks with significant financial, emotional, and functional value.<sup>387</sup>

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380. Recall Seinfeld's explanation of why sports fans cheer for clothes. See *supra* notes 1–5 and accompanying text (describing that a sports franchise's clothes represent a particular brand, which symbolize a team's home community).

381. See *supra* notes 13–15 and accompanying text (explaining that the intangible intellectual property interests associated with a professional sports franchise add substantial value and marketability).

382. See Hetzel, *supra* note 8, at 142 (describing that, each year, sports team utilize their popularity to sell millions of dollars in products and services).

383. See *supra* notes 98–100 and accompanying text (discussing measures taken by the City of Cleveland to secure the Browns' name and other trademarks following Art Modell's announcement that the franchise would relocate to Baltimore, Maryland).

384. See *supra* notes 6–16 and accompanying text (analyzing the value associated with a professional sports franchise's trademarks).

385. See *supra* Part III.A (illustrating the widening of the public use language in the Takings Clause).

386. See *supra* Part VI.A (concluding that the exercise of eminent domain to seize a relocating team's trademark could prevail considering the guidance provided by the courts in the Oakland Raiders and Baltimore Colts litigation).

387. See *supra* notes 1–5 and accompanying text (explaining the attachment

### VII. Conclusion

The resurgence in franchise free agency in the NFL potentially implicates the loss of a significant source of local identity and tradition for multiple cities. Even if the City of St. Louis does not challenge the Rams' relocation to Los Angeles, California, the NFL's January 2016 vote permits the Chargers and Raiders franchises to move under certain circumstances. The relocation approval also sets the stage for a new generation of controversies over team property should a breakdown in negotiations occur. This includes disputes over valuable team logos and other trademarks. While courts ruled against the cities of Oakland and Baltimore nearly four decades ago, it is unclear whether another eminent domain action could succeed considering the expansive interpretation of the Public Use Clause.

Theoretically, an action to seize a team's trademarks could prevail. After all, trademarks embody, arguably, the most important aspect of a professional sports franchise—a brand that represents the team's history and traditions, its host city, and its fans. This possibility remains regardless of the likely status of trademarks as constitutionally protected private property. Considering Supreme Court precedents and rulings of lower courts, it is clear that post-*Kelo*, the taking of a trademark in the professional sports franchise context could constitute a valid public use, contingent on the payment of just compensation.

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of fans to a sports team's clothes).