

Blog Post

# Royal Palm Properties' Trademark Gets Royal Treatment At The 11th Circuit

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This trademark litigation arises out of a contentious real-estate rivalry in a very wealthy residential community called Royal Palm Yacht & Country Club in Boca Raton, Florida. It presents a comprehensive overview of standards for trademark cancellation and for appeal from a judgment as a matter of law after a jury trial.

Plaintiff Royal Palm Properties, is a real-estate agency that focuses exclusively on the Royal Palm Yacht & Country Club community. In 2012, Royal Palm Properties acquired a federally registered service mark on the name “Royal Palm Properties,” asserting that it had “acquired distinctiveness” over time, even though the mark might not be “inherently distinctive.” *See* 15 U.S.C. § 1052(f).

Defendant, Pink Palm Properties, like Royal Palm Properties, is a luxury real-estate brokerage agency in Boca Raton. But unlike Royal Palm Properties, Pink Palm Properties operates in a variety of residential communities, with only a fraction of its business in Royal Palm Yacht & Country Club.

In 2017, Royal Palm Properties noticed that Pink Palm Properties was using a link on its website labeled “Royal Palm Properties” to direct viewers to Pink Palm Properties’ listings in Royal Palm Yacht & Country Club. Royal Palm Properties sued Pink Palm

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Properties in the Southern District of Florida for registered service mark infringement. Pink Palm Properties filed a counterclaim seeking a declaration that the “Royal Palm Properties” mark was invalid. After a three-day trial, the jury upheld the mark and found that Pink Palm Properties hadn’t infringed it. Following the jury’s verdict, Pink Palm Properties filed a renewed motion for judgment as a matter of law on its counterclaim. The district court granted the motion and, overturning the jury verdict, cancelled the “Royal Palm Properties” service mark pursuant to 15 U.S.C. § 1119. The district court explained that “Royal Palm Properties” had neither “inherent” nor “acquired” distinctiveness and that it is “confusingly similar” to previously registered marks. Royal Palm Properties appealed.

The 11th Circuit (or the Court) explained that to be entitled to judgment as a matter of law, Pink Palm Properties had to show that no reasonable jury could have found that Pink Palm Properties was not entitled to cancellation of the Royal Palm Properties mark. In other words, if a reasonable jury could have upheld the Royal Palm Properties mark, as the jury here did, then the district court’s order overturning the verdict and granting judgment as a matter of law was improper.

As set forth below, the Court concluded that Pink Palm Properties didn’t meet this high bar. The Court held that on neither of its two grounds for cancellation, i.e., that the “Royal Palm Properties” mark (1) is not “distinctive” and (2) is “confusingly similar” to previously registered marks, did Pink Palm Properties prove that a reasonable jury could not disagree. Accordingly, the Court reversed the district court’s decision to overturn the jury’s verdict and invalidate Royal Palm Properties’ service mark.

## Distinctiveness

As the Court explained, the Lanham Act gives courts the authority to cancel registered trademarks on a showing that (1) the objector is likely to be damaged

without cancellation, and (2) there are valid grounds for discontinuing registration. The Court first explained that under the Lanham Act, federal trademark protection is available only to “distinctive” marks – that is, “marks that serve the purpose of identifying the *source* of . . . goods or services.” A mark can be “distinctive” in one of two ways: it can be “*inherently*” distinctive, or it can “*acquire*” distinctiveness over time. Marks that “*acquire*” distinctiveness are divided into two categories: (1) “*descriptive*,” *e.g.*, an eyeglasses store called “Vision Center,” and (2) “*generic*,” *e.g.*, a book-selling company called “Books.” Descriptive marks can become protectible only if they “acquire” distinctiveness by obtaining “secondary meaning,” and generic marks can never become protectible.

The Court further explained that where, as in this case, a mark has been registered with the PTO, there is a “rebuttable presumption that the mark[] [is] protectable or “distinctive.” Accordingly, the 11th Circuit observed that, to successfully challenge the registered mark on distinctiveness grounds, Pink Palm Properties had to overcome the presumption of validity by showing, by a preponderance of the evidence, that the mark is not distinctive. Thus, Pink Palm Properties had to rebut the presumption of “acquired” distinctiveness. If Pink Palm Properties did that, the burden then would shift to Royal Palm Properties to prove inherent distinctiveness.

The Court noted that secondary meaning can be proved either through direct evidence (like consumer surveys) or circumstantial evidence. When evaluating secondary meaning based on circumstantial evidence, the courts in the 11th Circuit consider the four *Conagra* factors: (1) the length and manner of the mark’s use; (2) the nature and extent of advertising and promotion; (3) the efforts made by the proprietor to promote a conscious connection in the public’s mind between the mark and the proprietor’s product or business; and (4) the extent to which the public actually

identifies the mark with the proprietor's product or venture. *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1513 (11th Cir. 1984).

Pink Palm Properties asserted that it met its burden because Royal Palm Properties' use of the mark was not substantially exclusive. The Court disagreed, explaining that while evidence of substantial third-party use of a mark tends to weaken the argument that the mark has obtained secondary meaning, the simple fact that *some* third-party use exists is not fatal. Indeed, the Court noted that the issue was whether Royal Palm Properties' use of the mark was such that it had achieved secondary meaning, as opposed to anyone else's use of a similar mark. Thus, the Court concluded, Pink Palm Properties' reliance on third-party use of "Royal Palm Properties" is inapt, unless it shows that third parties have used the mark to promote the same goods or services to the same consumer class.

Here, the Court continued, Royal Palm Properties provides a niche service (real estate brokerage exclusively in Royal Palm Yacht & Country Club) to a small class of consumers (those looking to buy or sell property in Royal Palm Yacht & Country Club) and the evidence of the third-party users of the phrase "Royal Palm Properties" does not demonstrate that they have ever competed with Royal Palm Properties in this highly specialized market. Pink Palm Properties' evidence showed only these third-party entities' names and, in some (but not all) instances, their locations and their general industries. Further, the Court added, despite not having the burden on the acquired-distinctiveness issue, Royal Palm Properties presented extensive evidence pertaining to both the second and third *Conagra* factors, *i.e.*, nature and extent of advertising and promotion of the mark and the efforts to promote a conscious connection between the mark and the business, which included its \$1.6 million spent on a marketing campaign.

Thus, the Court held that Pink Palm Properties' argument that the "Royal Palm Properties" service mark lacked distinctiveness did not entitle it to judgment as a matter of law on its claim that the mark is invalid.

### Likelihood of Confusion

In addition to the distinctiveness challenge, Pink Palm Properties also challenged the validity of the "Royal Palm Properties" mark on the ground that it is "confusingly similar" to previously registered marks, *i.e.*, "Royale Palms" and "Royale Palms at Kingston Shores," which had been registered in 2007 and 2008, respectively, to a third-party real-estate company in Texas.

Royal Palm Properties contended that Pink Palm Properties lacked standing to challenge its mark based on marks owned by a third party and, even if it had standing, the jury was entitled to find that its "Royal Palm Properties" mark was not "confusingly similar" to the "Royale Palms" marks. The Court rejected that standing argument, explaining that the Lanham Act broadly provides that a trademark cancellation proceeding may be initiated by "any person who *believes that he is or will be damaged . . .* by the registration of a mark." The Court explained that Pink Palm Properties had the requisite direct, personal interest in the outcome of this litigation, *i.e.*, the ability to freely promote "Royal Palm Properties" if the trademark is cancelled.

With respect to the merits, the Court explained that to successfully challenge the "Royal Palm Properties" mark on confusingly-similar grounds on a motion for judgment as a matter of law, Pink Palm Properties must prove that (1) the "Royal Palm Properties" mark "resembles" the "Royale Palms" marks, (2) the "Royale Palms" marks were registered before the "Royal Palm Properties" mark, and (3) the "Royal Palm Properties" mark is likely to cause confusion when used in connection with Royal Palm Properties' services.

The Court explained that, while Pink Palm Properties satisfied the first two requirements, the third factor had to be analyzed pursuant to eight additional factors; *i.e.*, (1) the distinctiveness of the mark at issue, (2) the similarity of the design, (3) the similarity of the service, (4) the similarity of service outlets, (5) the similarity of customers, (6) the similarity of advertising media utilized, (7) the defendant's intent, and (8) any actual confusion. Based on those factors, the Court concluded that Pink Palm Properties did not conclusively prove that there is a likelihood of confusion between the "Royal Palm Properties" mark and the "Royale Palms" marks. Indeed, the Court noted that the evidence presented by Pink Palm Properties fell far short of proving – let alone conclusively proving, as it must, given the procedural posture of the appeal (as from the grant of a motion for judgment as a matter of law) – that the use of the "Royal Palm Properties" mark is likely to cause confusion with the "Royale Palms" marks.

For all of those reasons, the 11th Circuit reversed the cancellation of the Royal Palm Properties mark.

This decision is a carefully-crafted explication of important appellate review concepts in the context of a cancellation proceeding. It can act as a primer on a number of important issues concerning appellate review of judgments as a matter of law and Lanham Act proof.

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