

1-1-2024

## Civil Procedure--Legally Deadlocked: Challenging the Notion of "Prevailing" in the Quest for Costs & Fees--Royal Palm Props., LLC v. Pink Palm Props., LLC, 38 F.4th 1372 (11th Cir. 2022)

Jeffrey Hernandez  
*Suffolk University*

Follow this and additional works at: <https://dc.suffolk.edu/jtaa-suffolk>



Part of the [Litigation Commons](#)

---

### Recommended Citation

29 Suffolk J. Trial & App. Advoc. 215 (2023-2024)

This Comments is brought to you for free and open access by Digital Collections @ Suffolk. It has been accepted for inclusion in Suffolk Journal of Trial and Appellate Advocacy by an authorized editor of Digital Collections @ Suffolk. For more information, please contact [dct@suffolk.edu](mailto:dct@suffolk.edu).

**CIVIL PROCEDURE—LEGALLY DEADLOCKED:  
CHALLENGING THE NOTION OF “PREVAILING”  
IN THE QUEST FOR COSTS & FEES—*ROYAL  
PALM PROPS., LLC V. PINK PALM PROPS., LLC*, 38  
F.4TH 1372 (11TH CIR. 2022).**

*Jeffrey Hernandez*

The Federal Rules of Civil Procedure (“FRCP”) permit the prevailing party of a litigation to collect costs unless the FRCP, a federal statute, or a court order dictates otherwise.<sup>1</sup> The recovery of costs is limited, however, as set forth pursuant to the United States Code.<sup>2</sup> In an issue of first impression, the Eleventh Circuit considered, in *Royal Palm Props., LLC v. Pink Palm Props., LLC*,<sup>3</sup> whether courts are required to declare a prevailing party

---

<sup>1</sup> See FED. R. CIV. P. 54(d)(1) (authorizing costs other than attorney’s fees to prevailing party). The subsection of 54(d)(1) states as follows:

Unless a federal statute, these rules, or a court order provides otherwise, costs—other than attorney’s fees—should be allowed to the prevailing party. But costs against the United States, its officers, and its agencies may be imposed only to the extent allowed by law. The clerk may tax costs on 14 days’ notice. On motion served within the next 7 days, the court may review the clerk’s action.

*Id.* Legislators have remarked that the purpose of fees is to promote equity among litigants and reinforce the law. See 52 U.S.C. § 10310(e) (providing statutory example authorizing award fees); S. REP. NO. 94-295, at 42 (1975) (noting importance of fee awards as remedies).

<sup>2</sup> See 28 U.S.C. § 1920 (establishing recoverable limits to costs under FED. R. CIV. P. 54(d)(1)); see also *Taniguchi v. Kan Pac. Saipan, Ltd.*, 566 U.S. 560, 573 (2012) (highlighting Supreme Court’s consistency in “keeping with the bounds of narrow taxable costs”). The costs recoverable by 28 U.S.C. § 1920 include: fees of the clerk and marshal, fees for printed or electronically recorded transcripts, fees and disbursements for printing and witnesses, fees for exemplification and the costs associated with making copies of any materials for use in the case, docket fees, and compensation for court-appointed experts. See Kurtis A. Kemper, Annotation, *Propriety Under 28 U.S.C.A. § 1920 and Rule 54(d) of Federal Rules of Civil Procedure of Allowing Prevailing Party Costs for Copies of Depositions*, 155 A.L.R. Fed. 445, \*1 (2022) (listing taxable costs authorized by statute); see also *Crawford Fitting Co. v. J. T. Gibbons, Inc.*, 482 U.S. 437, 445 (1987) (“[A]bsent explicit statutory . . . authorization for the taxation of expenses of a litigant’s . . . costs, federal courts [are] bound by the limitations set out in . . . § 1920.”). But see *Dowdell v. Apopka*, 698 F.2d 1181, 1188-89 (11th Cir. 1983) (“Where cost-shifting is expressly authorized by statute, the traditional limitations of Rule 54(d) and 28 U.S.C. § 1920 . . . do not apply.” (citing *Wheeler v. Durham City Bd. of Edu.*, 585 F.2d 618, 623 (4th Cir. 1978)).

<sup>3</sup> 38 F.4th 1372 (11th Cir. 2022).

in every case.<sup>4</sup> The Eleventh Circuit held that there may be instances where neither party is considered “prevailing” for the purposes of collecting costs under FRCP 54(d)(1).<sup>5</sup> In its holding, the court emphasized the lack of a material alteration in the parties’ legal relationship, given that both successfully defended against each other’s claims.<sup>6</sup> Despite the fact-specific nature of this case, which primarily pertains to trademark litigation, the Eleventh Circuit’s holding results in dangerous legal implications that may impact a broader area of the law and create future apprehension among litigants when choosing their preferred forum to bring suit.<sup>7</sup>

Royal Palm Properties (“Royal Palm”) is a real estate brokerage company who filed with the United States Patent and Trademark Office (“USPTO”) to register the trademark “Royal Palm Properties,” which was subsequently granted.<sup>8</sup> Shortly thereafter, Royal Palm learned of an

---

<sup>4</sup> See *id.* at 1378 (addressing issue of first impression). There is a circuit split as to whether a prevailing party must be declared pursuant to FRCP 54(d)(1). *Id.* at 1378-79. On one side of the split, the Federal Circuit held that the court must declare a prevailing party. *Id.* Conversely, the Eighth, Fifth, and Second Circuits held the opposite. *Id.* However, only the Eighth and Eleventh Circuit considered whether there may be multiple prevailing parties to a litigation. *Id.*

<sup>5</sup> See *id.* at 1380 (affirming lower court’s opinion). In its analysis, the court likened the situation to NFL games, where ties may occur and clear winners are not guaranteed—emphasizing that neither FRCP 54, nor Supreme Court precedent, necessitates the use of the prevailing party designation in every case. *Id.* at 1373.

<sup>6</sup> See *id.* at 1380 (highlighting outcome of each party’s asserted arguments). Pink Palm asserted prevailing party status for its defense against Royal Palm’s initial infringement claim, where Royal Palm asserted prevailing party status for successfully defending against Pink Palm’s cancellation claim. *Id.* at 1381.

<sup>7</sup> See Telephone Interview with Robert J. Hauser, Senior Counsel, Sniffen & Spellman, P.A. (Oct. 18, 2022) (explaining legal ramifications of *Royal Palm* outcome). The judicial discretion resulting from this case will allow judges to withhold fees or costs when neither party has prevailed. *Id.* Not only does this case result in increased judicial discretion, but it further perpetuates the circuit split already in existence. See *Royal Palm Props., LLC*, 38 F.4th at 1378 (addressing circuit split). Compare *Shum v. Intel Corp.*, 629 F.3d 1360, 1367 (Fed. Cir. 2010) (“For the purpose of costs and fees, there can be only one winner. A court must choose one, and only one, ‘prevailing party’ to receive any costs award.”), *cert. denied*, 565 U.S. 929 (2011), and *Adrea, LLC v. Barnes & Noble, Inc.*, No. CIV. 13-4137, 2017 U.S. Dist. LEXIS 122644, at \*5 (S.D.N.Y. July 25, 2017) (abiding by *Shum* within Second Circuit District Courts), and *Tech. Innovations, LLC v. Amazon.com, Inc.*, No. CIV. 11-690, 2013 U.S. Dist. LEXIS 115352, at \*11-12 (D. Del. Aug. 15, 2013) (quoting *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1034 (Fed. Cir. 2006)) (abiding by *Shum* within Third Circuit District Courts), with *E. Iowa Plastics, Inc. v. PI, Inc.*, 832 F.3d 899, 907 (8th Cir. 2016) (holding that neither party to litigation is prevailing), and *Schlobohm v. Pepperidge Farm, Inc.*, 806 F.2d 578, 584 (5th Cir. 1986) (explaining no party prevailed in case at hand).

<sup>8</sup> See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, No. CIV. 17-80476, 2018 U.S. Dist. LEXIS 34329, at \*2 (S.D. Fla. Mar. 2, 2018) (providing background to trademark relevant to instant litigation). Royal Palm sells real estate exclusively in South Florida and has utilized the trademark in commerce since 2004, predating their 2012 USPTO approval. *Id.*; see also 15 U.S.C. § 1115(a) (noting presumption of validity to granted trademarks); Korey Cowan, *Assuming the Presumption: Challenging the Presumption of Strength of Federally Registered Trademarks*, 53 SUFFOLK U. L.

unaffiliated company with a similar name, Pink Palm Properties (“Pink Palm”), that was utilizing its trademark on their respective brokerage website – prompting Royal Palm to file suit in the United States District Court (“District Court”) to enforce their federally registered trademark under the Lanham Act.<sup>9</sup> Pink Palm responded to Royal Palm’s complaint by filing a motion to dismiss for failure to state a claim, which the District Court denied in full.<sup>10</sup> Pink Palm subsequently filed their answer to the complaint alongside five counterclaims, four of which requested the cancellation of the registered trademark, while the other sought declaratory judgment of non-infringement.<sup>11</sup> Royal Palm responded to the counterclaims with a motion to dismiss, resulting in a dismissal of Counts III, IV, and V with prejudice.<sup>12</sup>

---

REV. 257, 268 (2020) (noting trademark registration provides significant benefits including *prima facie* presumption of validity). The party challenging the validity of a federally registered trademark bears the burden of proof. Cowan, *supra*, at 268.

<sup>9</sup> See *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329, at \*2 (highlighting events leading to litigation); Complaint at 1, 3, *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329 (No. 17-80476) (outlining cause of action). Pink Palm is a direct competitor, as they not only sell real estate in South Florida but also provide similar services. Complaint, *supra*, at 1 (pointing to similarities between businesses); see also Robert A. Mikos, *Unauthorized and Unwise: The Lawful Use Requirement in Trademark Law*, 75 VAND. L. REV. 161, 172 (2022) (“The Lanham Act . . . serves as the ‘foundation of current federal trademark law’ . . . creat[ing] a comprehensive and elaborate scheme for federal trademark protection, including the registration of [trade]marks.” (quoting *Matal v. Tam*, 582 U.S. 218, 224 (2017))). Royal Palm argued that the primary reason Pink Palm infringed their trademark was to “benefit from [their] established reputation and customer recognition in the South Florida real estate community” and to “mislead the general public as well as clients of Plaintiff into visiting the Defendant’s website.” Complaint, *supra*, at 3–4.

<sup>10</sup> See Motion to Dismiss for Failure to State a Claim at 11, *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329 (No. 17-80476) (S.D. Fla. Mar. 2, 2018) (noting basis for motion to dismiss); Paperless Order Denying Defendant’s Motion to Dismiss, *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329 (No. 17-80476) (ordering arguments be addressed at summary judgment stage of litigation).

<sup>11</sup> See *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329, at \*2 (listing additional claims); see also Amended Answer and Counterclaim at 22, *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329 (No. 17-80476) (discussing counterclaims and demands for declaratory relief). The counterclaims filed by Pink Palm argued, in part, that the trademark was obtained through fraud and should therefore be invalidated. See *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329, at \*2.

<sup>12</sup> See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 38 F.4th 1372, 1374 (11th Cir. 2022) (indicating claims that were dismissed). Three of the Pink Palm’s five counterclaims were dismissed with prejudice due to being “time-barred.” See *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329, at \*7 (portraying procedural posture). Pink Palm’s third, fourth, and fifth counterclaims were premised on the Lanham Act, a federal statute that lacks an explicit statute of limitations. *Id.* at \*4. To analyze whether these claims were time-barred, the court borrowed the statute of limitations for an “analogous type of action” such as fraud. *Id.* Because the statute of limitations for any legal action stemming from fraud is four years, and Pink Palm was given constructive notice when Royal Palm registered their trademark, the court determined that three of Pink Palm’s counterclaims were filed after the statute of limitations had expired. *Id.* at \*4–5; see also *B&B Hardware, Inc. v. Hargis Indus.*, 575 U.S. 138, 142 (2015) (“Registration is significant . . . . Registration, for

Counts I and II proceeded to a three-day jury trial alongside Royal Palm's initial claim of infringement.<sup>13</sup>

Following the three-day trial, the jury determined that Pink Palm did not infringe Royal Palm's federally registered trademark and refused to invalidate it, as requested in Count I of the counterclaims.<sup>14</sup> Pink Palm subsequently filed a renewed motion for judgment as a matter of law ("JMOL"), pursuant to FRCP 50(b), requesting that the trial judge overrule the jury's validity determination as to the trademark.<sup>15</sup> The trial judge granted Pink Palm's motion and entered an order overruling the jury's determination, invalidating Royal Palm's trademark.<sup>16</sup> Upon reversal, Pink Palm filed a motion for bill of costs pursuant to FRCP 54(d), which the trial judge granted

---

instance, serves as 'constructive notice of the registrant's claim of ownership' of the mark." (quoting 15 U.S.C. § 1072)).

<sup>13</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1374 (indicating claims proceeding to jury trial).

<sup>14</sup> See *id.* (recounting lower court's procedural history). The jury unanimously concluded that Royal Palm's trademark was not invalid, but noted that their determination was strictly based on the arguments asserted by Pink Palm. *Id.*

<sup>15</sup> See Defendant's Renewed Motion for Judgment as a Matter of Law at 12, *Royal Palm Props., LLC*, 2018 U.S. Dist. LEXIS 34329 (No. 17-80476) (asserting Defendant's request for relief). Rule 50(a) of the Federal Rules of Civil Procedure provides, in part, that:

If a party has been fully heard on an issue during a jury trial and the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue, the court may: (A) resolve the issue against the party; and (B) grant a motion for judgment as a matter of law against the party on a claim or defense that, under controlling law, can be maintained or defeated only with a favorable finding on that issue.

FED. R. CIV. P. 50(a). Rule 50(b) allows a party to renew its properly raised motion for judgment as a matter of law, authorizing the trial court to grant a judgment "contrary to the verdict of the jury" where "procedural prerequisites of the rule have been met." E. H. Schopler, Annotation, *Practice and Procedure with Respect to Motions for Judgment Notwithstanding or in Default of Verdict Under Federal Civil Procedure Rule 50(b) or like State Provisions*, 69 A.L.R.2d 449, \*2 (2022) (summarizing power granted by FRCP 50(b)).

<sup>16</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1374 (reversing jury verdict). The trial judge noted that trademark protection applies only to trademarks considered "distinct," meaning they "serve the purpose of identifying the source of the goods or services." See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, No. CIV. 17-80476, 2018 U.S. Dist. LEXIS 140370, at \*5 (S.D. Fla. Aug. 17, 2018). The court concluded that the services provided by "Royal Palm Properties" could be interpreted as services provided by Royal Palm Beach, Florida, instead. *Id.* at \*17. Therefore, the trademark could not be considered inherently distinct. *Id.* Further, the court noted that the trademark lacked acquired distinctiveness because of the lack of correlation between consumers and the term "Royal Palm Properties" with Plaintiff's services. *Id.* at \*16. Royal Palm argued that their trademark acquired distinctiveness through extensive advertising, which made their trademark well recognized in South Florida to the point where it was associated with its high quality services. Complaint, *supra* note 9, at 2 (introducing Royal Palm's "distinct" argument).

because they considered Pink Palm the prevailing party in light of the JMOL order.<sup>17</sup>

Royal Palm appealed the grant of JMOL to the Eleventh Circuit and successfully secured a reversal of the District Court's decision, leading to the reinstatement of both the jury's verdict and Royal Palm's federally registered trademark.<sup>18</sup> On remand, Pink Palm moved a second time to recover costs under FRCP 54(d)(1), again arguing they were the prevailing party.<sup>19</sup> However, the trial court held that neither litigant could recover costs because both successfully defended against each other's claims, resulting in a "split-judgment."<sup>20</sup> As a result, Royal Palm appealed the fee order to the Eleventh Circuit.<sup>21</sup> The Eleventh Circuit affirmed the lower court's decision, holding that a district court may find no prevailing party for the purpose of awarding costs and fees under FRCP 54(d)(1) when the parties achieve a "tie" in the litigation.<sup>22</sup>

The term 'prevailing party' is a legal term of art, defined by Black's Law Dictionary as "a party in whose favor a judgment is rendered, regardless of the amount in damages awarded."<sup>23</sup> The Supreme Court has provided

---

<sup>17</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1374 (asserting prevailing party designation). With the granting of their motion, Pink Palm was awarded \$8,834.35 in costs, which was calculated based on the cost of making necessary copies and printed or electronically recorded transcripts. See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, No. CIV. 17-80476, 2019 U.S. Dist. LEXIS 170825, at \*2-3 (S.D. Fla. Aug. 8, 2019) (itemizing costs incurred through litigation).

<sup>18</sup> See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 950 F.3d 776, 790 (11th Cir. 2020) (explaining lack of evidence leading to court's decision to reverse). The Eleventh Circuit reversed the trial court's final judgment after oral arguments, contending that Pink Palm did not decisively demonstrate that no reasonable jury could have found for Royal Palm. See *Royal Palm Props., LLC*, 38 F.4th at 1374 (addressing outcome on appeal).

<sup>19</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1374 (contending prevailing party designation).

<sup>20</sup> See *id.* at 1375 ("Because it found that neither party could be characterized as the prevailing party, the district court declined to award costs . . ."). The trial court denied costs because Royal Palm successfully defended against Pink Palm's cancellation counterclaim, and Pink Palm successfully defended against Royal Palm's initial claim of trademark infringement. *Id.* The court defined split judgment as a scenario where both parties either lose on the claims they asserted or successfully defend against the claims brought against them. *Id.* at 1381. In addition to costs under Rule 54(d)(1), Pink Palm sought "exceptional case" fees under the Lanham Act, which also required a determination that they qualify as a prevailing party. *Id.* at 1374; see also *Amarel v. Connell*, 102 F.3d 1494, 1523 (9th Cir. 1996) (holding that reversal to judgment on merits may alter party entitled to costs).

<sup>21</sup> See Notice of Appeal at 1, *Royal Palm Props., LLC v. Pink Palm Props., LLC*, No. CIV. 17-80476, 2018 U.S. Dist. LEXIS 34329 (S.D. Fla. Mar. 2, 2018) (appealing district court's judgment).

<sup>22</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1381 (holding neither party has crossed threshold to prevailing party status where case ends in tie).

<sup>23</sup> *Party*, BLACK'S LAW DICTIONARY, (11th ed. 2019) (defining term 'prevailing party'); see also *Buckhannon Bd. & Care Home v. W. Va. Dep't of Health & Hum. Res.*, 532 U.S. 598, 611 (2001) (Scalia, J., concurring) ("The term [prevailing Party] has been found within the United States at large since at least the Bankruptcy Act of 1867, which provided that 'the party prevailing in the suit shall be entitled to costs against the adverse party.'"); *Pennsylvania v. Wheeling &*

clarity to courts seeking to determine whether a party achieved prevailing party status by articulating a two-part test applicable to various fee-shifting statutes.<sup>24</sup> The first step, as articulated in *Texas State Teachers Ass'n v. Garland*,<sup>25</sup> requires a party to demonstrate a resolution to the litigation that materially affects the legal relationship between the parties.<sup>26</sup> The second step, as articulated in *Buckhannon v. West Virginia Department of Health and Human Resources*, requires that party to be awarded some relief on the merits.<sup>27</sup> Although the two-step framework originally applied to fee-shifting statutes, many courts have recognized the same prevailing party standard for both fee-shifting statutes and costs under FRCP 54(d)(1).<sup>28</sup>

---

Belmont Bridge Co., 59 U.S. 460, 461 (1855) (noting “the repeated recognition by acts of [C]ongress of the right of the prevailing party to costs”).

<sup>24</sup> See sources *infra* notes 26-27 and accompanying text (introducing two-step framework for prevailing party analysis); see also *Royal Palm Props., LLC*, 38 F.4th at 1376 (describing that two-step analysis relevant to prevailing party designation originally applied to fee-shifting statutes).

<sup>25</sup> 489 U.S. 782 (1989).

<sup>26</sup> See *Garland Indep. Sch. Dist.*, 489 U.S. at 792 (indicating at minimum, there must be change of legal relationship after resolving dispute). Not every alteration in the legal relationship satisfies the prevailing party test. See *Farrar v. Hobby*, 506 U.S. 103, 111-13 (1992) (noting alteration must be material and modify behavior); see also Initial Brief of Appellant at 19, *Royal Palm Props., LLC*, 38 F.4th 1372 (No. 21-10872) (arguing continuation of alleged conduct to be material alteration). The Ninth Circuit has held that a case resulting in an inability to bring the same claim in a different court as an example of a material alteration that satisfies the Supreme Court’s two-part test, and triggers a prevailing party designation under FRCP 54(d)(1). See *Miles v. California*, 320 F.3d 986, 989 (9th Cir. 2003) (holding case demonstrates example of material alteration under two-part test); see also *Cadkin v. Loose*, 569 F.3d 1142, 1147-50 (9th Cir. 2009) (stating ability to re-bring lawsuit after dismissal is not material alteration); *RFR Indus. Inc. v. Century Steps, Inc.*, 477 F.3d 1348, 1353 (Fed. Cir. 2007) (expressing lack of material change where risk of re-filing complaint remains possible).

<sup>27</sup> See *Buckhannon*, 532 U.S. at 603 (2001) (stating that prevailing party is one who has been awarded some relief by court); see also *Hewitt v. Helms*, 482 U.S. 755, 760 (1987) (“Respect for ordinary language requires that a [party] receive at least some relief on the merits of his claim before he can be said to prevail.”); *Kropp v. Ziebarth*, 601 F.2d 1348, 1358 n.27 (8th Cir. 1979) (“[W]hen a defendant counterclaims for affirmative relief and neither party prevails on its claim, it is quite appropriate to deny costs to both parties.”).

<sup>28</sup> See, e.g., *Farrar*, 506 U.S. at 119-20 (O’Connor, J., concurring) (implying prevailing party standard under § 1988 and Rule 54(d) are identical); *B.E. Tech., LLC v. Facebook, Inc.*, 940 F.3d 675, 677 (Fed. Cir. 2019) (citation omitted) (“We interpret the term [prevailing party] consistently between fee-shifting statutes and between Rule 54(d)”), *cert. denied*, 141 S. Ct. 618 (2020); *Mandira Milling Corp. v. Ogilvie Mills, Inc.*, 76 F.3d 1178, 1180 n.1 (Fed. Cir. 1996) (interpreting § 1988 similar to Rule 54(d) because “prevailing party” meaning is the same); *Studiengesellschaft Kohle mbH v. Eastman Kodak Co.*, 713 F.2d 128, 132 (5th Cir. 1983) (determining prevailing party determination in § 1988 cases “must be made” for costs under Rule 54(d)); *Dattner v. Conagra Foods, Inc.*, 458 F.3d 98, 102-04 (2d Cir. 2006) (per curiam) (holding party dismissed on *forum non conveniens* not prevailing because of inability to pursue claim in another forum); *Ira Green v. Military Sales & Serv. Co.*, 775 F.3d 12, 28-29 (1st Cir. 2014) (noting prevailing party may be one who lost on some claims); see also 10 JAMES WM. MOORE, ET AL., MOORE’S FEDERAL PRACTICE - CIVIL § 54.101 (3d ed. 2022) (“Several lower courts have directly applied . . . ‘prevailing party’ analysis [in the context of attorney’s fees] to Rule 54(d)(1) motion for costs.”).

Several Courts of Appeals are split on whether they must declare a prevailing party in every case.<sup>29</sup> The Federal Circuit, for example, has held that courts are under an obligation to declare a prevailing party in every case.<sup>30</sup> The Federal Circuit examined the text of FRCP 54 (d)(1) and Congress' use of the singular "party," preceded by the definite article "the," and concluded there can only be one prevailing party.<sup>31</sup> The court then applied the two-step prevailing party test and held that in a mixed judgment case, a court "must choose one, and only one, 'prevailing party.'"<sup>32</sup> This contradicts the Second, Fifth, and Eighth Circuits, all of which maintain there can be cases where neither party prevails.<sup>33</sup> The Eighth Circuit reasoned that, as there are scenarios where neither party satisfies the alteration of the legal relationship requirement, there must be cases where neither party meets the prevailing party threshold.<sup>34</sup> The Supreme Court supports the latter view, having previously denounced awarding costs to parties that do not meet the minimum material alteration requirement.<sup>35</sup> Before this Supreme Court

---

<sup>29</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1378-79 (describing circuit split on whether there must be prevailing party in mixed judgment cases).

<sup>30</sup> See *Shum v. Intel Corp.*, 629 F.3d 1360, 1367 (Fed. Cir. 2010) (holding that court must declare single prevailing party in every case), *cert. denied*, 565 U.S. 929 (2011). In *Shum*, an engineer sued an inventor and patent owner for correction of inventorship for several patents. *Id.* at 1363. Although the inventor won on the state law claims, the engineer was named co-inventor for five out of the patents, resulting in a mixed judgment. *Id.* Despite the mixed judgment, the court determined that the engineer's victory did not meet the prevailing party threshold. *Id.* at 1370-71.

<sup>31</sup> See *id.* at 1367 (declaring that court must declare single prevailing party in every case). The court emphasized that even in cases where there is a mixed judgment, "punting is not an option." *Id.* at 1370-71. However, the court acknowledged that discretion remains with the lower courts to determine the amount of costs awarded to the prevailing party. *Id.* at 1368.

<sup>32</sup> See *id.* (acknowledging mixed-judgment cases and prevailing party test).

<sup>33</sup> See *Srybnik v. Epstein*, 230 F.2d 683, 686 (2d Cir. 1956) (stating "where the defendant counter-claims for affirmative relief and neither party prevails on its claim, it is quite appropriate to deny costs to both parties"); *Schlobohm v. Pepperidge Farm, Inc.*, 806 F.2d 578, 584 (5th Cir. 1986) (noting that neither party prevailed under FRCP 54(d)(1)); *E. Iowa Plastics, Inc. v. PI, Inc.*, 832 F.3d 899, 907 (8th Cir. 2016) ("Where the parties achieve a dead heat, we don't see how either can be declared the 'prevailing party.'").

<sup>34</sup> See *E. Iowa Plastics, Inc.*, 832 F.3d at 906-07 (noting there is no legal material alteration when court maintains status quo); see also *United States v. \$70,670.00 in U.S. Currency*, 929 F.3d 1293, 1303 (11th Cir. 2019) (explaining voluntary dismissal without prejudice returns parties to status quo which cannot alter legal relationship); *O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 955 F.3d 990, 992-93 (Fed. Cir. 2020) (stating that "stay in proceedings" does nothing to extend litigation beyond status quo); *Dearmore v. City of Garland*, 519 F.3d 517, 522 (5th Cir. 2008) (recognizing that "prevailing party" cannot exist in preliminary injunction since it maintains status quo).

<sup>35</sup> See *Buckhannon Bd. & Care Home v. W. Va. Dep't of Health & Hum. Res.*, 532 U.S. 598, 605 (2001) (denouncing theory of recovery referred to as "catalyst theory"); see also *CRST Van Expedited, Inc. v. EEOC*, 578 U.S. 419, 422 (2016) (explaining material alteration must be marked by "judicial imprimatur"). Ultimately, "when a plaintiff secures an 'enforceable judgment on the merits' or a 'court-ordered consent decree,' that plaintiff is the prevailing party because he has



ruling, the concept of recovering costs without a material alteration in the parties' legal relationship was known as the "catalyst theory."<sup>36</sup>

A federal court may award up to six categories of litigation expenses as costs, making the determination of the prevailing party significant, as it governs who may recover some or all of these costs.<sup>37</sup> Typically, the determination of the prevailing party is made clear through the entry of a final judgment.<sup>38</sup> When that is not the case, some circuit courts have noted that certain outcomes can serve as the basis for either the plaintiff or defendant to be considered prevailing.<sup>39</sup> For example, numerous courts have held that the legal relationship between parties is altered when a disposition bars the plaintiff from reasserting claims through *res judicata*.<sup>40</sup> These courts have

---

received a 'judicially sanctioned change in the legal relationship of the parties.'" *CRST Van Expedited, Inc.*, 578 U.S. at 422 (quoting *Buckhannon*, 532 U.S. at 605). Despite this articulation, the Court acknowledged *Buckhannon* did not set forth the procedure for how courts should determine whether a defendant has prevailed. *Id.*

<sup>36</sup> See Lucia A. Silecchia, *The Catalyst Calamity: Post-Buckhannon Fee-Shifting in Environmental Litigation and a Proposal for Congressional Action*, 29 COLUM. J. ENVTL. L. 1, 2 (2004) (explaining party entitled to fees if litigation was *catalyst* for obtaining relief). Today, prevailing party status requires some "judicially sanctioned" victory as a prerequisite. *Id.*; see also Robin Stanley, *Buckhannon Board and Care Home, Inc. v. West Virginia Department of Health and Human Resources: To the Prevailing Party Goes the Spoils . . . and the Attorneys Fees!*, 36 AKRON L. REV. 363, 364-65 (2003) ("[I]f the plaintiff achieves the result she wanted to achieve through the lawsuit, without the judgment on the merits or a court-ordered decree, the plaintiff is reimbursed for nothing."). A defendant's voluntary change in conduct, although accomplishing what the plaintiff aimed to achieve, lacks the necessary judicial approval. See Silecchia, *supra*, at 2.

<sup>37</sup> See FED. R. CIV. P. 54(d)(1) (noting significance of FRCP 54(d)(1)); see also 28 U.S.C. § 1920 (1948) (providing exhaustive list of expenses under FRCP 54(d)(1)). While federal courts are limited in awarding costs, as specified in 28 U.S.C. § 1920, Congress may award beyond the six categories of expenses. See 10 WM. MOORE ET AL., *MOORE'S FEDERAL RULES PAMPHLET* § 54.6[1] (3d ed. 2022) (noting taxable costs subject to Congressional expansion).

<sup>38</sup> See Thomas J. Groger, Annotation, *Who is the "Successful Party" or "Prevailing Party" for Purposes of Awarding Costs Where Both Parties Prevail on Affirmative Claims*, 66 A.L.R.3d 1115, \*2 (asserting final judgment usually determines prevailing party).

<sup>39</sup> See 1 Court Awarded Attorney Fees, ¶ 8.25[3][a] (Matthew Bender) [hereinafter Bender] (noting that specific case outcomes act as basis for prevailing party determination).

<sup>40</sup> See *Olu-Cole v. E.L. Haynes Pub. Charter Sch.*, 376 F. Supp. 3d 77, 83 (D.D.C. 2019) (denoting *res judicata* effect demonstrates change in legal relationship between parties); *Gold Value Int'l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140, 1149-50 (9th Cir. 2019) (noting change in legal relationship where *res judicata* bars reassertion of claims), *cert. denied*, 140 S. Ct. 1294 (2020); *Green Aviation Mgmt. Co. v. FAA*, 676 F.3d 200, 204 (D.C. Cir. 2012) (noting to have prevailing party "a party need receive only some form of judicial relief . . . [the] *res judicata* effect would certainly qualify as judicial relief"). Not only do courts hold that *res judicata* changes the relationship between parties, but this change also establishes a prevailing party. See *Automation Support, Inc. v. Humble Design, LLC*, 734 F. App'x 211, 215 (5th Cir. 2018) ("The *res judicata* effect of a nonsuit with prejudice works as a permanent, inalterable change in the parties' legal relationship to the defendant's benefit . . . . As such, we hold that a defendant is a prevailing party when a plaintiff nonsuits a case with prejudice." (quoting *Dean v. Riser*, 240 F.3d 505, 511 (5th Cir. 2001))); see also William H. Danne, Jr., Annotation, *Who is Prevailing Party for Purposes*

deemed this particular change as material and a sufficient basis for declaring the defendant the prevailing party.<sup>41</sup> Other circuit courts consider whether a party appeared to prevail in the litigation as a *whole*, examining factors such as the successful defense of large claims.<sup>42</sup>

In *Royal Palm Props., LLC v. Pink Palm Props., LLC*, the Eleventh Circuit stated that Pink Palm's argument was too narrow, focusing solely on their successful defense against Royal Palm's initial infringement claim.<sup>43</sup> Before addressing the merits of Pink Palm's argument, the Eleventh Circuit considered whether courts must declare a prevailing party in every case or whether cases may be disposed of without a prevailing party.<sup>44</sup> The Eleventh Circuit first noted that the legal standard to determine whether a litigant has crossed the prevailing party threshold depends on whether the court awarded relief on the merits to the litigant and if the litigant can point to a resolution in the dispute that materially alters the legal relationship between them.<sup>45</sup>

---

*of Collecting Attorney's Fees Under § 615(i)(3)(B) of Individuals with Disabilities Education Act*, 153 A.L.R. Fed. 1, \*15 (stating res judicata changes legal relationship in defendant's favor).

<sup>41</sup> See Dudley McCarter & Christopher L. Kanzler, *Dismissal Without Prejudice: A Deadly Trap for the Unwary!*, 56 J. MO. B. 200, 201 (2000) (stating res judicata and preclusion of same cause claims qualifies as material alteration); see also *Gold Value Int'l Textile v. Sanctuary Clothing, LLC*, 925 F.3d 1140, 1149-50 (9th Cir. 2019) (noting legal relationship between parties changes when reassertion of claims is barred by res judicata), *cert. denied*, 140 S. Ct. 1294 (2020); *Green Aviation Mgmt. Co.*, 676 F.3d at 205 (arguing party is prevailing if opposing party cannot re-file complaint based on same facts); *United States ex rel. Grynberg v. Praxair, Inc.*, 389 F.3d 1038, 1057 (10th Cir. 2004) (dismissing claim based on statutory ineligibility changes legal relationship by foreclosing possibility of suit). "Because a voluntary dismissal *without* prejudice leaves the plaintiff free to refile the action at a later date, it does not in any way alter the legal relationship between the parties. As such, a voluntary dismissal without prejudice does not make the defendant a prevailing party." Bender, *supra* note 38, at [3][b] (noting inability to reassert claims qualifies as material change in relationship).

<sup>42</sup> See *Sci. Holding Co. v. Plessey, Inc.*, 510 F.2d 15, 28 (2d Cir. 1974) (noting defense of large claim sufficient to overcome loss of counterclaims for prevailing party designation); see also *Ira Green, Inc. v. Military Sales & Serv. Co.*, 775 F.3d 12, 28 (1st Cir. 2014) (explaining loss on counterclaims may still warrant prevailing party status); *Hillside Enters. v. Carlisle Corp.*, 69 F.3d 1410, 1416 (8th Cir. 1995) (voicing court's discretion to award costs to party who prevailed in litigation overall); *Schmidt v. Colonial Terrace Assocs.*, 694 P.2d 1340, 1345 (Mont. 1985) (awarding costs to party who prevailed on main issue in controversy).

<sup>43</sup> See *Royal Palm Props., LLC v. Pink Palm Props., LLC*, 38 F.4th 1372, 1380 (11th Cir. 2022) (describing basis of defendant's argument). Plaintiff presented the same argument as in the trial court—that proper consideration is based on all the claims asserted by both parties. *Id.* at 1377. Plaintiff, taking Defendant's counterclaims into consideration, contends that there cannot be a prevailing party because both parties prevailed on central issues. *Id.* at 1378.

<sup>44</sup> See *id.* at 1375 (detailing initial step in court's analysis). Before addressing the trial court's alleged error in designating the prevailing party, the Eleventh Circuit decided to conduct a *de novo* review to determine whether courts must name a required party in each case or if there may be cases where no party is declared. *Id.*

<sup>45</sup> See *id.* at 1376 (addressing prevailing party standard). The Eleventh Circuit's analysis of the prevailing party standard stems from two Supreme Court cases: *Garland* and *Buckhannon*. *Id.*; see also *Tex. State Tchrs. Ass'n v. Garland Indep. Sch. Dist.*, 489 U.S. 782, 792-93 (1989) (holding

After establishing the prevailing party standard, the Eleventh Circuit theorized three possible outcomes for who may be considered a prevailing party: (1) there may be more than one prevailing party (“multi-party”); (2) there must be a single prevailing party (“single-party”); or (3) there may be no prevailing party (“no-party”).<sup>46</sup> After eliminating the multi-party theory, it applied the rationale from *East Iowa Plastics*<sup>47</sup> to conclude that because the two-step test requires a party to receive some relief on the merits that materially alters the legal relationship between litigants, there must be instances where one or both of these elements are missing.<sup>48</sup> Because this flaw is only associated with the single-party theory, the court concluded that the two-part prevailing party test is incompatible with a mandatory prevailing party requirement.<sup>49</sup> The court thereby held that there may be cases where neither party is considered prevailing for the purposes of FRCP 54(d)(1).<sup>50</sup> In support, the Eleventh Circuit noted that declaring a prevailing party in every case, regardless of whether a material alteration exists, clashes with the Supreme Court’s rejection of the catalyst theory.<sup>51</sup>

The Eleventh Circuit then held that the District Court properly denied costs to both parties under FRCP 54(d)(1) because neither could point to a material alteration in their legal relationship.<sup>52</sup> Due to a lack of material

---

“touchstone of the prevailing party inquiry must be the material alteration of the legal relationship of the parties”); *Buckhannon Bd. & Care Home v. W. Va. Dept. of Health & Hum. Res.*, 532 U.S. 598, 606 (2001) (holding prevailing party analysis requires judicial relief on merits).

<sup>46</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1378 (outlining theoretical prevailing party scenarios).

<sup>47</sup> 832 F.3d 899 (8th Cir. 2016).

<sup>48</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1378-80 (highlighting resolution to prevailing party issue). The Eleventh Circuit quickly dispensed with the multi-party theory, explaining that the language of Rule 54(d)(1) clearly limits the number of prevailing parties to one. *Id.* at 1378. In dispensing with the multi-party theory, the court noted that interpreting the rule to allow for more than one prevailing party would contradict the plain meaning of the rule’s text because the rule awards costs to “the prevailing party” and not “the prevailing parties.” *Id.*; see also *FED. R. CIV. P. 54(d)(1)* (“[C]osts . . . should be allowed to the prevailing party.”); *Shum v. Intel Corp.*, 629 F.3d 1360, 1367 (Fed. Cir. 2010) (“Had Congress intended for there to be multiple prevailing parties, it could easily have said so, substituting ‘parties’ for ‘party.’”), *cert. denied*, 565 U.S. 929 (2011).

<sup>49</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1379 (dismissing argument that each litigation must end with prevailing party for purposes of *FED. R. CIV. P. 54(d)(1)*).

<sup>50</sup> See *id.* at 1379-80 (agreeing with Eighth Circuit’s prevailing party interpretation); *E. Iowa Plastics, Inc v. PI, Inc.*, 832 F.3d 899, 906-07 (8th Cir. 2016) (finding no prevailing party where “parties ‘achieve[d] a dead heat”); see also *Kropp v. Ziebarth*, 601 F.2d 1348, 1358 n.27 (8th Cir. 1979) (“[W]hen a defendant counterclaims for affirmative relief and neither party prevails on its claim, it is quite appropriate to deny costs to both parties.”).

<sup>51</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1380 (rejecting “catalyst theory” because it violates Supreme Court precedent).

<sup>52</sup> See *id.* at 1381-82 (affirming lower court opinion and rationale). The Eleventh Circuit rejected the Defendant’s argument that they be considered the prevailing party based on the

alteration, the Eleventh Circuit determined that it was important to defer to the defendant's primary goal, which was to "rebuff the plaintiff's challenge," in determining the prevailing party.<sup>53</sup> Because Royal Palm successfully rebuffed Pink Palm's invalidation and cancellation counterclaim regarding their federally registered trademark, and Pink Palm successfully rebuffed Royal Palm's initial infringement claim, the court concluded that it was proper to declare the litigation a tie.<sup>54</sup>

The touchstone of the prevailing party doctrine rests on whether there is a material alteration in the legal relationship between the litigating parties.<sup>55</sup> Despite this, the Eleventh Circuit erred in their application of *Garland* by concluding Pink Palm could not point to a material alteration in their legal relationship with Royal Palm.<sup>56</sup> As a result, the Eleventh Circuit further erred in determining that Pink Palm could not be considered prevailing for the purposes of collecting costs under FRCP 54(d)(1).<sup>57</sup> The Eleventh Circuit should have considered Pink Palm's successful defense of a large multi-million dollar claim and followed fellow circuit courts in concluding that a material alteration exists if *res judicata* bars the reassertion of claims.<sup>58</sup>

---

successful defense against the Plaintiff's initial infringement claim. *Id.* Instead, it gave weight to the fact that both parties successfully defended against a central claim to the litigation. *Id.*

<sup>53</sup> See *id.* at 1381 (analyzing whether party defending against claim has prevailed). The court relied on *CRST Van Expedited, Inc. v. EEOC* in its analysis, utilizing the primary objective of both parties to determine whether they have prevailed. 578 U.S. 419, 431 (2016).

The relevant language from *CRST* states:

Plaintiffs and defendants come to court with different objectives. A plaintiff seeks a material alteration in the legal relationship between the parties. A defendant seeks to prevent this alteration to the extent it is in the plaintiff's favor . . . . The defendant, has, however, fulfilled its primary objective whenever the plaintiff's challenge is rebuffed, irrespective of the precise reason for the court's decision.

*Id.* at 435.

<sup>54</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1381 (reiterating court's holding). The court stated, "this case is precisely the kind of legal 'tie' where it would make no sense to force the district court to declare a prevailing party." *Id.*

<sup>55</sup> See *Tex. State Tchrs. Ass'n v. Garland Indep. Sch. Dist.*, 489 U.S. 782, 792-93 (1989) (discussing touchstone consideration to prevailing party analysis).

<sup>56</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1382 (holding neither party prevailing for purposes of costs and fees).

<sup>57</sup> See *Garland*, 489 U.S. at 792 (pointing to material alteration within legal relationship as requirement for prevailing party analysis).

<sup>58</sup> See sources cited *supra* note 40 and accompanying text (noting legal relationship between parties change when reassertion of claims is barred by *res judicata*); see also Danne, Jr., *supra* note 39, at 15 (stating *res judicata* changes legal relationship in favor of defendant); Bender, *supra* note 38, at [3][b] (noting inability to reassert claims qualifies as material change in relationship); Cadkin v. Loose, 569 F.3d 1142, 1147-50 (9th Cir. 2009) (expressing that change in relationship does not exist where disposition leaves claims open for adjudication); *RFR Indus. Inc. v. Century Steps*,

While Royal Palm retained their trademark after the reversal of the post-trial JMOL, there is a statutory presumption of ownership validity once the trademark has been registered with the USPTO.<sup>59</sup> Since Royal Palm maintained the status quo by preserving their trademark, they therefore have not materially altered their legal relationship with Pink Palm, despite prevailing against Pink Palm's counterclaims.<sup>60</sup> However, given that Royal Palm's initial infringement claim was litigated on the merits, and resulted in a jury verdict in favor of Pink Palm, the ruling now prohibits Royal Palm from relitigating the same claim in federal court.<sup>61</sup> *Royal Palm Properties* is therefore distinguishable from the Eighth Circuit's holding in *East Iowa Plastics*, as the defendant here has altered the legal relationship by securing a jury verdict on the merits.<sup>62</sup> Thus, the Eleventh Circuit should have declared Pink Palm the prevailing party in this case.<sup>63</sup> In alignment with the

---

Inc., 477 F.3d 1348, 1353 (Fed. Cir. 2007) (pointing to lack of change in legal relationship where plaintiff is free to refile action).

<sup>59</sup> See 15 U.S.C. § 1115(a) (noting explicit grant of presumption of validity); see also Cowan, *supra* note 8, at 268 and accompanying text (explaining that presumption of strength is given to federally registered trademarks).

<sup>60</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1373 (providing procedural posture); *United States v. \$70,670.00 in U.S. Currency*, 929 F.3d 1293, 1303 (11th Cir. 2019) (explaining dismissal without prejudice returns parties to status quo so it cannot alter their relationship); see also *E. Iowa Plastics, Inc. v. PI, Inc.*, 832 F.3d 899, 906-07 (8th Cir. 2016) (“[N]o prevailing party where parties ‘achieve[d] a dead heat’”); *Royal Palm Props., LLC*, 38 F.4th at 1381 (“[T]here is no such alteration where, as here, the district court essentially restored the status quo ante.”); *O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC*, 955 F.3d 990, 992-93 (Fed. Cir. 2020) (noting stay in proceedings merely preserves status quo and does not change parties’ legal relationship); *Dearmore v. City of Garland*, 519 F.3d 517, 522 (5th Cir. 2008) (stating that actions ending in status quo do not confer “prevailing party” on any party).

<sup>61</sup> See *McCarter*, *supra* note 40, at 204 (explaining matters with full and fair opportunity to be litigated are barred by res judicata); see also *Dattner v. Conagra Foods, Inc.*, 458 F.3d 98, 102-04 (2d Cir. 2006) (per curiam) (asserting party dismissed on *forum non conveniens* not prevailing because of inability to repursue merits); *Miles v. California*, 320 F.3d 986, 989 (9th Cir. 2003) (noting inability to file identical claim in different court satisfies Supreme Court material alteration test).

<sup>62</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1374 (referencing initial jury verdict in favor of Pink Palm); *Buckhannon Bd. & Care Home v. W. Va. Dep’t of Health & Hum. Res.*, 532 U.S. 598, 599 (2001) (“[J]udgment[] on the merits . . . creates a material alteration of the parties’ legal relationship.”).

<sup>63</sup> See *Danne, Jr.*, *supra* note 39, at 15 (concluding that res judicata effect demonstrates change in legal relationship); see also *Gold Value Int’l Textile, Inc. v. Sanctuary Clothing, LLC*, 925 F.3d 1140, 1149-50 (9th Cir. 2019) (noting change in legal relationship where res judicata bars reassertion of claims), *cert. denied*, 140 S. Ct. 1294 (2020); *Green Aviation Mgmt. Co. v. FAA*, 676 F.3d 200, 205 (D.C. Cir. 2012) (explaining one may prevail if opposing party cannot “re-file a complaint based on the same facts”); *Adrea, LLC v. Barnes & Noble, Inc.*, No. CIV. 13-4137, 2017 U.S. Dist. LEXIS 122644, at \*4 (S.D.N.Y. July 25, 2017) (“A prevailing party is not required to prevail on all its claims . . . instead, the prevailing party must receive some relief on the merits and that relief must materially alter the legal relationship between the parties . . . .”); *Tech. Innovations, LLC v. Amazon.com, Inc.*, No. CIV. 11-690, 2013 U.S. Dist. LEXIS 115352, at \*15 n.4 (D. Del. Aug. 15,

Eighth Circuit's rationale, the Eleventh Circuit materially changed the legal relationship of the parties by preventing Royal Palm from pursuing the same trademark claim under *res judicata*.<sup>64</sup>

Additionally, a party who substantially prevails in the case as a whole, despite losing on some claims, should not be precluded from recovering costs under FRCP 54(d)(1).<sup>65</sup> The Eleventh Circuit's decision in this case ultimately undermines numerous policies behind federal fee-shifting statutes.<sup>66</sup> As a result, it deepens the divide between circuits, raising more concerns for litigants when determining the forum in which to bring suit.<sup>67</sup> For these reasons, the Eleventh Circuit should have designated Pink Palm as the prevailing party, despite their counterclaim failure, for successfully defending against a trademark claim seeking over one million dollars.<sup>68</sup> Instead, the Eleventh Circuit's decision relies excessively on arithmetic, arguing that because each party won and loss on a central issue, they "split the baby."<sup>69</sup>

In *Royal Palm Props., LLC v. Pink Palm Props., LLC*, the Eleventh Circuit considered whether courts are required to name a prevailing party in every case. The court noted that while the Supreme Court has issued

---

2013) (defining material change as "judicially sanctioned change in the legal relationship of the parties" (quoting *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1034 (Fed. Cir. 2006))).

<sup>64</sup> See *E. Iowa Plastics, Inc. v. PI, Inc.*, 832 F.3d 899, 907 (8th Cir. 2016) (requiring material change in the party's legal relationship for prevailing party determination).

<sup>65</sup> See *Ira Green, Inc. v. Military Sales & Serv. Co.*, 775 F.3d 12, 28 (1st Cir. 2014) (noting loss on counterclaims may still warrant prevailing party status); *E. Iowa Plastics, Inc.*, 832 F.3d at 906-07 (noting dismissal of counterclaim did not make plaintiff prevailing party); *Hillside Enters. v. Carlisle Corp.*, 69 F.3d 1410, 1416 (8th Cir. 1995) (concluding that parties losing on some claims may prevail if prevailing in overall case).

<sup>66</sup> See 52 U.S.C. § 10310(e) (demonstrating enactment of Voting Rights Act of 1965 which authorizes courts to award reasonable fees); S. REP. NO. 94-295, at 42 (1975) (noting "fee awards are an essential remedy if private citizens are to have a meaningful opportunity to vindicate these [rights]"). Not only do fee awards provide a benefit to private citizens, but these fees enable "vigorous enforcement" of the law. See S. REP. NO. 94-295, at 42 (1975) (emphasizing importance of awarding fees to prevailing party).

<sup>67</sup> See sources cited *supra* note 7 (demonstrating circuit split on issue at hand). This decision will ultimately lead to additional concerns by litigants concerning whether their judge will override jury decisions to implement their own discretion in a case. See *Royal Palm Props., LLC*, 38 F.4th at 1374.

<sup>68</sup> See *Sci. Holding Co. v. Plessey, Inc.*, 510 F.2d 15, 28 (2d Cir. 1974) (noting defense of large claim sufficient to overcome loss of counterclaims); *Schmidt v. Colonial Terrace Assocs.*, 694 P.2d 1340, 1345 (Mont. 1985) ("[I]f . . . a party initiates a lawsuit, the defendant counterclaims, and the judgment awards both parties' part of the relief they seek, the party prevailing on the main issue in controversy in the case must be allowed costs."); Initial Brief of Appellant, *supra* note 25, at 21 (reiterating plaintiff's requested damages).

<sup>69</sup> See *Royal Palm Props., LLC*, 38 F.4th at 1375 (taking into consideration number of claims each party prevailed on). But see *Ira Green, Inc.*, 775 F.3d at 28-29 ("The court must do more than merely count and contrast the number of claims."). Ultimately, as the First Circuit goes on to note, *substance* of the resolution should triumph for the purpose of taxing costs. *Id.*

multiple opinions providing guidance on how to determine the prevailing party, it has not yet addressed whether there must be a prevailing party under FRCP 54(d)(1). With this in mind, the court refused to declare a prevailing party for the purpose of collecting costs under FRCP 54(d)(1). Some circuits, however, find a prevailing party where there is a material alteration through *res judicata* and, among other factors, the successful defense of large claims. Here, Pink Palm successfully defended against a multi-million dollar claim, consequently barring Royal Palm from bringing the same infringement claim in federal court based on *res judicata*. Therefore, the Eleventh Circuit should have found Pink Palm as the prevailing party, relying on the analysis of material alteration conducted by other circuit courts. This decision further deepens the divide between circuits, posing difficulties for litigants grappling with existing statutes and selecting a forum to bring their claims.