

IN THE
Supreme Court of the United States

CLEMENTE PROPERTIES, INC., *et al.*,

Petitioners,

v.

PEDRO R. PIERLUISI-URRUTIA, *et al.*,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

REPLY BRIEF

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TABLE OF CONTENTS

	<i>Page</i>
TABLE OF CONTENTS.....	i
TABLE OF CITED AUTHORITIES	ii
REPLY BRIEF.....	1
ARGUMENT.....	3
I. This Court Should Decide the Takings Question	3
A. This case is an excellent vehicle to decide the takings question	3
B. The panel’s resolution of the takings question adds to the confusion in lower courts and undermines this Court’s precedents	7
II. This Court Should Decide the Immunity Question	9
A. Puerto Rico doesn’t have the sovereign immunity of the states	9
B. The Lanham Act provides a clear statement that abrogates any common law immunity Puerto Rico might have ...	11
CONCLUSION	13

TABLE OF CITED AUTHORITIES

	<i>Page</i>
Cases	
<i>Boston Athletic Ass’n v. Sullivan</i> , 867 F.2d 22 (1st Cir. 1989).....	5, 6
<i>Cedar Point Nursery v. Hassid</i> , 594 U.S. 139 (2021).....	4, 6, 7, 8
<i>Fin. Oversight & Mgmt. Bd. for Puerto Rico v.</i> <i>Centro de Periodismo Investigativo, Inc.</i> , 598 U.S. 339 (2023).....	2, 9, 10, 11
<i>Horne v. Department of Agriculture</i> , 576 U.S. 351 (2015).....	8
<i>Jim Olive Photography v.</i> <i>University of Houston System</i> , 624 S.W.3d 764 (Tex. 2021)	7
<i>King v. United States</i> , 151 F.4th 1348 (Fed. Cir. 2025).....	7
<i>Knick v. Township of Scott</i> , 588 U.S. 180 (2019).....	6
<i>Loretto v. Teleprompter Manhattan CATV Corp.</i> , 458 U.S. 419 (1982).....	5
<i>Lucas v. S.C. Coastal Council</i> , 505 U.S. 1003 (1992).....	5

Cited Authorities

	<i>Page</i>
<i>Philip Morris, Inc. v. Reilly</i> , 312 F.3d 24 (1st Cir. 2002).....	7, 8
<i>Ruckelshaus v. Monsanto Co.</i> , 467 U.S. 986 (1984).....	8
<i>Tahoe-Sierra Pres. Council, Inc. v.</i> <i>Tahoe Reg'l Plan. Agency</i> , 535 U.S. 302 (2002).....	8

Statutes and Other Authorities

U.S. Const. amend. IV	6
U.S. Const. amend. V	1, 4, 5, 7
15 U.S.C. § 1122(a).....	2
15 U.S.C. § 1122(b).....	2
Sup. Ct. Rule 10(c)	1, 3, 9

REPLY BRIEF

No one should be honored the way Puerto Rico purported to “honor[] the late Roberto Clemente.” BIO at 2. Against the Clemente family’s wishes, Puerto Rico profited handsomely from its sale of the Clemente trademark—generating roughly 15 million dollars for itself and tarnishing the Clemente brand in the process. The Commonwealth insists on using that money to create a sports district that infringes the Clemente trademark.¹ Its refusal to pay the Clementes raises two questions that merit this Court’s review. *First*, whether the Fifth Amendment exempts intangible property from the *per se* rules that govern takings of tangible property. Pet. for Cert. at i. *Second*, whether Puerto Rico enjoys any form of immunity from suit in federal court and, if so, whether the Lanham Act abrogates that immunity. *Id.* Respondents neither dispute that the issues presented are important nor assert that this Court has conclusively settled the questions Petitioners ask it to review. This Court should take this case to decide “important question[s] of federal law that ha[ve] not been, but should be, settled by this Court.” Sup. Ct. Rule 10(c).

Respondents oppose review of the takings issue by trying to reformulate the question presented. But the First Circuit ruled against Petitioners because it did “not think that infringement of intangible intellectual property can be analyzed using the same categorical approach as takings involving the physical possession or

1. This reply uses the same shorthand as the petition, including using “trademark” to denote “trademark, name, image, and likeness.” Pet. for Cert. at 5 n.1.

occupation of property.” App. 58a. That question—which the panel decided in a way that contravenes both history and precedent—is thus squarely presented for this Court’s review.

Respondents’ vehicle arguments on the immunity question are also unconvincing. In declining to resolve this question three years ago, this Court noted that Puerto Rico’s absence made it a “singularly inapt vehicle” for deciding the issue. *Fin. Oversight & Mgmt. Bd. for Puerto Rico v. Centro de Periodismo Investigativo, Inc.*, 598 U.S. 339, 346 n.2 (2023). This case suffers from no such problem because Respondents are Puerto Rico and its officials. This Court can easily dispose of the abrogation issue alongside Puerto Rico’s immunity. Petitioners argue that Puerto Rico possesses, at most, common law immunity that Congress can abrogate with a clear statement of its intent to do so. The Lanham Act, which states that government “shall not be immune” from suit, could not be clearer. 15 U.S.C. § 1122(a); *id.* § 1122(b).

This Court should take the case to resolve these pressing issues, which are important to both the family of a baseball legend and Americans nationwide.

ARGUMENT

I. This Court Should Decide the Takings Question

A. This case is an excellent vehicle to decide the takings question

Whether government appropriation of intangible property should be governed by the same *per se* standard as government appropriation of tangible property is an “important question of federal law that has not been, but should be, settled by this Court.” Sup. Ct. Rule 10(c). Respondents make no effort to dispute that point. Rather, they accuse Petitioners of “fram[ing] the question[] presented at a level of generality divorced from the issues actually decided below.” BIO at 6. But take it from the First Circuit itself. The court reached its conclusion because it did “not think that infringement of intangible intellectual property can be analyzed using the same categorical approach as takings involving the physical possession or occupation of property.” App. 58a. And the panel below refused to apply this Court’s precedents according *per se* treatment to an appropriation of a property right because the panel thought there was “a meaningful difference between small or partial invasions of physical property, as opposed to intangible property.” App. 60a.

Thus, although Respondents take issue with the question presented, they concede that the panel’s conclusion was based on its rejection of “Petitioners’ contention that the alleged trademark infringement should be analyzed under the same categorical principles governing classic physical appropriations of property.” BIO at 10. Respondents continue to defend that conclusion

before this Court. Although this Court routinely applies a *per se* rule of compensation to government appropriation of private property, *see, e.g., Cedar Point Nursery v. Hassid*, 594 U.S. 139, 148, 162 (2021), Respondents insist the same treatment should not apply here because the “interests are intangible rather than physical.” BIO at 13. The takings issue is squarely presented to this Court.

Petitioners’ decision to ask the panel below to apply only a *per se* analysis to an appropriation of their trademark is not a “procedural failing[.]” BIO at 9, but an argument focused on the proper test. Respondents in *Cedar Point Nursery v. Hassid*, like Respondents here, faulted the petitioners for “opt[ing] not to assert any *Penn Central* claim” and “never alleg[ing] that the Board’s regulation has had any negative economic impact on them at all.” Br. in Opp. at 12, No. 20-107 (filed Oct. 2, 2020) (internal citations and quotation marks omitted). Yet the petitioners’ refusal to plead alternative takings theories that they believed inapplicable posed no barrier to this Court’s review. *See Cedar Point*, 594 U.S. at 162 (applying the proper *per se* test for “simple appropriation of private property”). Here, too, the parties’ strenuous disagreement on the applicable Fifth Amendment test gives this Court a clean vehicle to decide a dispositive question of law.

That question is important. In principle, Respondents present no basis why courts must clumsily reclassify a classic taking of property into a use restriction merely because intangible property is at stake. *See Cedar Point*, 594 U.S. at 148 (distinguishing between government appropriation of “private property for itself or a third party” and “regulations that restrict an owner’s ability to use his own property”). In practice, the panel decision

below invites government to take intangible property at will. In contrast to a classic taking, which requires compensation regardless of the “economic impact on the owner,” *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 435 (1982), regulatory takings require significant diminution of value. *See Lucas v. S.C. Coastal Council*, 505 U.S. 1003, 1015 (1992) (applying a *per se* rule of compensation only where a regulation destroys “all economically beneficial or productive use” of the owner’s property) (emphasis added); Pet. for Cert. at 23 (regulatory takings require a significant diminution of value); Amicus Br. of Instituto de Libertad Económica para Puerto Rico and Manhattan Institute at 18 (after-the-fact balancing “is especially costly in a place like Puerto Rico, which is in dire need of investment[,]” because “[b]rands, licenses, and goodwill are precisely the assets that entrepreneurs and creators build first.”).

This case presents the Court with an excellent vehicle to consider the question presented. Trademarks are property rights based on state and common law, and they share more features with tangible property than patents and copyrights. *See* Pet. for Cert. at 25 (trademarks flow from goodwill and may exist in perpetuity); *see also id.* at 20 (the panel’s “non-rivalrous” rationale for excluding intangible property from *per se* rules does not apply to trademarks, which are at least somewhat rivalrous because they depend in part upon the exclusive nature of that right); Amicus Br. of Instituto de Libertad Económica et al. at 4–6. Perhaps for those reasons, Respondents do not ask this Court to cull trademarks from the ambit of Fifth Amendment protections. Respondents claim that a trademark is not a “right in gross,” BIO at 15 (quoting *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 35 (1st Cir.

1989)), but they do not explain why that should matter.² The scope of the underlying property right does not change the test for whether the government effects a classic or regulatory taking when it appropriates it. The *per se* rule applies—regardless of whether the government takes only an easement or the entire estate. *See Cedar Point*, 594 U.S. at 150–52.

This case also presents an excellent vehicle for this Court’s review because Puerto Rico took the trademark for itself. The Commonwealth enacted legislation authorizing its year-long sale of the mark on license plates and registration tags. Puerto Rico netted some 15 million dollars, which by Respondents’ own account, goes not to the Clementes but into a fund administered by the Commonwealth “for the *exclusive* benefit of the Department of recreation and sports and other legislative[ly] designated public purposes.” BIO at 3 (emphasis added).

Respondents would require the Clementes to “exercise whatever exclusionary rights they possess through infringement actions.” BIO at 15. But the availability of other compensation remedies cannot “restrict the property owner’s federal constitutional claim—just as the existence of a state action for battery does not bar a Fourth Amendment claim of excessive force.” *Knick v. Township of Scott*, 588 U.S. 180, 191 (2019). In any event, the Clementes *are* pressing infringement actions,

2. *But see Boston Athletic Ass’n*, 867 F.2d at 35 (where, as here, the infringer “intentionally uses another’s mark as a means of establishing a link in consumers’ minds with the other’s enterprise, and directly profits from that link, there is an unmistakable aura of deception”).

which the Commonwealth has defended by (improperly) cloaking itself with State sovereign immunity. In the end, Respondents simply do not wish to pay for their taking. The Constitution does not leave it up to them.

B. The panel’s resolution of the takings question adds to the confusion in lower courts and undermines this Court’s precedents

The panel’s resolution of the takings question exacerbates the confusion in lower courts. Respondents emphasize the fact that other cases, unlike this one, did not “involve[] the commemorative government license plates and vehicle registration tags pursuant to duly enacted legislation.” BIO at 11–12. But they never explain why that matters. Legislation may just as easily trigger the Fifth Amendment’s just compensation mandate. *See Cedar Point*, 594 U.S. at 149. And all the opinions Petitioners cite take different sides on the question presented: whether intangible property is exempt from the *per se* rules that typically apply when the government takes property for itself. *Compare King v. United States*, 151 F.4th 1348, 1360 (Fed. Cir. 2025) (distinguishing, with respect to *per se* takings, between “[p]hysical or intangible personal property on the one hand, and third-party contract rights on the other”), *with Jim Olive Photography v. University of Houston System*, 624 S.W.3d 764, 774 (Tex. 2021) (declining to apply this Court’s *per se* takings precedents to copyrights because those cases involved “tangible property where rights are more closely bound to the physical thing”); *see also Philip Morris, Inc. v. Reilly*, 312 F.3d 24, 51 (1st Cir. 2002) (Selya, J., concurring) (there is “no principled reason to refrain from extending *per se* takings analysis to alleged takings” of intangible property).

The panel’s resolution of the takings question also conflicts with history and precedent. This Court’s regulatory taking doctrine is of “recent vintage.” *Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg’l Plan. Agency*, 535 U.S. 302, 322 (2002). Yet this Court has found takings of intangible property for almost two hundred years. *See* Pet. for Cert. at 19–20; Amicus Br. of Instituto de Libertad Económica et al. at 10–16; Amicus Br. of Buckeye Institute at 6–10; Amicus Br. of Atlantic Legal Foundation at 14–17. Respondents confirm as much in their opposition. BIO at 16 (acknowledging that the Court has long found takings of franchises, which are intangible property).

Respondents’ efforts to distinguish this Court’s precedent are unpersuasive. Respondents insist that *Ruckelshaus v. Monsanto Co.* was a case about regulatory takings. 467 U.S. 986 (1984). But the Court’s decision began and ended with the destruction of the property owner’s right to exclude. *Id.* at 1012–13. That is not the stuff of balancing. *See Philip Morris, Inc.*, 312 F.3d at 51 n.26 (Selya, J., concurring) (Monsanto “mirror[ed] a per se takings analysis”). Respondents’ efforts to distinguish *Horne v. Department of Agriculture*, 576 U.S. 351 (2015) and *Cedar Point Nursery v. Hassid*, 594 U.S. 139 (2021) also miss the mark. Although those cases involved tangible property, Respondents offer no compelling reason why the reasoning in those cases cannot be applied here. *Horne*, for instance, reinforced “the longstanding distinction between government acquisitions of property and regulations.” *Horne*, 576 U.S. at 361. And although Respondents downplay the right to exclude, BIO at 15, *Cedar Point* held that such a right “falls within the category of interests that the Government cannot take without compensation.” *Cedar Point*, 594 U.S. at 151 (quotation marks and brackets omitted). This Court should grant the takings question.

II. This Court Should Decide the Immunity Question

A. Puerto Rico doesn't have the sovereign immunity of the states

The extent of Puerto Rico's immunity is an "important question of federal law that has not been, but should be, settled by this Court." Sup. Ct. Rule 10(c). Respondents all but concede the point. They hang their hat on the fact that "longstanding *circuit* precedent" has afforded Puerto Rico "sovereign immunity equivalent to that of the States." BIO at 18 (emphasis added). But the issue presented is whether the First Circuit's conclusion is consistent with *this* Court's precedents. Respondents make no effort to rebut Petitioners' argument that it is not. *See* Pet. for Cert. at 26–29; *see also Fin. Oversight & Mgmt. Bd. for Puerto Rico v. Centro de Periodismo Investigativo, Inc.*, 598 U.S. 339, 355 (2023) (Thomas, J., dissenting) (the argument that Puerto Rico possesses the same immunity as States "appears untenable").

This case presents an excellent vehicle for this Court to decide the scope of Puerto Rico's immunity. This Court declined to answer that important question in *Fin. Oversight & Mgmt. Bd.*, noting that the "suit—in which Puerto Rico itself plays no role—would be a singularly inapt vehicle to resolve Puerto Rico's immunity." 598 U.S. at 346 n.2. After all, the party advocating for Puerto Rico's immunity in that case was a Board created by federal statute to "oversee[] Puerto Rico's finances." *Id.* at 342. Congress created the Board as an entity within the territorial government of Puerto Rico. *Id.* But the Puerto Rico Attorney General's Office did not represent the Board—perhaps because of the inevitable conflicts

that may arise between the Board and the Commonwealth from the Board’s “approv[al] and enforce[ment]” of “the Commonwealth’s fiscal plans and budgets, and [its] supervis[ion]” of “the Commonwealth’s borrowing.” *Id.* at 342–43. This case does not suffer from the same vehicle defects. The Puerto Rico Attorney General’s Office represents Respondents—Puerto Rico and its officials—in a case defending Puerto Rico statutes from constitutional and statutory claims. This is thus a singularly *apt* vehicle to resolve the Commonwealth’s immunity.

Respondents’ arguments to the contrary are unpersuasive. Respondents fault Petitioners for “identify[ing] no conflict among the courts of appeals” on Puerto Rico’s immunity. BIO at 19. But a conflict is unlikely to arise—given that Puerto Rico is situated within the First Circuit and given that Puerto Rico’s immunity rests, in part, on its “unique status.” App. 79a–80a. The First Circuit’s binding precedent granting Puerto Rico the sovereign immunity of States has plagued Puerto Ricans for over three decades and counting. Pet. for Cert. at 33–34 (collecting cases). There is no reason to continue to deny Puerto Ricans a remedy on that “untenable” basis. *Fin. Oversight & Mgmt. Bd.*, 598 U.S. at 355 (Thomas, J., dissenting).

Respondents’ contention that the court below “had no occasion to decide the broader constitutional question” of Puerto Rico’s immunity suffers from a similar flaw. BIO at 22. As Respondents admit elsewhere, the panel “held that Puerto Rico enjoys sovereign immunity.” *Id.* at (i); App. 65a–67a. Respondents do not say why the panel’s failure to “undertake an extended analysis” of “settled circuit precedent” should preclude this Court’s review. BIO at 18.

This Court “often grant[s] certiorari on questions that were resolved below with drive-by citations to binding precedent, sometimes in footnotes.” *Fin. Oversight & Mgmt. Bd.*, 598 U.S. at 353 & n.1 (Thomas, J., dissenting) (citing cases). It should do so here.

B. The Lanham Act provides a clear statement that abrogates any common law immunity Puerto Rico might have

Respondents are wrong that the panel’s Lanham Act abrogation analysis rests “on several independent grounds” that “support the judgment.” BIO at 22. Petitioners’ abrogation argument is straightforward. Because Puerto Rico possesses, at most, common law immunity akin to tribal immunity, a clear statement of Congressional intent is all that is needed for abrogation. *See* Pet. for Cert. at 28–29. Congress provided just that in the Lanham Act. *See id.* at 29–32.

According to Respondents, the panel held that the Lanham Act “does not contain the unmistakably clear language required to abrogate sovereign immunity.” BIO at 22. But the panel held that both text and precedent “compel[] the conclusion that Congress expressed an unmistakable intent to abrogate state sovereign immunity for Lanham Act claims.” App. 70a; *see Fin. Oversight & Mgmt. Bd.*, 598 U.S. at 346–47 (the clear-statement rule is “applied [] equivalently” in cases on lesser forms of immunity). And, as Petitioners have explained, the panel’s holding that Section 1122(a) was not unmistakably clear in its application to Puerto Rico was both wrong and insufficient. Pet. for Cert. at 29–32.

The remainder of Respondents' arguments simply reflect their disagreement regarding the Territory Clause. Petitioners do not ask this Court to hold that the Lanham Act abrogates the sovereign immunity of the States. *See id.* at 28–32; *but see* BIO at 19 (mistaking Petitioners for making that argument). And the congruence-and-proportionality analysis has no place in cases about common law immunity. Pet. for Cert. at 32. Nor is the panel's "rejection of Petitioners' Territory Clause theory" a barrier to review, BIO at 22, since that is precisely one of the issues that Petitioners ask this Court to review. In the end, no vehicle problem impedes this Court's review.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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