




RICO Requires Transfer of Title to Forfeit Trademarks

USA v. Mongol Nation, No. 19-50176 and 19-50190 (9th Cir. Jan. 6, 2023)

By: Lisa Holubar and Victoria Hanson | January 13, 2023

The Ninth Circuit recently affirmed the denial of the United States’ second motion for preliminary order of forfeiture of the Mongol Nation’s trademarks. The Ninth Circuit held that the Racketeer Influenced and Corrupt Organization Act (RICO) did not provide the government with the power to strip a group of their right to enforce their trademarks without transferring title to the government. The Mongol Nation is an unincorporated association comprised of members of the Mongols motorcycle gang. Over the past several years, the Mongol Nation applied for and obtained

three registrations for the following collective membership marks:  ,  , and .

Since 2008, the government prosecuted more than 70 members of the Mongol Nation under RICO and other criminal statutes for violent and drug trafficking related crimes. In relation with those crimes, the government also prosecuted the Mongol Nation for substantive RICO and RICO conspiracy crimes, and a jury convicted the Mongol Nation of those charges. The jury found that various property of the Mongol Nation, including the Mongol Nation trademarks, was forfeitable under the RICO conspiracy count. However, the district court denied such forfeiture, holding that it would violate the First and Eighth Amendments. The district court also concluded that the transfer of trademarks may not be legally possible under trademark principles. The government filed a second forfeiture application for the marks, requesting that defendant’s title to the trademarks be extinguished without transferring or vesting the trademarks with the United States, but the district court denied that application on the same grounds as its first denial. The Mongol Nation appealed the conviction, and the government appealed the second denial of forfeiture of the Mongol Nation trademarks.

The Ninth Circuit affirmed the Mongol Nation’s conviction and the second denial of the forfeiture of the Mongol Nation trademarks. The Ninth Circuit concluded that the plain text of RICO rendered the government’s application a legal impossibility, and as such there was no need to decide whether the forfeiture of the trademark violated any constitutional provisions. The RICO statute provides that “all right, title, and interest in property [forfeitable under RICO] vests in the United States upon the commission of the act giving rise to forfeiture under this section.” 18 U.S.C. § 1963(c). The government’s contemplated method of forfeiture in its second forfeiture application (to extinguish the Defendant’s title but not vest those trademarks with the government) was crafted to avoid constitutional issues but as a result was facially inconsistent with RICO’s forfeiture provision: RICO required the trademarks be vested. As such, RICO provided no mechanism for forfeiture to occur without a transfer of title to the government.

This case demonstrates a rare intersection of trademark law and criminal law. The Ninth Circuit’s decision leaves open the constitutional questions of whether a properly crafted forfeiture notice on trademarks would run afoul of free expression or the prohibition on excessive fines.