

No. 11-945

IN THE
Supreme Court of the United States

EMPRESA CUBANA EXPORTADORA DE ALIMENTOS Y
PRODUCTOS VARIOS, d/b/a CUBAEXPORT,
Petitioner,

v.

UNITED STATES DEPARTMENT OF THE TREASURY, *et al.*,
Respondents.

**On Petition for a Writ of Certiorari to
The United States Court of Appeals
For the District of Columbia Circuit**

**BRIEF OF WASHINGTON LEGAL FOUNDATION
AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER**

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QUESTIONS PRESENTED

Amicus curiae addresses the following issues only:

1. Does the presumption against the retroactivity of statutes apply when application of a statute would alter existing substantive rights, regardless of whether the rights are “vested?”

2. Should Section 211(a)(1) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act 1999, Pub. L. No. 105-277, 112 Stat. 2681 (1998), which contains no reference to retroactivity, be construed so as not to destroy existing trademark rights solely on the basis of events that predated its enactment?

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INTERESTS OF *AMICUS CURIAE*

The Washington Legal Foundation (WLF) is a non-profit public interest law and policy center with supporters in all 50 states.¹ WLF devotes a substantial portion of its resources to defending free-enterprise, individual rights, and a limited and accountable government.

In particular, WLF has regularly appeared in this and other federal courts to support property rights – including intellectual property rights – and to ensure that courts do not too quickly conclude that Congress intends its legislation to impinge on property rights. *See, e.g., Phillips v. Washington Legal Found.*, 524 U.S. 156 (1998); *Solid Waste Agency of Northern Cook County v. U.S. Army Corps of Eng'rs*, 531 U.S. 159 (2001); *Therasense, Inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (*en banc*).

WLF strongly supports the presumption that Congress does not intend legislation to apply retroactively, a presumption that – as the Court has recognized – is deeply rooted in federal court jurisprudence. Retroactive legislation presents serious unfairness problems because it can deprive individuals of legitimate expectations and upset settled transactions. WLF is concerned that the decision below

¹ Pursuant to Supreme Court Rule 37.6, WLF states that no counsel for a party authored this brief in whole or in part; and that no person or entity, other than WLF and its counsel, made a monetary contribution intended to fund the preparation or submission of this brief. All parties have consented to this filing; letters of consent have been lodged with the Court. More than ten days prior to the due date, counsel for WLF provided counsel for Respondents with notice of WLF's intent to file.

substantially undermines the presumption against retroactive legislation by limiting its application largely to cases in which litigants are in no need of the presumption – because their rights are sufficiently “vested” that the Constitution protects against any congressional abrogation of those rights.

For many decades, Petitioner held a valuable U.S.-registered trademark. The D.C. Circuit held that Congress intended to abrogate the trademark, even though the legislation in question is silent regarding whether it should have retroactive effect. WLF is concerned that if the decision below is allowed to stand, little will remain of the presumption against retroactivity. WLF takes no position on other questions raised by the petition, including whether a trademark registration should be considered a “vested” right (as that term was used by the D.C. Circuit) and whether retroactive application of the legislation in question violates the Due Process and Takings Clauses of the Fifth Amendment.

STATEMENT OF THE CASE

At issue in this lawsuit and related litigation are the trademark rights to the name “Havana Club” in connection with the sale of rum. For many years, Petitioner (“Cubaexport”) has been marketing Cuban rum under the brand name “Havana Club.” Until two decades ago, its product was a little-known regional brand. But in 1993, the French company Pernod Ricard S.A. teamed up with two Cuban corporations and assumed from Cubaexport responsibility for distributing and marketing Havana Club rum world-wide. As a

result of the efforts of Pernod Ricard’s joint venture (“HCI”), Havana Club is now the second-largest rum brand outside the United States. Until the U.S. embargo of Cuba is lifted, Cuban rum cannot be imported into the United States.

The embargo has been in place since 1963, when Respondent OFAC (the Office of Foreign Assets Control, a branch of the U.S. Department of the Treasury) issued the Cuban Assets Control Regulations. Those regulations have long contained a provision that allows Cuban-affiliated entities to register and renew U.S. trademarks. *See* 31 C.F.R. § 515.527(a)(1).² Pursuant to that provision, Cubaexport in 1976 obtained a registration from the U.S. Patent and Trademark Office (USPTO) for a trademark consisting of the Havana Club name and label design. When the registration came due for renewal in 1996, the USPTO granted the requested renewal; such renewals are considered routine.

But as a result of 1998 federal legislation (the “1998 Act”), Respondent OFAC now takes the position that Cubaexport may not renew its trademark – even though the great majority of Cuban-affiliated entities may continue to register and renew trademarks pursuant to § 515.527(a). The 1998 Act, adopted as part of Congress’s annual appropriation bill, barred (with only limited exceptions) OFAC approval of a

² Section 515.527(a)(1) grants a “general license” for “[t]ransactions related to the registration and renewal” of U.S. patents, trademarks, and copyrights in which the Government of Cuba or a Cuban national has an interest.

“transaction or payment” under § 515.527 with respect to a trademark substantially similar to a trademark that was used in connection with a business or assets that were confiscated by the Government of Cuba. Because the Government of Cuba in 1960 confiscated some assets of a company that used the “Havana Club” name (Jose Arechabala, S.A., or “JASA”), OFAC cited the 1998 Act as the basis for its refusal to permit renewal of Cubaexport’s trademark.³ Pet. App. 128a. Importantly, the 1998 Act is silent regarding whether it applies only to new requests for trademark registration, or whether it also applies to existing trademarks registrations such as Cubaexport’s.

Following OFAC’s 2006 refusal to grant a “specific license” for a renewal application, Cubaexport filed suit against OFAC in U.S. District Court for the District of Columbia. Cubaexport claimed, among other things, that Congress did not intend the 1998 Act to apply retroactively and thus that it was entitled, under the Cuban Asset Control Regulations, to renewal of its trademark. In March 2009, the district court granted OFAC’s motion for summary judgment. *Id.* at 29a-73a. It held that OFAC had reasonably interpreted the 1998 Act. *Id.* at 47a-58a. It rejected Cubaexport’s claim that the Act was being applied retroactively in this case,

³ The Government of Cuba never purported to confiscate JASA’s U.S. trademark for the “Havana Club” name. Nor have Cubaexport and affiliated companies ever made use of the assets confiscated by the Government of Cuba from JASA. JASA ceased producing rum in 1960 and made no attempt to renew its U.S. trademark for the “Havana Club” name, which expired in 1973. The label design trademark registered by Cubaexport in 1976 with the USPTO was not similar to JASA’s label design.

reasoning that “the burdening of Cubaexport’s ability to acquire additional rights is not a ‘retrospective deprivation’ of property.” *Id.* at 70a. Because the court did not deem OFAC to be applying the 1998 Act retroactively to Cubaexport, it had no reason to consider whether a presumption against retroactivity should be applied when interpreting the Act.

A divided D.C. Circuit affirmed, but on different grounds. *Id.* at 1a-28a. In addressing Cubaexport’s claim that a presumption against retroactivity should be applied to the 1998 Act, the majority deemed it irrelevant whether OFAC was applying the legislation retroactively to Cubaexport or whether the legislation contained a clear statement of retroactive intent sufficient to overcome the presumption against retroactivity. *Id.* at 8a-9a & n.3. Rather, the majority stated, “The key question in this case with respect to the presumption against retroactivity is whether, as of 1998, Cubaexport possessed a vested right to renewal of the trademark.” *Id.* at 10a. It held that while “most trademark registrants” may acquire “a perpetual right to renew their marks when they first register,” Cubaexport did not acquire such vested rights because the Cuban Assets Control Regulations explicitly provided that the general renewal license granted by 31 C.F.R. § 515.527(a)(1) could be “amended, modified or revoked at any time.” *Id.* The majority concluded, “Because Cubaexport did not possess a vested right to renewal of the trademark, the presumption against retroactivity does not apply in this case.” *Id.* at 13a. It concluded that, when the 1998 Act is construed without application of the presumption, it “bars both new registrations and renewal of marks (such as

Cubaexport's) that were first registered before 1998.”
Id.

Judge Silberman dissented. *Id.* at 21a-28a. He concluded that the 1998 Act “is more naturally read – even without the presumption – as applying to the future only.” *Id.* at 25a. Noting that the Act does not mention trademark registrations and renewals separately, he would have interpreted the Act’s reference to “transactions” to encompass both an initial registration and all necessary renewals. *Id.* at 26a. Accordingly, he argued, the 1998 Act’s prohibition against certain “transactions” with respect to trademarks should be interpreted as a prohibition against new registrations, not a prohibition against renewal of existing trademarks. *Id.* at 26a-27a.

More importantly, Judge Silverman criticized the majority’s “‘vested rights’ approach to the presumption against retroactivity.” *Id.* at 24a. He argued that the presumption against retroactivity applies whenever (as here) legislation threatens to impair individuals’ substantive rights, that a trademark unquestionably qualifies as a “substantive right,” and that the majority erred in requiring a plaintiff to demonstrate that his substantive rights were somehow “vested” before the presumption against retroactivity would be applicable. *Id.* at 22a-24a. He would have applied the presumption against retroactivity to the 1998 Act and concluded that the statute did not apply retroactively so as to extinguish Cubaexport’s existing trademark rights. *Id.* He charged that the majority’s “vested rights” approach “drives a large hole in the presumption against retroactivity.” *Id.* at 23a.

REASONS FOR GRANTING THE PETITION

The Petition raises issues of exceptional importance. As the Court has repeatedly stated, “[T]he presumption against retroactive legislation is deeply rooted in our jurisprudence, and embodies a legal doctrine centuries older than our Republic.” *Landgraf v. USI Film Products*, 511 U.S. 244, 265 (1994). It is founded on “[e]lementary considerations of fairness,” which “dictate that individuals should have an opportunity to know what the law is and to conform their conduct accordingly; settled expectations should not be lightly disrupted.” *Id.* For that reason, the “principle that the legal effect of conduct should ordinarily be assessed under the law that existed when the conduct took place has timely and universal appeal.” *Id.* (quoting *Kaiser Aluminum & Chemical Corp. v. Bonjorno*, 494 U.S. 827, 855 (1990) (Scalia, J., concurring)).

That principle unquestionably was not followed in this case. Before 1998, Cubaexport had a right to maintain a registered trademark covering the “Havana Club” name and label design. But if the D.C. Circuit is correct, Congress in 1998 assigned new legal significance to events that took place in 1960 and determined, based on those events, that Cubaexport (virtually alone among entities with ties to Cuba) could no longer maintain an American trademark registration.

This is not to say that Congress would not have been within its rights in retroactively depriving Cubaexport of its trademark rights; WLF takes no

position on that issue. But the point of the presumption against retroactivity is not to bar Congress from retroactively depriving a party of rights or imposing new obligations on the party.⁴ Rather, its purpose is to prevent the unfairness that can attend retroactive legislation in the absence of clear evidence that Congress really intended retroactive application. “A requirement that Congress first make its intention clear helps ensure that Congress itself has determined that the benefits of retroactivity outweigh the potential for disruption or unfairness.” *Landgraf*, 511 U.S. at 268.

The D.C. Circuit did not dispute that the 1998 Act had retroactive effect on Cubaexport’s trademark rights, nor did it point to any language in the 1998 Act by which Congress could be deemed to have “ma[d]e its intention clear” that the Act should be applied retroactively. Rather, it refused to apply the presumption against retroactivity solely because it deemed Cubaexport’s trademark rights to be insufficiently “vested” – it noted that the Cuban Asset Control Regulations had long made clear that any license permitting Cubans to register and renew trademarks could be amended, modified, or revoked at any time. Pet. App. 10a-12a.

Review is warranted because the D.C. Circuit’s narrow, “vested rights” understanding of the presumption against retroactivity conflicts with this

⁴ If such bars exist, they exist by virtue of other legal doctrines, including the *Ex Post Facto* Clauses (U.S. Const., Art. I, § 9, cl. 3; and Art. I, § 10, cl. 1); the Contracts Clause (Art. I, § 10, cl. 1); the Fifth Amendment’s Takings Clause; and the prohibition against Bills of Attainder (U.S. Const., Art. I, §§ 10).

Court's case law. The Court has never suggested that the presumption is limited to instances in which the rights at issue have such an elevated status that they can be deemed "vested" (in the sense of being largely invulnerable to challenge). Rather, the Court has held that the presumption is invoked whenever "applying the statute to the person objecting would have a retroactive consequence in the disfavored sense of 'affecting substantive rights, liabilities, or duties [on the basis of] conduct arising before [its] enactment.'" *Fernandez-Vargas v. Gonzales*, 548 U.S. 30, 37 (2006) (quoting *Landgraf*, 511 U.S. at 278)).

Review is also warranted because of the frequency with which retroactivity issues arise and the importance of the presumption against retroactivity in protecting individuals from the disruptions and unfairness that can accompany retroactive legislation. As Judge Silberman aptly expressed the concern, the D.C. Circuit has "drive[n] a large hole in the presumption against retroactivity," Pet. App. 23a. Given the large number of federal statutes that the D.C. Circuit is called upon to construe, the impact of the decision below will be felt in cases far afield from the trademark registration issues raised herein.

Moreover, as the D.C. Circuit conceded, the "precedents are murky" regarding the scope of the presumption against retroactivity. *Id.* at 8a n.3. Review by this Court would provide the lower courts with badly needed guidance both with regard to when the presumption applies and with regard to the statutory language necessary to override the presumption.

This case presents a particularly good vehicle for addressing those issues. A decision on applicability of the presumption against retroactivity to this case is almost surely outcome-determinative. OFAC makes no serious argument that the 1998 Act contains express language clearly indicating an intent that the Act be applied retroactively. Accordingly, if the presumption is deemed applicable, Cubaexport will prevail. And because the parties do not dispute any significant factual issues, deciding the case will not require resolution of disputed issues of fact. Moreover, Cubaexport has preserved the presumption-against-retroactivity issue by raising it in both the district court and the court of appeals.

**I. THE APPEALS COURT DECISION
CONFLICTS WITH THIS COURT'S CASE
LAW REGARDING THE PRESUMPTION
AGAINST RETROACTIVITY**

Cubaexport possessed a U.S. trademark registration for the "Havana Club" name and product label from 1976 until 2006, when OFAC ruled that legislation adopted by Congress in 1998 prohibited that registration. The legislation in question was § 211(a)(1) of the Omnibus Consolidated and Emergency Supplemental Appropriation Act, 1999, Pub. L. No. 105-277, 112 Stat. 2681, which provides:

Notwithstanding any other provision of law, no transaction or payment shall be authorized or approved pursuant to section 515.527 of title 31, Code of Federal Regulations, as in effect on September 9, 1998, with respect to a mark, trade

name, or commercial name that is the same as or substantially similar to a mark, trade name, or commercial name that was used in connection with a business or assets that were confiscated unless the original owner of the mark, trade name, or commercial name, or the bona fide successor-in-interest has expressly consented.

Section 211(a)(1) apparently was a last-minute addition to the lengthy Omnibus Act, and there is no legislative history explaining its purpose. Section 211 contains no definition for the term “transaction,” and it makes no reference to either the “registration” or “renewal” of a trademark. Moreover, it contains no temporal language indicating the statute’s scope – whether it applies only to trademark registrations initially sought after adoption of the statute, or whether it also applies to trademark registrations applied for and granted before 1998. Indeed, there is no indication that Members of Congress voting on the Omnibus Act would have been aware that § 211 focused solely on trademarks in which the Government of Cuba or a Cuban national had an interest: § 211 makes no mention of the word “Cuba,” and one would need to read the referenced regulation in order to comprehend the Cuba-centric focus.⁵

⁵ Although in the courts below Cubaexport disputed the applicability of § 211’s confiscation language, its Petition does not continue to contest the issue. The Government of Cuba did, in fact, confiscate some assets from JASA in 1960, and Cubaexport’s “Havana Club” trademark is substantially similar to a U.S. trademark owned by JASA and used by JASA in connection with the confiscated assets. JASA has not “expressly consented” to the registration of Cubaexport’s trademark.

Under those circumstances, there is substantial reason to doubt that Congress gave much thought at all to § 211, let alone made a conscious decision that § 211 should apply retroactively to trademarks whose registrations had already been accepted by the USPTO. When statutory language indicates that Congress has not focused on the retroactivity issue, the presumption against retroactivity holds sway, and Congress is presumed to have intended no retroactive application. *Landgraf*, 511 U.S. at 268 (“A requirement that Congress first make its intention clear helps ensure that Congress itself has determined that the benefits of retroactivity outweigh the potential for disruption or unfairness.”). *Landgraf* prescribed the following decision-making process in cases raising retroactivity issues:

When a case implicates a federal statute enacted after the events in suit, the court’s first task is to determine whether Congress has expressly prescribed the statute’s proper reach. If Congress has done so, of course, there is no need to resort to judicial default rules. When, however, the statute contains no such express command, the court must determine whether the new statute would have retroactive effect, *i.e.* whether it would impair rights a party possessed when he acted, increase a party’s liability for past conduct, or impose new duties with respect to transactions already completed. If the statute would operate retroactively, our traditional presumption teaches that it does not govern absent clear congressional intent favoring such a result.

Id. at 280.

The “events in suit” here are the 1960 confiscation of some of JASA’s assets by the Government of Cuba. Under pre-1998 law, Cubaexport and all other Cuba-affiliated entities were entitled to register and renew U.S. trademarks. After 1998, most Cuban-affiliated entities continued to possess that right, but Cubaexport and similarly situated companies – due to similarity of their trademarks to the trademarks of companies whose assets were expropriated by the Government of Cuba in the immediate aftermath of the Cuban Revolution – will no longer possess that right if Section 211 is deemed applicable to them. Accordingly, Section 211 quite clearly was enacted many years after the “events in suit” took place.

Landgraf would seem to indicate that the presumption against retroactivity is applicable to § 211. The statute contains no language “expressly prescrib[ing]” its proper temporal reach. Moreover, § 211 unquestionably would “impair rights [Cubaexport] possessed at the time that it acted.” Indeed, it would impair rights (the right to register its trademark with the USPTO) that Cubaexport possessed at all times from its initial registration in 1976 until at least 1998. Under those circumstances, the presumption against retroactivity dictates that § 211 be construed as inapplicable to Cubaexport’s pre-existing trademark registration.

The D.C. Circuit reached a contrary result by imposing a “vested rights” requirement on those seeking to assert the presumption against retroactivity.

The majority stated, “The key question in this case with respect to the presumption against retroactivity is whether, as of 1998, Cubaexport possessed a vested right to renewal of the trademark. We think not.” Pet. App. 10a. The majority explained that registrants cannot be deemed to possess the necessary “vested rights” in their trademarks unless they acquire a “perpetual right to renew their marks when they first register them.” *Id.* The majority held that Cubaexport lacked what it deemed the necessary “perpetual right to renew” its registration because the Cuban Asset Control Regulations at all times had specified that a license to renew “may be amended, modified, or suspended at any time.” *Id.*

The D.C. Circuit’s approach conflicts sharply with this Court’s retroactivity case law, which imposes nothing akin to the D.C. Circuit’s “vested rights” requirement. Indeed, this Court’s case law points in exactly the opposite direction, emphasizing the need to interpret statutes with an eye toward protecting parties’ legitimate expectations, without regard to whether those expectations give rise to any legally enforceable (*i.e.*, vested) rights. The Court has often looked to Justice Story’s 1814 decision while sitting on Circuit, *Society for Propagation of the Gospel v. Wheeler*, 22 F.Cas. 756 (No. 13,156) (CCNH 1814), for the definition of an “retrospective” (or, meaning the same thing, “retroactive”) law. That decision construed the meaning of a provision of the New Hampshire Constitution that prohibited “retrospective” laws. Justice Story rejected the plaintiffs’ argument that the provision should be construed narrowly so as to encompass only “statutes . . . enacted to take effect from

a time anterior to their passage.” *Id.* at 767. He asserted that such a narrow construction would be “utterly subversive to all objects” of the constitutional provision. *Id.* He held that the provision barred retroactive application of a new statute that authorized trespassers to obtain compensation from land owners for the value of improvements made to the land, because such compensation would impair the land owners’ common-law rights. *Id.* at 766-769. Notably, however, Justice Story held that the new statute could be imposed prospectively – thereby indicating that the property rights were not “vested” in the sense required by the D.C. Circuit.

This Court’s decisions employ a similarly broad understanding of the sorts of “rights” that enjoy at least some protection against the retroactive application of new statutes. While *Landgraf* explained that the presumption against retroactivity has a more limited application to statutes governing the propriety of injunctive relief in court proceedings, statutes conferring or ousting jurisdiction, and statutes changing procedural rules, it concluded, “The largest category of cases in which we have applied the presumption against statutory retroactivity has involved new provisions affecting contractual or property rights, matters in which predictability and stability are of prime importance.” 511 U.S. at 271. Just because Congress may possess the *power* to destabilize commercial transactions by retroactively changing longstanding commercial rules does not mean that the courts should assume that Congress intends retroactive application of new legislation. To the contrary, the presumption against retroactive legislation was adopted precisely

because “[i]n a free, dynamic society, creativity in both commercial and artistic endeavors is fostered by a rule of law that gives people confidence about the legal consequences of their actions.” *Id.* at 265-66.

Similarly, *Fernandez-Vargas* broadly defined a “retroactive statute” as one “tak[ing] away or impair[ing] vested rights acquired under existing laws, or creat[ing] a new obligation, impos[ing] a new duty, or attach[ing] a new disability, in respect to transactions or considerations already past.” 548 U.S. at 37 (quoting *Society for Propagation*, 22 F.Cas. at 767)). The injury suffered by Cubaexport based on application of § 211 to its registered trademark fits comfortably into each of the four categories described in *Fernandez-Vargas*.

The D.C. Circuit seized on the fact that this Court, in *Fernandez-Vargas* and elsewhere, has occasionally used the word “vested” when describing the sort of rights whose impairment can give rise to a presumption against retroactivity. But as Judge Silberman (Pet. App. 23a-24a) and Petitioners (Pet. 19-24), both cogently explain, the Court has used the term “vested rights” as a synonym for existing substantive rights (as distinguished from procedural rights), and not in the sense of rights that merit constitutional protection and thus cannot be abrogated by Congress. Cubaexport’s trademark rights may not be “vested” in the sense that the Constitution prohibits Congress from abrogating those rights retroactively without providing compensation, but the same could be said for numerous other substantive rights that nonetheless have been deemed by courts to be sufficient to trigger the presumption against retroactivity. *See, e.g., United*

States v. Heth, 3 Cranch 399 (1806) (Court declined to apply retroactively a statute reducing commissions of customs collectors in absence of “clear, strong, and imperative language” requiring retroactive application, even though there were no legal impediments to retroactive application had that been Congress’s intention).

Indeed, the D.C. Circuit’s “vested rights” theory substantially undermines the presumption against retroactive legislation by limiting its application largely to cases in which litigants are in no need of the presumption – because their rights are sufficiently “vested” that the Constitution protects against *any* congressional abrogation of those rights. It is precisely when the Constitution’s restrictions on rights-impairing statutes⁶ are inapplicable (and thus the substantive rights at issue are not “vested” in the D.C. Circuit’s sense of that term) that the Court has most frequently resorted to the presumption against retroactivity:

The Constitution’s restrictions, of course, are of limited scope. Absent a violation of one of those specific provisions, the potential unfairness of retroactive civil legislation is not a sufficient reason for a court to fail to give a statute its intended scope. Retroactivity provisions often serve entirely benign and legitimate purposes, whether to respond to emergencies, to correct mistakes, to prevent circumvention of a new

⁶ See, e.g., the constitutional provisions enumerated in Note 4, *supra*.

statute in the interval immediately preceding its passage, or simply to give comprehensive effect to a new law Congress considers salutary. *However, a requirement that Congress first make its intention clear helps ensure that Congress itself has determined that the benefits of retroactivity outweigh the potential for disruption or unfairness.*

Landgraf, 511 U.S. at 268 (emphasis added).

Finally, both the D.C. Circuit (Pet. App. 10a) and Respondents have relied on this Court's decision in *Dames & Moore v. Regan*, 453 U.S. 654 (1981), in support of their "vested rights" theory. That reliance is misplaced. In *Dames & Moore*, the plaintiffs challenged Presidential orders nullifying certain judicial attachments obtained against Iranian assets; the Court held that the President acted within his statutory powers in doing so and that the plaintiffs (whose attachments were adversely affected) were not entitled to compensation because they had no vested rights in the attachments. 453 U.S. at 673-74 & n.6. The issue presented by Cubaexport is quite different. While Congress may well have had the power to apply § 211 retroactively (just as Congress had the power to authorize the President to nullify attachments in *Dames & Moore*), the issue here is whether Congress *intended* its statute to have retroactive effect. Whether Congress intended to do so bears no logical relationship to the fact that Cubaexport may not have had a "vested right" in its trademark, in the sense that the D.C. Circuit has used that term.

In sum, the Court should grant review in order to resolve the conflict between the decision below and this Court's retroactivity jurisprudence.

II. THE COURT OF APPEALS ESTABLISHED AN UNWORKABLE RULE THAT FAILS TO PROVIDE GUIDANCE TO EITHER CONGRESS OR THE COURTS

Review is warranted for the additional reason that the D.C. Circuit's "vested rights" requirement is a wholly unworkable rule that fails to provide necessary guidance either to Congress (when it is drafting legislation and needs to determine how specific language will be construed by the courts) and to federal courts (when attempting to determine whether a given statute should be given retroactive effect).

The presumption against retroactivity – which requires statutory evidence of "clear intent" before Congress will be understood to have intended retroactive application of legislation – has the "virtue of giving legislators a predictable background rule against which to legislate." *Landgraf*, 511 U.S. at 273. It signals to Congress that its handiwork will be applied retroactively *if and only if* the legislation includes clear language to that effect. But the D.C. Circuit's "vested rights" requirement eliminates that virtue. The decision below concludes that even when a statute does not include the requisite clear language, the statute may or may not be applied retroactively to an objecting party, depending on whether the rights being asserted by the party are sufficiently "vested." Under the D.C. Circuit's rule, Congress will no longer have a

predictable background rule against which to legislate.

In a variety of contexts, the Court has recognized the value of providing Congress with clear background rules regarding statutory construction. For example, the Court in several recent decisions has reiterated an unvarying rule of statutory construction regarding extraterritoriality: it has adhered to a presumption that “legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States.” *EEOC v. Arabian American Oil Co.*, 499 U.S. 244, 248 (1991). As with the presumption against retroactivity, the presumption against extraterritoriality “represents a canon of construction, or a presumption about a statute’s meaning, rather than a limit upon Congress’s power to legislate.” *Morrison v. National Australia Bank Ltd.*, 130 S. Ct. 2869, 2877 (2010). The Court reasoned that when it provides Congress with clear rules of statutory construction that it intends to apply, Congress can more easily legislate with predictable effects:

The results of judicial-speculation-made-law – divining what Congress would have wanted if it had thought of the situation before the court – demonstrate the wisdom of the presumption against extraterritoriality. Rather than guess anew in each case, we apply the presumption in all cases, preserving a stable background against which Congress can legislate with predictable effects.

Id. at 2881.

The D.C. Circuit's rule is even more unworkable for courts than it is for Congress. Under that rule, a court must not apply the presumption against retroactivity unless the right asserted by the objecting party is sufficiently "vested" – meaning, apparently, that the party has at least some constitutional basis for objecting to legislative abrogation of its rights. But the D.C. Circuit does not specify just how "vested" the right must be; all we are told is that Cubaexport's trademark rights were not sufficiently vested to permit it to invoke the presumption. The decision below, unless overturned, will almost surely lead to the creation of a wide variety of rules for determining the degree of vestedness required before an objecting party may invoke the presumption.

Moreover, the decision will likely cause even a single court to interpret a statute's retroactive-ness differently depending on the identity of the objecting party. Presumably, the D.C. Circuit would rule that the presumption against retroactivity does not apply to a statute whose retroactive application is challenged by a party whose rights are not "vested," while the rule *does* apply to the same statute whose retroactive application is challenged by a party whose rights *are* "vested." Yet surely, it is not reasonable to assume that Congress would have intended that resolution of the question of a statute's retroactive effect should vary from case to case depending on the identity of the plaintiff. Review is warranted to address the unworkability problems that are sure to arise from the D.C. Circuit's "vested rights" approach to the presumption against retroactive legislation.

III. REVIEW IS WARRANTED BECAUSE OF THE IMPORTANCE OF THE PRESUMPTION IN PROTECTING PARTIES FROM THE UNFAIRNESS THAT CAN ACCOMPANY RETROACTIVE LEGISLATION

Review is also warranted because of the frequency with which retroactivity issues arise and the importance of the presumption against retroactivity in protecting individuals from the disruptions and unfairness that can accompany retroactive legislation. As Judge Silberman aptly expressed the concern, the D.C. Circuit has “drive[n] a large hole in the presumption against retroactivity,” Pet. App. 23a. Given the large number of federal statutes that the D.C. Circuit is called upon to construe, the impact of the decision below will be felt in cases far afield from the trademark registration issues raised herein.

The Court has articulated numerous reasons why “[r]etroactivity is not favored in the law.” *Bowen v. Georgetown Univ. Hospital*, 488 U.S. 204, 208 (1988). Chief among these is that retroactive legislation “presents problems of unfairness that are more serious than those posed by prospective legislation, because it can deprive citizens of legitimate expectations and upset settled transaction.” *General Motors Corp. v. Romain*, 503 U.S. 181, 191 (1992). It cannot seriously be doubted, for example, Pernod Ricard and its joint venture partners invested substantial sums in the Havana Club brand (and turned it into the second-largest rum brand outside the U.S.) at least in part in reasonable reliance on the fact that Cubaexport held a

U.S. trademark registration for the “Havana Club” name and product label – thereby preventing others from using the “Havana Club” name within the United States and assuring Cubaexport of an entree into the U.S. market once the Cuba embargo is lifted. The D.C. Circuit was likely correct, of course, that the trademark registration was not fully “vested” in the property-rights sense, particularly in light of OFAC regulations providing that the registration license was subject to revocation. But the lack of full vesting did not make Pernod Ricard’s reliance any less reasonable (particularly given that the trademark registration had remained in place over several decades), and the presumption against reliance is intended to prevent the disruption of settled expectations even when expectations are not constitutionally protected. As the Court has explained, “settled expectations should not be lightly disrupted” because “[i]n a free, dynamic society, creativity in both commercial and artistic endeavors is fostered by a rule of law that gives people confidence about the legal consequences of their actions.” *Landgraf*, 511 U.S. at 265-66.

Review is warranted because the D.C. Circuit’s novel “vested rights” requirement is likely to disrupt “settled expectations” by rendering the presumption against retroactivity inapplicable to wide areas of the law and leading to the retroactive application of statutes in numerous circumstances in which retroactive application would previously have been deemed unwarranted.

CONCLUSION

Amicus curiae Washington Legal Foundation requests that the Court grant the petition for a writ of certiorari.

Respectfully submitted,

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