

## Are trademark coexistence agreements the future of the trademarks?

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It can be understood as a situation of coexistence when two companies use a similar or identical trademark (in terms of denomination, color, image, etc.) to commercialize a product or service without generating any kind of prejudice between them. The expansion of the cross-border trade as consequence of the conquest of new international markets and the important growth of the companies have created a new scenario where the risk of coincidences of trademark denominations increases. In this time of globalized economy, trademark coexistence is an everyday situation between identical or related products or services within a local market.

The companies that own similar trademarks often conclude trademark coexistence agreements in order to avoid costly judiciary proceedings that may be damaging to their development in the market.

Through these contracts that are generally accepted by the National Trademark Offices in the world, two or more natural or legal persons agree the coexistence of their trademarks at the level of the registration and/or in the market. However, these coexistence agreements shall not produce confusion for the consumers regarding the commercial origin of each product or service identified with a trademark.

It is noteworthy that for several years now, trademark coexistence agreements were rarely accepted by the Peruvian Trademark Office for not complying with the established conditions. In this regard, by a precedent of mandatory compliance, the Intellectual Property Chamber of the Tribunal of the Institute for the Defense of Competition and Protection of Intellectual Property of Peru (INDECOPI) settled a strong position. In its Resolution N°. 4665-2014/TPI-INDECOPI dated December 15, 2014, the Tribunal stated that *“for a trademark coexistence agreement to be capable of minimizing the potential risk of confusion into which the consumer may be misled, it must contain some minimum conditions, such as:*

*a) Information about the signs that are object of the agreement, consigning the denominative and figurative elements that constitute them, as well as the products and services to which are referred those signs (as they are registered and / or requested).*

- b) Delimitation of the territorial scope in which the agreement will be applicable.*
- c) Delimitation of the products and/or services to which the signs matter of the coexistence agreement in the market will be restricted. For this purpose, it is necessary that the parties request the effective limitation of the goods and/or services in the registrations and respective applications.*
- d) Delimitation of the form of use and/or presentation of signs.*
- e) To foresee the effects of breaching the agreement.*
- f) To establish mechanisms for dispute resolution if any litigious matter between the parties occurs.*

*For these reasons, agreements that do not contain the minimum conditions set above will not be accepted by the Administrative Authority; however, this does not determine that agreements containing such minimum conditions will be approved automatically, since the Authority shall examine whether what was agreed by the parties comply or not with the purpose that is pursued through the agreement.*

*Finally, as stated above, the acceptance of a coexistence agreement is a faculty that assists to the Administrative Authority and will depend mainly on the conditions expressed therein, all of this in support of safeguarding the interest of the consumers.”*

In the case settled by the Specialized Chamber for Intellectual Property, the trademark "CASCADE" requested by The Procter & Gamble Company has been denied for being similar to the previously registered trademark CASCADE CHOPARD, owned by the company Chopard Accessories Limited, considering a risk of confusion despite of the existence of a trademark coexistence agreement concluded between these two companies.

In this regard, we consider that, although the intention of INDECOPI to specify new clear criteria for acceptance of coexistence agreements was commendable, the minimum conditions established seem to be strict, even more when the Chamber appreciates severely the fulfillment of each of these. In addition, it is noted that the fulfillment of the criteria does not ensure that the requested trademark be granted since in any case the risk of confusion that could be created in the minds of consumers should be evaluated. Finally the Chamber states that it will not accept letters of consent for the use of a trademark by a competitor, for the reason that they are unilateral expressions of will that the Peruvian law does not foresee.

There is no doubt that two fundamental freedoms are confronting: freedom of trade and industry against the general interest of the consumers. However, focusing the concern on the protection of consumers should not result in the almost systematic rejection of coexistence agreements. In effect, it is good to remember that in every economic system, the more offer there is on the market, more the consumer can choose the product that best meets its needs and at the price that is more convenient for him to pay.

Finally the attempt of INDECOPI to clarify the conditions of acceptance of coexistence agreements should be appreciated and, although the first case of application of such terms seems a severe decision, future decisions of the Authority regarding coexistence agreements will design trends of appreciation of the conditions.

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