

7-2021

Mark My Words, this is a Heavy Weight to Carry: The Eleventh Circuit Court Sets the Standard Weight Given to a Presumption of Validity of a Registered Mark

Dana Nagel

Follow this and additional works at: https://digitalcommons.law.mercer.edu/jour_mlr



Part of the [Intellectual Property Law Commons](#)

Recommended Citation

Dana Nagel, Casenote, *Mark My Words, this is a Heavy Weight to Carry: The Eleventh Circuit Court Sets the Standard Weight Given to a Presumption of Validity of a Registered Mark*, 72 Mercer L. Rev. 1415 (2021), https://digitalcommons.law.mercer.edu/jour_mlr/vol72/iss5/5/.

This Casenote is brought to you for free and open access by the Journals at Mercer Law School Digital Commons. It has been accepted for inclusion in Mercer Law Review by an authorized editor of Mercer Law School Digital Commons. For more information, please contact repository@law.mercer.edu.

Mark My Words, this is a Heavy Weight to Carry: The Eleventh Circuit Court Sets the Standard Weight Given to a Presumption of Validity of a Registered Mark *

I. INTRODUCTION

The proof is in the pudding. Proving something by a preponderance of the evidence is a tough burden to bear. In any civil case, the party who bears the burden of proof is at a disadvantage from the beginning. Accordingly, courts take their time deciding which party has to ultimately persuade the court to find in its favor. While history has decided many questions about who bears the burden, the same is not true in trademark law.¹ Courts have had immense difficulty determining which party, in trademark cases, loses if the evidence is balanced.² This note examines a continuing split in the courts and a case only recently decided by the United States Court of Appeals for the Eleventh Circuit choosing which approach to ultimately follow.

The Lanham Act³ provides that in a mark's cancellation proceeding, a party who owns a mark registered on the principal register has a rebuttable presumption of validity.⁴ In effect, this presumption shifts the burden of production⁵ from the trademark holder to the party seeking

* J.D. Candidate. Florida State University (B.A., cum laude, 2019); Mercer University School of Law (J.D. Candidate, Phi Delta Phi Honors Society, Member, 2022). Member, Mercer Law Review (2020-2022); Managing Editor (2021-2022).

¹ 6 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 32:138 n.6 (5th ed. 2020).

² *Id.*

³ Lanham Act, ch. 540, 60 Stat. 427 (1946).

⁴ 15 U.S.C. § 1115(a) (2020).

⁵ "Which party bears the obligation to come forward with evidence at different points in the proceeding." *Schaffer ex rel. Schaffer*, 546 U.S. 49, 56 (2005) (citing *Director, Office of Workers' Compensation Programs v. Greenwich Collieries*, 512 U.S. 267, 272 (1994)).

cancellation of the mark.⁶ The statute is silent on which party bears the burden of persuasion.⁷ As a result, circuits are split on the issue. The majority of courts holds that the party seeking cancellation also bears the burden of persuasion.⁸ A minority of courts holds that the trademark registrant keeps the burden of persuasion.⁹ Some circuits have yet to decide whether to follow the majority or minority of courts. The United States Court of Appeals for the Eleventh Circuit is one of them. And so, in *Royal Palm Props., LLC v. Pink Palm Props., LLC*,¹⁰ the Eleventh Circuit followed the majority of courts and thus held, the party requesting cancellation of a mark bears both the burden of production and the ultimate burden of persuasion.¹¹

II. FACTUAL BACKGROUND

Royal Palm Properties (Royal Palm), a real-estate agency, specialized in buying and selling million-dollar homes in a high-end residential community located in Boca Raton, Florida, called Royal Palm Yacht & Country Club.¹² One of Royal Palm's competitors, Pink Palm Properties (Pink Palm), a real-estate brokerage, was also located in Boca Raton, Florida. Pink Palm bought and sold luxury homes in various neighborhoods, including Royal Palm Yacht & Country Club. Only a portion of Pink Palm's business involved Royal Palm Yacht & Country Club's homes.¹³

Royal Palm applied for and obtained registration on the service mark¹⁴ "Royal Palm Properties" in 2012 from the Patent and Trademark Office (PTO).¹⁵ In 2015, Royal Palm attempted to register "Royal Palm Properties" combined with an "RP" logo from the PTO. The PTO denied registration of the "composite trademark"¹⁶ for being "confusingly

⁶ *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 783 (11th Cir. 2020).

⁷ "[I]dentifies which party must persuade the fact-finder in its favor to prevail and also identifies the party that loses if the evidence is balanced." 6 McCarthy, § 32:138. (citing *Microsoft Corp. v. I4I Ltd. P'ship*, 564 U.S. 91, 100 n.4, 131 S. Ct. 2238, 2245 (2011)).

⁸ *Id.*

⁹ *Id.*

¹⁰ 950 F.3d 776 (11th Cir. 2020).

¹¹ *Royal Palm Props., LLC*, 950 F.3d at 783.

¹² *Id.* at 780.

¹³ *Id.* at 781.

¹⁴ "Royal Palm Properties" is registered as a service mark, but throughout this article, will be referred to as a trademark interchangeably.

¹⁵ *Id.* at 780.

¹⁶ "A trademark or service mark made up of several words that form a distinctive whole, even if the individual words are ordinary." *Composite Trademark*, *Black's Law Dictionary* (11th ed. 2019).

similar”¹⁷ to two existing marks recorded in the Federal Registry in 2007 and 2008.¹⁸ These marks, “Royale Palms” and “Royale Palms at Kingston Shores,” were registered by a Texas real estate company.¹⁹

In 2017, Royal Palm saw a link to property listings in Royal Palm Yacht & Country Club on Pink Properties’ website, named “Royal Palm Properties.”²⁰ Royal Palm, believing Pink Palm infringed on its trademark, requested that it stop using Royal Palm’s mark on its website. Pink Palm eventually took the link down to avoid further dispute. However, Royal Palm claimed the damage was already done.²¹

Royal Palm filed suit on April 17, 2017, against Pink Palm in the United States District Court for the Southern District of Florida.²² The complaint alleged that in violation of the Lanham Act, 15 U.S.C. § 1114,²³ Pink Palm had “infringed its registered service mark, ‘Royal Palm Properties.’”²⁴ In its answer, Pink Palm denied infringement and filed a counterclaim for a declaration that Royal Palm’s trademark lacked the requirements needed for trademark protection. The jury upheld the service mark but found Pink Palm had not infringed it.²⁵ After the jury returned its verdict, Pink Palm renewed its motion for judgment as a matter of law on its trademark cancellation claim.²⁶ The trial court granted the motion, invalidating the “Royal Palm Properties” registration. The PTO can only register certain “distinctive” marks under the Lanham Act, 15 U.S.C. § 1051(a)(3)(D),²⁷ and the United States District Court for the Southern District of Florida found that the “Royal Palms Properties” mark was not distinctive. The district court found that the PTO wrongly allowed registration of the mark. Therefore, the court held the cancellation of Royal Palm’s mark was proper.²⁸

¹⁷ *Royal Palm Props., LLC*, 950 F.3d at 781.

¹⁸ This did not affect the “Royal Palm Properties” mark that was registered in 2012. *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ 15 U.S.C. § 1114(1)(a) provides:

Any person who shall, without the consent of the registrant- use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or...shall be liable in a civil action by the registrant for the remedies hereinafter provided...

²⁴ *Royal Palm Props., LLC*, 950 F.3d at 781.

²⁵ *Id.*

²⁶ *Id.*

²⁷ 15 U.S.C. § 1051(a)(3)(D) (2018).

²⁸ *Royal Palm Props., LLC*, 950 F.3d at 781–82.

Royal Palm appealed.²⁹ On appeal, the United States Court of Appeals for the Eleventh Circuit reversed the judgment.³⁰ The court held that Pink Palm had the burden to show, by preponderant evidence, that the mark, “Royal Palm Properties,” lacked distinctiveness and failed to make the requisite showing.³¹

III. LEGAL BACKGROUND

A. *Is it Protectable?*

A service mark is “any word, name, symbol, or device, or any combination thereof—used by a person . . . to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown.”³² A mark is distinctive when consumers identify the mark with the represented goods or services.³³ A mark can either be “inherently” distinctive or can “acquire distinctiveness.”³⁴ There are four categories of distinctiveness.³⁵ One category of distinctiveness is a descriptive term, which identifies a quality or characteristic of a service.³⁶ A descriptive term, since not inherently distinctive, can gain service mark protection only if it acquires distinctiveness through secondary meaning.³⁷

A service mark has acquired secondary meaning when, in the public mind, the name is associated with the source of the service, and not just the service itself.³⁸ In other words, the targeted audience identifies the

²⁹ *Id.*

³⁰ *Id.* at 790.

³¹ *Id.* at 786.

³² Though service marks and trademarks are slightly different, they will be used interchangeably throughout this article. *Lovely Skin, Inc. v. Ishtar Skin Care Prods., LLC*, 745 F.3d 877, 882 n.3 (8th Cir. 2014) (quoting 15 U.S.C. § 1127 (2018)).

³³ *Welding Servs., Inc. v. Forman*, 509 F.3d 1351, 1357 (11th Cir. 2007).

³⁴ *Id.*

³⁵ *Am. Tv & Communs. Corp. v. Am. Communs. & Tv, Inc.*, 810 F.2d 1546, 1548 (11th Cir 1987).

³⁶ There are three other categories of distinctiveness: generic; suggestive; and arbitrary or fanciful. “A generic name suggests the basic nature of the article or service.” A suggestive term suggests a characteristic of the services and would require use of the imagination of the consumer to be understood as descriptive. Lastly, an arbitrary or fanciful name has not relationship to the services. A generic name is generally incapable of achieving service mark protection. Suggestive and arbitrary or fanciful marks are inherently distinctive and therefore, protectible without proof of a secondary meaning. *Id.* at 1548–49.

³⁷ *Id.*

³⁸ 1 Anne Gilson Lalonde, *Gilson on Trademarks* § 2.06 (2020).

term as a single service from a single company.³⁹ Establishing secondary meaning of a descriptive term requires a high degree of proof.⁴⁰

The Patent and Trademark Office (PTO) may only grant applications for registration to marks that are distinctive.⁴¹ Under Section 2(f) of the Lanham Act,⁴² marks that have acquired distinctiveness through secondary meaning are permitted registration with the PTO.⁴³ Thus, a service mark registered “under Section 2(f) creates a rebuttable presumption that the mark has attained secondary meaning.”⁴⁴ Once the PTO grants the registration of a mark, it is officially registered on the principal register, provided no party has succeeded in opposing the registration.⁴⁵

Once a party has registered a trademark, there is a presumption of validity on the mark.⁴⁶ A party can still petition for cancellation of the mark.⁴⁷ Under 15 U.S.C. § 1115(a)⁴⁸ of the Lanham Act, any mark registered by the PTO is “prima facie evidence of the validity of the registered mark and of the registration of the mark.”⁴⁹ Since the Supreme Court of the United States has yet to establish a uniform standard regarding what weight courts should give to prima facie evidence of validity, the lower courts have developed an approach on their own.⁵⁰

³⁹ *Am. Tv & Communs. Corp.*, 810 F.2d at 1549 (citing *American Heritage Life Insurance Co. v. Heritage Life Insurance Co.*, 494 F.2d 3, 12 (5th Cir. 1974)).

⁴⁰ *Id.* The Eleventh Circuit uses four factors to decide if a descriptive mark has acquired distinctiveness:

(1) the length and manner of its use; (2) the nature and extent of advertising and promotion; (3) the efforts made by the plaintiff to promote a conscious connection in the public’s mind between the name and the plaintiff’s product or business; and (4) the extent to which the public actually identifies the name with the plaintiff’s product or venture.

Conagra, Inc. v. Singleton, 743 F.2d 1508, 1513 (11th Cir. 1984).

⁴¹ § 1052(f).

⁴² § 1052(f).

⁴³ *Lalonde*, § 2.06, n.3.

⁴⁴ *Id.*

⁴⁵ § 1052.

⁴⁶ *Royal Palm Props., LLC*, 950 F.3d at 784.

⁴⁷ *Coach House Rest., Inc. v. Coach & Six Rests., Inc.*, 934 F.2d 1551, 1557 (11th Cir. 1991).

⁴⁸ § 1115(a).

⁴⁹ § 1115(a).

⁵⁰ *Royal Palm Props., LLC*, 950 F.3d at 783.

*B. To Share the Burden or Not to Share the Burden***1. The Majority Approach**

The majority of courts⁵¹ holds that the burden of persuasion is on the party attempting to cancel the registration of a mark, connoting, the party seeking cancellation has the ultimate burden of proving the registration is invalid by a preponderance of the evidence.⁵² Courts will generally acquiesce to the decision of the PTO in deciding to register a mark.⁵³ In 1958, the United States Court of Appeals for the Second Circuit made one of the earliest showing of deference to PTO's decisions.⁵⁴ In *Aluminum Fabricating Co. v. Season-All Window Corp.*,⁵⁵ the Second Circuit held, where the PTO allowed registration of a mark, a strong presumption of validity of the mark is given.⁵⁶ The court explained that while the circuit courts have jurisdiction to hear cancellation proceedings, courts should be wary of overruling the actions of the PTO.⁵⁷ Congress granted the PTO power to make preliminary decisions on whether a mark achieved federal trademark protection.⁵⁸ The party requesting cancellation must prove that the board erred in registering the mark by a preponderance of the evidence.⁵⁹ Accordingly, courts should only cancel a registered mark where the opposing party has put forth more evidence than the registrant to tip the scales in its favor.⁶⁰

The registrant of a mark registered under Section 2(f) of the Lanham Act receives a presumption of acquired distinctiveness.⁶¹ In 1994, the United States Court of Appeals for the Eighth Circuit analyzed whether registered marks receive a presumption of both inherent and acquired distinctiveness.⁶² In *Aromatique, Inc. v. Gold Seal, Inc.*,⁶³ the court held

⁵¹ The circuits that follow the majority holding are the First, Second, Sixth, Eighth, Tenth, District of Columbia, Federal, (and now) Eleventh Circuits. 6 McCarthy, *supra* note 1 § 32:138.

⁵² *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*, 586 F.3d 1352, 1358 (Fed. Cir. 2009).

⁵³ *Aluminum Fabricating Co. v. Season-All Window Corp.*, 259 F.2d 314, 316 (2nd Cir. 1958).

⁵⁴ *See Aluminum Fabricating Co.*, 259 F.2d 314.

⁵⁵ 259 F.2d 314 (2nd Cir. 1958).

⁵⁶ *Aluminum Fabricating Co.*, 259 F.2d at 317.

⁵⁷ *Aluminum Fabricating Co.*, 259 F.2d at 316.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 869 (8th Cir. 1994).

⁶² *See Aromatique, Inc.*, 28 F.3d 863.

⁶³ 28 F.3d 863 (8th Cir. 1994).

that the presumption given to a mark depends on whether the PTO required evidence of a secondary meaning.⁶⁴ Since the PTO required Aromatique, Inc. to show proof of secondary meaning, Aromatique, Inc.'s mark retains a strong presumption that the mark has acquired distinctiveness.⁶⁵ Had the PTO granted Aromatique, Inc. registration without proof of secondary meaning, Aromatique, Inc. would have a strong presumption of inherent distinctiveness.⁶⁶ A mark is only given a presumption for the kind of distinctiveness it was registered as.⁶⁷

In the early 2000s, circuit courts began discussing what happens if the party seeking cancellation meets its initial burden of production.⁶⁸ In *Borinquen Biscuit Corp. v. M.V. Trading Corp.*,⁶⁹ the United States Court of Appeals for the First Circuit held that the burden of proof shifts to the trademark registrant only if the party seeking cancellation brings forth enough evidence to overcome the initial burden of production.⁷⁰ Borinquen Biscuit Corp. registered the mark "RICA" and its packaging, for its semi-sweet galleta in 1969.⁷¹ In 2003, M.V. Trading Corp. began selling a similar looking galleta under the name "Nestle Ricas." After a failed attempt at requesting that M.V. Trading Corp. stop selling their galleta using the name "Ricas," Borinquen Biscuit Corp. brought this suit alleging trademark infringement.⁷² The First Circuit held, if the defendant has met its initial burden of production by showing that the registered mark is merely descriptive, the burden of proof shifts back to the party seeking protection to show that its mark has acquired secondary meaning.⁷³ But, since M.V. Trading Corp. did not show by a preponderance of the evidence that the mark, "RICA," was merely descriptive, Borinquen Biscuit Corp. was not required to bring forth

⁶⁴ *Id.* at 870.

⁶⁵ *Id.* at 869.

⁶⁶ *Borinquen Biscuit Corp. v. M.V. Trading Corp.*, 443 F.3d 112, 117 (1st Cir. 2006).

⁶⁷ *Aromatique, Inc.*, 28 F.3d at 869.

⁶⁸ *See Borinquen Biscuit Corp.*, 443 F.3d 112.

⁶⁹ 443 F.3d 112 (1st Cir. 2006).

⁷⁰ *Borinquen Biscuit Corp.*, 443 F.3d at 118.

⁷¹ A galleta is a Spanish word that when translated to English refers to all cookies, crackers, and biscuits. *Id.* at 114.

⁷² M.V. brought a counterclaim requesting cancellation of Borinquen's mark. During a preliminary injunction hearing, the court found that Borinquen was likely to succeed in establishing that its mark required protection and that M.V.'s "Nestle Ricas" mark infringed on Borinquen's registered mark. Therefore, M.V. filed this interlocutory appeal alleging the district court erred in concluding Borinquen did not need to establish that its mark, "RICA," had acquired secondary meaning. *Id.*

⁷³ *Id.* at 118.

evidence proving its mark had acquired secondary meaning.⁷⁴ Other circuit courts began following the decision in *Borinquen Biscuit Corp.*⁷⁵

In *Cold War Museum, Inc. v. Cold War Air Museum, Inc.*,⁷⁶ the United States Court of Appeals for the Federal Circuit discussed which burdens shift to the party who is seeking to cancel registration of a trademark.⁷⁷ This appeal arose from the PTO, Trademark Trial and Appeal Board granting a petition to cancel registration of the trademark, "THE COLD WAR MUSEUM." The PTO found the mark merely descriptive of museum services regarding the cold war when it was registered.⁷⁸

The Federal Circuit reversed the lower court's ruling and held that Cold War Museum, Inc., registrant, was not required to bring forth any evidence because Cold War Air Museum, Inc., the petitioner for cancellation, failed to prove a prima facie case that the mark lacked acquired distinctiveness.⁷⁹ To establish a prima facie case, the petitioner "must 'present sufficient evidence or argument on which the board could reasonably conclude' that the party has overcome the record evidence of acquired distinctiveness."⁸⁰ The court explained that the burden of producing evidence defending registration shifts to the registrant, only if, the party seeking cancellation establishes a sufficient showing of invalidity.⁸¹ Once both parties have presented all of their evidence, the court must decide whether the party petitioning cancellation had reached its ultimate burden on persuasion.⁸²

Further, in *Lovely Skin, Inc. v. Ishtar Skin Care Prods., LLC*,⁸³ the Eighth Circuit established the focus of inquiry when determining whether to shift the burden of proof back to the registrant.⁸⁴ The court stated that when the PTO registers a mark, the outcome of the case no longer rests upon whether the registrant provided evidence of acquired distinctiveness at the time of their registrations.⁸⁵ Rather, it depends on whether the party seeking cancellation met its burden of establishing

⁷⁴ *Id.* at 118–19.

⁷⁵ *See Cold War Museum, Inc.*, 586 F.3d 1352; *Lovely Skin, Inc.*, 745 F.3d 877.

⁷⁶ 586 F.3d 1352.

⁷⁷ *Id.* at 1359.

⁷⁸ *Id.* at 1354.

⁷⁹ *Id.*

⁸⁰ *Id.* (quoting *Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572, 1576–77 (Fed. Cir. 1988)).

⁸¹ *Id.* at 1358.

⁸² *Id.*

⁸³ 745 F.3d 877 (8th Cir. 2014).

⁸⁴ *See id.*

⁸⁵ *Id.* at 886.

that the registrant's trademark lacked acquired distinctiveness at the time the mark was registered.⁸⁶

2. The Minority Approach⁸⁷

A minority of courts holds that the party seeking cancellation has overcome the rebuttable presumption when it has established the generic or descriptive nature of the mark.⁸⁸ In *Amazing Spaces, Inc. v. Metro Mini Storage*,⁸⁹ Amazing Spaces, Inc. (Amazing Spaces), a self-storage services company and trademark registrant, brought suit against a competitor for trademark infringement.⁹⁰ Metro Mini Storage (Metro), the competitor, counterclaimed, alleging that Amazing Spaces made false representations in its registration application. The United States District Court for the Southern District of Texas granted summary judgment for Metro on the grounds that Amazing Spaces' mark was an invalid service mark.⁹¹ On appeal, the United States Court of Appeals for the Fifth Circuit held, Amazing Spaces' service mark was not a legally protectable trademark.⁹² The Fifth Circuit reasoned that once sufficient evidence of invalidity is produced to overcome the presumption, though the evidence remains, the presumption is deemed "neutralized"⁹³ and is no longer at issue in the case.⁹⁴

Similarly, the United States Court of Appeals for the Seventh Circuit began its analysis of the meaning of presumption in *Liquid Controls Corp. v. Liquid Control Corp.*⁹⁵ There, the plaintiff, Liquid Controls Corp., a liquid control manufacturing corporation, secured federal trademark protection on the term "Liquid Controls" in 1984, which it has been using since 1956. The defendant, Liquid Control Corp., a liquid dispenser corporation, began using the name "Liquid Control" on their products in 1973. After registering their mark, Liquid Controls Corp. filed a complaint against Liquid Control Corp. in the United States District Court for the Northern District of Illinois, Eastern Division alleging trademark infringement, consumer confusion, and two state law

⁸⁶ *Id.* at 886.

⁸⁷ The United States Court of Appeals for the Fourth, Fifth, and Seventh Circuits all follow this approach. 6 McCarthy § 32:138 n.6.

⁸⁸ *Xtreme Lashes, LLC v. Xtended Beauty, Inc.*, 576 F.3d 221, 232 (5th Cir. 2009).

⁸⁹ 608 F.3d 225 (5th Cir. 2010).

⁹⁰ The registrant also brought claims for trade dress infringement, copyright infringement, unfair competition, and violation of Texas Anti-Dilution Statute. *Id.* at 230.

⁹¹ *Id.* at 233.

⁹² *Id.* at 239.

⁹³ *Id.* at 239.

⁹⁴ *Id.*

⁹⁵ 802 F.2d 934 (7th Cir. 1986).

claims.⁹⁶ Liquid Control Corp. filed a motion for summary judgment, which the lower court granted.⁹⁷

On appeal, the Seventh Circuit held that there was no issue of material fact on whether the term “liquid controls” was generic and caused consumer confusion, affirming the district court’s grant of summary judgment.⁹⁸ The circuit court reasoned that while the plaintiff had a presumption that its registered mark was not generic or merely descriptive, or, if it was, then the mark had achieved secondary meaning, the presumption is overcome once the defendant meets its burden of production by showing genericness or descriptiveness.⁹⁹ Thus, the presumption “bursts” once sufficient evidence of genericness is brought.¹⁰⁰ Therefore, there is no longer a genuine issue of material fact preventing summary judgment.¹⁰¹

Later, in *Door Sys., Inc. v. Pro-Line Door Sys., Inc.*,¹⁰² the Seventh Circuit expanded on its view of the deference to give a presumption.¹⁰³ Door Systems, Inc. (Door Systems) filed a complaint against Pro-Line Door Systems, Inc. (Pro-Line) alleging a violation of both § 32 of the Lanham Act, 15 U.S.C. § 1114(1)¹⁰⁴ and § 43(a), 15 U.S.C. § 1125(a),¹⁰⁵ trademark infringement and false designation of origin.¹⁰⁶ Both Door Systems and Pro-Line sold overhead, electric garage doors together with the remote to open and close them. Door Systems had been selling these products under the mark “Door Systems” since 1980 and registered the trademark in 1989. In 1986, the defendant incorporated Pro-Line and began doing business. The district court granted Pro-Line’s motion for summary judgment on both counts, finding that “door systems” was a generic term and therefore cannot be trademark protected. Thus, the likelihood of confusion claim was nil.¹⁰⁷

On appeal, the Seventh Circuit affirmed the district court’s holding.¹⁰⁸ The court reiterated its stance on presumption of validity stating, “The presumption of validity that federal registration confers . . . evaporates

⁹⁶ *Id.* at 935.

⁹⁷ *Id.*

⁹⁸ *Id.* at 941.

⁹⁹ *Id.* at 938.

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

¹⁰² 83 F.3d 169 (7th Cir. 1996).

¹⁰³ *Id.*

¹⁰⁴ § 1114(1).

¹⁰⁵ § 1125(a).

¹⁰⁶ *Door Sys., Inc.*, 83 F.3d at 170.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.* at 174.

as soon as evidence of invalidity is presented.”¹⁰⁹ Further, the court states that the only function of a presumption is to incite certain evidence, and when such function is performed, the presumption no longer exists.¹¹⁰ In *Custom Vehicles, Inc. v. Forest River, Inc.*,¹¹¹ the Seventh Circuit goes as far as to say that “the presumption of validity that registration creates is easily rebuttable, since it merely shifts the burden of production to the alleged infringer.”¹¹²

IV. COURT’S RATIONALE

In *Royal Palm Props., LLC*, the United States Court of Appeals for the Eleventh Circuit held that the party seeking cancellation of a service mark has the burden of both production and persuasion to prove that the mark lacks distinctiveness by a preponderance of the evidence.¹¹³ Further, the court of appeals held that holders of registered trademarks are not granted presumptions of both inherent and acquired distinctiveness. Rather, registrants are only entitled to one type of distinctiveness based on whether the registrant brought forth evidence showing the mark had acquired distinctiveness at the time of registration.¹¹⁴ Since *Royal Palm Props., LLC* was a case of first impression, the Eleventh Circuit sought guidance from other courts whom previously decided the weight afforded to the presumption.¹¹⁵

Judge Kevin C. Newsom, writing for the court, began the analysis by addressing Pink Palm’s argument, challenging Royal Palm’s mark on the ground that the mark lacked distinctiveness and therefore, required cancellation.¹¹⁶ Pink Palm asserts that Royal Palm’s mark, “Royal Palm Properties,” lacks distinctiveness on two grounds.¹¹⁷ First, Pink Palm claims the mark is purely descriptive of the services provided. Second, Pink Palm contends the mark failed to achieve a secondary meaning.¹¹⁸ Pink Palm contended that Royal Palm had the burden of proving acquired distinctiveness and claimed the evidence Royal Palm presented

¹⁰⁹ *Id.* at 172 (citing *Liquid Controls Corp.*, 802 F.2d at 938).

¹¹⁰ *Id.*

¹¹¹ 476 F.3d 481 (7th Cir. 2007).

¹¹² *Id.* at 486; *see also Door Systems, Inc.*, 83 F.3d at 172.

¹¹³ *Royal Palm Props., LLC*, 950 F.3d at 783.

¹¹⁴ *Id.* at 783–84.

¹¹⁵ *See id.*

¹¹⁶ *Id.* at 782.

¹¹⁷ *Id.* at 783.

¹¹⁸ *Id.*

failed to overcome that burden.¹¹⁹ The court reviewed Section 1115(a), of the Lanham Act,¹²⁰ for support.¹²¹ Section 1115(a) grants owners of registered marks a presumption of validity, especially for cancellation proceedings.¹²² Since the weight of the presumption was a matter of first impression for this court, the court looked to other circuit courts for guidance.¹²³ Though there is a split in circuits on this issue, the court was quick to adopt the majority approach.¹²⁴

The majority of jurisdictions holds that to overcome the presumption of validity on a distinctiveness challenge, the party petitioning cancellation bears both the burden of production and the ultimate burden of persuasion.¹²⁵ In *Aluminum Fabricating Co.*, the United States Court of Appeals for the Second Circuit held that the contestant of the registration merely presenting enough evidence to equal out the scales is not enough, and only meets the initial burden of production.¹²⁶ The Eleventh Circuit followed this rationale and held that in order to move forward, the party seeking cancellation must overcome the initial burden of production.¹²⁷

Only if the party seeking cancellation overcomes the presumption by a preponderance of the evidence does the burden shift back to the registrant.¹²⁸ If the burden shifts to the registrant, the registrant has the burden of producing evidence proving the distinctiveness of the mark.¹²⁹ Thus, the Eleventh Circuit concluded, Royal Palms had no burden of furnishing evidence to support the distinctiveness of its mark.¹³⁰ Conversely, the burden was on Pink Palm, the party seeking cancellation of the registration, to prove otherwise.¹³¹

Next, the court determined whether the registrant was given both the presumption of validity on inherent distinctiveness and acquired

¹¹⁹ The weight a court gives to the presumption of validity depends on who bears the burden of proof. *Id.* at 785.

¹²⁰ § 1115(a).

¹²¹ *Royal Palm Props., LLC*, 950 F.3d at 783.

¹²² *Id.*; see also § 1115(a).

¹²³ *Id.* at 784 n.2.

¹²⁴ *Id.* at 783–84.

¹²⁵ *Id.*; see also *Cold War Museum, Inc.*, 586 F.3d at 1356.

¹²⁶ *Aluminum Fabricating Co.*, 259 F.2d at 316.

¹²⁷ *Royal Palm Props., LLC*, 950 F.3d at 784. The petitioner meeting its initial burden of production only equals out the presumption of validity but is not enough to prevail on the claim. *Aluminum Fabricating Co.*, 259 F.2d at 316.

¹²⁸ *Cold War Museum, Inc.*, 586 F.3d at 1358.

¹²⁹ *Id.*

¹³⁰ *Royal Palm Props., LLC*, 950 F.3d at 785.

¹³¹ *Id.*

distinctiveness.¹³² The court mirrored the holdings of the First and Eighth Circuits.¹³³ A distinctive service mark identifies the mark with a single source of goods or services presented.¹³⁴ Marks can be either inherently distinctive or acquire distinctiveness over time.¹³⁵ In *Borinquen Biscuit Corp.*, the First Circuit held that, where proof of secondary meaning¹³⁶ was required during a registration hearing, the presumption is that the mark is valid based on acquired distinctiveness.¹³⁷ Similarly, in *Aromatique, Inc.*, the Eighth Circuit held, the trademark holder is only entitled to either the presumption of inherent distinctiveness or acquired distinctiveness, never both.¹³⁸

Referring back to Royal Palm's application for registration, the court recognized that the mark, "Royal Palm Properties," was applied for under Section 2(f) of the Lanham Act.¹³⁹ Section 2(f) deals with marks that acquired distinctiveness through secondary meaning.¹⁴⁰ Therefore, the court held that Royal Palm had a presumption of acquired distinctiveness only because it presented evidence of secondary meaning at the registration hearing.¹⁴¹ Accordingly, the court held that a party seeking cancellation of a registered mark has the burden of overcoming the trademark holder's presumption of inherent or acquired distinctiveness by a preponderance of the evidence.¹⁴² And so, due to the decisions in *Royal Palm Props., LLC*, the Eleventh Circuit holds that the registrant receives a presumption of distinctiveness based on whether the registrant was required to show evidence of secondary meaning at registration.¹⁴³ Further, the party seeking cancellation of a registered

¹³² *Royal Palm Props., LLC*, 950 F.3d at 783–84.

¹³³ *Id.* This is the majority view. More circuit courts also follow these holdings. 6 McCarthy, *supra* note 1 § 32:138 n.6.

¹³⁴ *Royal Palm Props., LLC*, 950 F.3d at 782 (quoting *Welding Servs., Inc.*, 509 F.3d at 1357).

¹³⁵ *Id.*

¹³⁶ The primary meaning "that a trademark[, service mark] or tradename for a business . . . or services has acquired even though the trademark or tradename was originally merely descriptive and therefore not protectable." *Secondary Meaning*, *Black's Law Dictionary* (11th ed. 2019).

¹³⁷ *Borinquen Biscuit Corp.*, 443 F.3d at 116–17.

¹³⁸ *Aromatique, Inc.*, 28 F.3d at 870.

¹³⁹ *Royal Palm Props., LLC*, 950 F.3d at 784.

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Id.* at 783.

¹⁴³ *Id.* at 784 (quoting *Welding Servs., Inc.*, 509 F.3d at 1357).

mark bears both the burden of production and the burden of persuasion.¹⁴⁴

V. IMPLICATIONS

The issue of how much deference to impose upon the presumption of a registered trademark has agonized courts for decades.¹⁴⁵ In the short passage of time since the Eleventh Circuit's decision, the court has relied upon *Royal Palm Props., LLC* as the standard for strength afforded to presumptions of validity.¹⁴⁶ Though the Eleventh Circuit set its standard, the opinion only implicitly stated parts of its stance.¹⁴⁷ The court never, in so many words, stated that both burdens are shifted to the defendant in a cancellation proceeding.¹⁴⁸ The court merely alluded to the challenger having the burden of presumption by holding that to overcome the burden, a party seeking cancellation must bring forth more evidence showing that the registered mark lacked distinctiveness than the registrant does in the alternative.¹⁴⁹ The holding in *Royal Palm Props., LLC* will allow for consistency in future decisions of the Eleventh Circuit regarding the weight it gives to Patent and Trademark Office's (PTO) decisions.

In a decision in 2019, the Eleventh Circuit held that courts have no obligation to follow the PTO's decision, but left the question unanswered of how much weight to give the presumption.¹⁵⁰ The court's holding in *Royal Palm Props., LLC* sets precedent for giving great respect to the PTO's decisions granting or denying a trademark registration in future decisions. Because the court gives such deference to the PTO's decision, the registrant of a mark may attempt to argue that a cancellation claim cannot be brought because it is barred by the theory of *res judicata*.¹⁵¹ Though the court should overrule the decision of the PTO only if

¹⁴⁴ *Id.* at 785.

¹⁴⁵ 5 Mark S. Brodin, *Weinstein's Federal Evidence* § 301App.100 (2nd ed. 2020).

¹⁴⁶ *Engineered Tax Services, Inc. v. Scarpello Consulting, Inc.*, 958 F.3d 1323, 1329 n.8 (11th Cir. 2020).

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ *Royal Palm Props., LLC*, 950 F.3d at 783.

¹⁵⁰ 6 McCarthy § 32:95 n.3 (citing *PlayNation Play Systems, Inc. v. Velez Corporation*, 924 F.3d 1159, 1169 (11th Cir. 2019)).

¹⁵¹ "[W]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim." *B&B Hardware, Inc. v. Hargis Indus.*, 575 U.S. 138, 148 (2015) (quoting *Restatement (Second) of Judgments* § 27, p. 250 (1980)).

necessary, the PTO's decision is not binding on the court.¹⁵² But, the Eleventh Circuit now holds that the court should be at least partially persuaded by the PTO's registration decisions.¹⁵³

The decision in *Royal Palm Props., LLC*, puts more strain, if challenged, on owners of inherently distinctive marks. A party who registers its mark as inherently distinctive no longer has the ability to fall back on the acquired distinctiveness argument if the court overrules the decision of the PTO. If the opposing party meets its ultimate burden of persuasion, proving that the registered mark is inherently distinctive, the trademark holder no longer has a presumption of validity.¹⁵⁴ Congress entrusted the initial determination of whether to grant or deny registration of a mark with the PTO;¹⁵⁵ it is not the court's job to take that function away from it.

Compared to presumptions in other areas of civil law, the level of deference the Eleventh Circuit gave to the presumption of validity in trademark law proved to be much higher.¹⁵⁶ Generally, civil law presumptions shift only the burden of production to the other party and the burden of presumption remains with the party who originally had it.¹⁵⁷ The higher burden in trademark law does not stand without reason.

Trademarks require heightened protection because while trademarks can be highly valuable, they can also be easily destroyed.¹⁵⁸ When consumers no longer associate a mark to a single product, the trademark becomes abandoned and therefore, lacks trademark protection.¹⁵⁹ For example, consumers likely associate "Q-Tip" with all cotton swabs, regardless of the producer. And so, even though a mark may once have been trademark protectable, it loses protection if it fails to remain distinct.

Trademark protection exists for two reasons: to protect the trademark holder's investments and to protect consumers from confusion and deception.¹⁶⁰ When consumers buy a product, they want assurance that the product they intended to buy is the product they are in fact buying.¹⁶¹ Not all buyers engage in considerable research about products before

¹⁵² 6 McCarthy, *supra* note 150 § 32:95.

¹⁵³ See *Royal Palm Props., LLC*, 950 F.3d 776.

¹⁵⁴ *Royal Palm Props., LLC*, 950 F.3d at 785.

¹⁵⁵ *Aluminum Fabricating Co.*, 259 F.2d at 316.

¹⁵⁶ 1 Jack B. Weinstein & Margaret A. Berger, *Weinstein's Federal Evidence* § 301.02(3)(b) (Mark S. Brodin, ed., Matthew Bender 2d ed. 1997).

¹⁵⁷ *Id.* at § 301.02(2).

¹⁵⁸ *A. Bourjois & Co., Inc. v. Katzel.*, 260 U.S. 689, 692 (1923).

¹⁵⁹ 3 McCarthy § 17:8.

¹⁶⁰ 1 McCarthy § 2:2.

¹⁶¹ *Id.*

they buy them.¹⁶² For these buyers, trademarks on products can assure them that the product is the brand they expect to receive, and not a knock-off.¹⁶³ In essence, a trademark promotes production of higher quality products and services.¹⁶⁴ If a company knows a consumer can trace the product or service back to that company, it has a greater obligation to create better quality products.¹⁶⁵ Without trademarks, consumers would be unable to distinguish one brand from another, giving the company no incentive to improve the products' quality.¹⁶⁶ The businesses that had the lowest price would attract the majority of customers.¹⁶⁷

Trademark owners retain a strong interest in the protection of their mark partly because a registered mark adds value to the owner's products and goodwill.¹⁶⁸ In order to register a trademark, registrants must put forth generous amounts of energy and money.¹⁶⁹ The benefits received from trademark protection make the effort the registrant exerted prior to registration worth it. For instance, a trademark owner can sell its products at a higher price because of the trademark and goodwill associated with the brand.¹⁷⁰ Further, trademark protection grants the owner exclusive use of the mark, which protects the owner from other companies selling products with the same mark, and thus, reaping the benefits of the trademark holder's efforts. Therefore, the grant of a registered trademark should be afforded great deference and protection when challenged in court.

It is clear from the Eleventh Circuit's decision in *Royal Palm Props., LLC*, that the court wants to leave the decision to grant a trademark registration, unless proven by strong evidence otherwise, into the care of the Patent and Trademark Office where Congress entrusted it.

Dana Nagel

¹⁶² *Id.* at § 2:25 n.2.

¹⁶³ *Id.* at n.5.

¹⁶⁴ *Id.* at § 2:4.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ Good will is the customer's positive attitude towards a business, resulting in continued patronage. *Id.* at § 2:2.

¹⁶⁹ *Id.*

¹⁷⁰ *Id.* at § 2:4 n.2.