Structuring Trademark Coexistence Agreements
Evaluating and Negotiating Agreements to Resolve Trademark Disputes

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Inter-Party Trademark Agreements

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Coexistence Agreement

• Allows potentially conflicting marks to peacefully coexist in the marketplace without threat of litigation or other dispute

• Permits coexistence of marks, including both use and registration of marks, and provides terms to govern continuing coexistence
Consent Agreement

• Is one type of co-existence agreement
• Typically used to obtain registration – with corresponding right to use
• Generally doesn’t address respective rights of the parties to the same extent as a coexistence agreement – often limits the rights of the party seeking consent – or leaves future issues to be dealt with as they arise
• “[I]t is well settled that in the absence of contrary evidence, a consent agreement itself may be evidence that there is no likelihood of confusion.” In re Four Seasons Hotels, Ltd., 26 U.S.P.Q.2d 1071, 1074 (Fed. Cir. 1993)
Consent Agreements in the USPTO

• “The term ‘consent agreement’ generally refers to an agreement in which a party (e.g., a prior registrant) consents to the registration of a mark by another party (e.g., an applicant for registration of the same mark or a similar mark), or in which each party consents to the registration of the same mark or a similar mark by the other party.” TMEP § 1207.01(d)(viii)

• “[W]hen those most familiar with use in the marketplace and most interested in precluding confusion enter agreements designed to avoid it, the scales of evidence are clearly tilted. It is at least difficult to maintain a subjective view that confusion will occur when those directly concerned say it won’t. A mere assumption that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not.” In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 1363, 177 USPQ 563, 568 (C.C.P.A. 1973)
Coexistence Agreement

• Both parties have established rights in the mark – in different geographic regions, or for unrelated goods or services
• The parties recognize their rights in their respective marks and agree on terms on which they may exist together in the marketplace
• The agreement attempts to set forth the respective rights of the parties in sufficient detail to avoid future disputes
• Anticipates future expansion of use by the parties – both geographic and field of use
Concurrent Use Agreement Distinguished

• A coexistence agreement is not the same as a concurrent use agreement.
  – A “concurrent use” agreement generally refers to a geographic restriction on use. See, TMEP §§ 1207.01(d)(viii) and 1207.04
  – Concurrent users register the same mark on the same goods in different geographic areas
  – Is determined by a concurrent use proceeding in the USPTO
License Distinguished


• Permits use of a mark under certain terms
  – Involves common use of a single mark
  – owned by licensor
  – vs. separate marks owned by different parties in consent/coexistence arrangement
When does the need for a coexistence agreement arise?

• Clearance
  – Potentially conflicting mark identified in clearance search

• Registration – to address or overcome third-party rights
  • In response to 2(d) or comparable refusal
  • In anticipation of refusal

• Litigation
  – In resolving a trademark dispute to avoid litigation
  – In settling litigation

• Oppositions/Cancellations
  – Many oppositions and cancellations are resolved through coexistence agreements
When does the need for a coexistence agreement arise?

• Geographic Expansion
  – When a geographically remote user expands into another user’s geographic market

• Product Line Expansion
  – When one user moves into or close to the other’s field of use

• Mergers and Acquisitions
  – e.g., purchase and sale of product line
Will Naked Consent Satisfy USPTO?

• Yes, if consent is both consent to use and to register unless there are compelling circumstances to indicate otherwise
In re Wacker Neuson, 97 USPQ2d 1408 (TTAB 2010)

- Owner of Neuson supplemental registration consented to use.
- Evidence showed existence of license agreement which suggests use would be infringing but for license.
- Evidence that parties were part of same conglomerate made “thin consent” adequate.
Holmes Oil Co. v. Myers Cruizers of Mena Inc., 101 USPQ2d 1148 (TTAB 2011)

- “The persuasiveness of the consent agreement depends on the reasons the parties give as to why they have reached the conclusion that confusion is not likely. Thus, the more information that is in the consent agreement as to why the parties believe confusion to be unlikely (e.g., differences in the goods, differences in channels of trade, and sophistication of purchasers), and the more support for such conclusions is demonstrated, either by the facts of record or by way of the undertakings of the parties in the agreement, the more the Board can assume that the consent is based on the parties’ reasoned assessment of the marketplace.”
The Role of the Public Interest

• A court may reject a coexistence agreement if it believes consumer confusion cannot be avoided

• More likely to be invalidated if there is a public safety issue, e.g., pharmaceuticals or medical devices with closely similar names
To Ask or Not to Ask?

• Who has priority?
  – A prior user may have leverage, even if it is the junior applicant

• What if the other party says “No”?
  – Is the asking party prepared to forego use and/or registration of the mark?
  – Risk of drawing an opposition or infringement claim

• Will there be a price attached?
  – Are there dollars budgeted to clear conflicts?
To Ask or Not to Ask?

- Asking Does Not Create Presumption Of Confusion: …“we reject Acuff-Rose's argument that 2 Live Crew's request for permission to use the original should be weighed against a finding of fair use. Even if good faith were central to fair use, 2 Live Crew's actions do not necessarily suggest that they believed their version was not fair use; the offer may simply have been made in a good faith effort to avoid this litigation. If the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use.”

*CAMPBELL v. ACUFF-ROSE MUSIC, INC., 510 U.S. 569 n.18 (1994)*
Potential Downsides
Theoretical or Real?

• Dilution of mark – may make it more difficult to enforce the mark or to prevent subsequent registration of similar marks
  – In Anthony’s Pizza case, however, Federal Circuit noted that senior user’s prior consent agreement to “minimize likely confusion” supported its contention that ANTHONY’S PIZZA AND PASTA infringed by ANTHONY’S COAL FIRED PIZZA

• May affect value of the trademark or a party’s business
  – limits expansion
  – if the other party’s use of the mark reflects badly on the mark

• Amazon.com successfully opposed application to register AMAZON VENTURES

• Applicant appealed and, inter alia, argued that multiple consent agreements by Amazon with multiple third parties evidence that it is AMAZON.COM that is critical to that company and not Amazon.
Wax v. Amazon Technologies, (continued)

• Therefore, improper to compare AMAZON to mark but should have been AMAZON.COM which was basis for analysis.

• Federal Circuit quickly dismissed. Not important how Amazon.com perceives its mark but rather “Focus is on how the buying public perceives AMAZON.COM.”
Is Change In The Air?

• Federal Circuit is totally missing the point. But in point of fact, not able to find one case where consent agreement actually found to undercut plaintiff’s relief.

• In 2013 there were approximately 10 decisions involving discovery disputes in cases involving consent agreements. The cases themselves had no holding or discussion relevant to our presentation except that the disputes were clearly related to trying to use prior consent agreement as evidence, usually to support finding of no confusion.

• Check Back Next Year……
Domestic Agreements

Critical Provisions

• Simple Agreement
  – Party A Does X
  – Party B Does Y
  – Parties Agree No Likelihood of Confusion
    • Will work to take additional steps if confusion does arise
  – Parties Consent to Registration of marks with USPTO
Pitfalls to the “Simple Agreement”

• Who has right to product expansion?
• Who has right to territorial expansion?
• Who has right to domain name?
  – Domain Name in ccTLDs or new gTLDs?
• New Variations of Mark
  – Adding Logo or new words
    • BALLYS becomes BALLY’S
    • Caesars Palace becomes Caesars Atlantic City
More Pitfalls

• Who has right to enforce mark against related or distant goods and services?
• Right to sublicense
• Right to assign
• What if one party abandons rights?
• International issues
The Big Question

• Is it better to have agreement that is based on the parties never interacting or one that will require interaction on regular basis.
  – Conservative view: No future interaction
    • Unrealistic to expect otherwise
  – Brand management view: Need to have interaction since coexistence connects the brands even if no likelihood of confusion
Defining Goods/Services

• Define what each party does but consider:
  – Merchandising or promotional use on t-shirts, coffee mugs, watches, thumb nail drives,
  – True product expansion
    • Virgin
      – record label → airline → ?
    • Hotel Casino
      – Condos → reality tv show →
A Framework for Resolving

• Party with greater leverage will want to box other side in and leave expansion as its privilege

• One Potential Compromise
  – Core products of each party reserved to each
  – Natural expansion for each party reserved to each
  – Unexpected expansion up for grabs
  – Limited merchandising for company identity purposes ok for each.
Channels of Trade

• Company A uses mark west of Rockies and Company B uses mark east of Rockies.
  – Can each do national advertising? Or advertising in border states that slips into territory of other?
  – Who can sell product on Internet?

• Who will Own Domain Name?
  – Can owner allow domain name to lapse?
Defining the Mark

• In some circumstances, distinction between brands can be based on small variations in mark:
  – Use only in close proximity to House Mark and in never in font that is larger than House Mark.
  – Use only in combination with Distinctive Logo.
    • Is this practical or realistic?
  – Use only when accompanied by disclaimer.
    • Do disclaimers work?
Adoption of New Logos

• Often agreements rely on different logos to help distinguish each party.
• Does change in logo require consent of other party? Notice?
• Can party object to new logo when filed together with word mark?
• Can party use abandoned logo of other party?
Adoption of New Derivative Word Mark

• NBC becomes CNBC
• Citibank becomes Citigroup
• Lexington, used for insurance company, has consent agreement with Lexington used for hedge fund; then insurance company wants to create a new slogan: HEDGING AGAINST THE FUTURE: LEXINGTON BANK
Assignability

• Presumption that license which is silent as to assignability is not assignable
• Presumption that contract silent as to assignability is assignable
• No case law on which presumption applies to consent agreements.
Term

• How Long Should Agreement Last?
  – Generally perpetual but need to consider abandonment.
    • Need to protect against not knowing status of rights because company disappears.
    • Absent provision surviving party could still be in breach of agreement not to use mark in other area. What if company assigned marks before it vanished?

• How does one establish “abandonment?”
Third Parties and Enforcement

• Who has right to enforce against third parties?
  – Does Party A settlement with TP need to protect Party B? as to which goods/services?
  – Does Party A have to notify Party B of the settlement before or after it happens?
International Considerations

• Agreements between US Parties operating in international markets

• Agreements between US and International parties

• Distinct Goods/Services or Distinct Geographic Trade Channels
International Agreements
Critical Provisions

• Simple Agreement
  – Party A Does X in BCD Territories
  – Party B Does X in EDF Territories; or
  – Party A Does Y Globally
  – Party B Does Z Globally
  – Parties Agree No Likelihood of Confusion
    • Will work to take additional steps if confusion does arise
  – Parties Consent to Registration of marks where required
Pitfalls to the “Simple Agreement”

• Who has right to product expansion?
  – Need to consider broad identification of goods and services common in international registration grants

• Are parties required to amend at outset to avoid conflicts in registrations or merely required to provide consent where needed?
Pitfalls to the “Simple Agreement”

• Who has right to territorial expansion and other cross border issues?
  – Address creation of new jurisdictions
  – Cross Border and/or spill over marketing
  – Internet Marketing issues

• Who has right to domain names?
  – Domain Name in ccTLDs or new gTLDs?
  – Domain Name variations and typos
  – Shared domains
Pitfalls to the “Simple Agreement”

• How will the parties use social media and other emerging marketing technologies?
  – Who has right to user names?
  – How to police/respond to consumer inquiries if not clear whose products/services are in issue?
More Pitfalls

• Right to sublicense – obligate party to record where necessary to insure enforceability of rights
• Right to assign – only to assignee or trademark rights?
• What if one party abandons rights in limited territories?
Need for Interaction

• May be greater need for interaction in international agreements
  – Need to execute short form coexistence or consent agreements on an as need basis
  – Need to address shifting markets
  – Need to address emerging marketing trends
Registration Issues

• Are both parties free to register in all territories, or will registration right be divided, with or without license to other party?

• Agree to provide basic consent agreement or short form coexistence agreement where sufficient.

• Provide mechanism for addressing jurisdictions where consent not sufficient
  – E.g. Japan: One party seeks registration and then assigns mark to other party.

• Impact of Associated Marks Doctrine
Third Parties and Enforcement

• Enforcement of rights in other party’s geographic territory
  – Should parties be required to cooperate on enforcement/join in action where needed?
  – Grey Market concerns?
Enforcement of Terms of the Agreement

• Where will enforcement actions be brought?
  – Choice of forum/choice of law clauses
    • Not all jurisdictions recognize validity of coexistence agreement
    • May impact ability to oppose mark registered in violation of agreement.
  – Difficulty enforcing injunctions
  – Does forum recognize specific performance?
  – Consider arbitration
    • Where?
    • Selection of arbitrator
The Take Away

• Balance Cost of Completeness with value of brands
• Identify Your Most Likely Product and Geographic Expansion
• Use International Arbitration Before Pre-Selected Arbitrator
• Advocate For Active Brand Management