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

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# Structuring Trademark Coexistence 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 – mostly used interchangeably
- Typically used to obtain registration – providing consent to registration with corresponding right to use
- May or may not address respective rights of the parties in detail – 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)



# 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

- “A license integrates, while a consent differentiates.” McCarthy on Trademarks and Unfair Competition § 18:79 (4th ed.) (2009).
- 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



# Consent Agreements and 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)

# Consent Agreements and the USPTO

- “Naked Consent” disfavored
- For agreement submitted to PTO
  - Articulate reason why there is no likelihood of confusion
  - Specify agreement to address confusion and specify arrangements to remedy and avoid further confusion
    - or at least agree to take steps
  - Signatures of both parties
- TTAB will allow suspension or remand “at any time” prior to final decision TBMP § 1207.02
- PTO likes consent agreements – but get it right

# *In re Bay State Brewing Co., Inc.*, 117 USPQ2d 1958 (TTAB 2016)

- TIME TRAVELER BLONDE for beer refused on basis of TIME TRAVELER for beer, lager and ale
- Co-existence agreement included steps designed to eliminate confusion, such as use of house marks and using different trade dress and packaging
- Also included a geographic restriction on applicant's use
  - No restriction on registrant's use – could be used in same places as applicant's
  - Geographic restriction wouldn't be reflected in registration of applicant's mark
  - Registration would be misleading



# In re 8-Bit Brewing LLC, Serial No. 86760527 (TTAB Oct. 30, 2017)

- 8-BIT ALEWORKS for beer refused on basis of registrations for 8-BIT BREWING COMPANY word and design mark for beer, ale, etc.
- Factors to be considered in weighing consent agreement
  - Does agreement show agreement between both parties?
  - Do the parties agree to restrict their fields of use?
  - Do parties agree to take steps to prevent confusion and address actual confusion that may arise?
  - Have marks been used for some time without actual confusion?
- No *per se* rule that consent agreement will tip the balance to no likelihood of confusion



## In re 8-Bit Brewing LLC, Serial No. 86760527 (TTAB Oct. 30, 2017)

- Some factors the TTAB cited in refusing to give weight to the agreement:
  - Agreement only referenced parties' composite design marks, not word mark that was subject of the application (not clear that consent included word mark)
  - Relied on geographic markets that weren't reflected in the application or registrations
  - Very short period of concurrent use
  - No explanation of how trade channels differed
  - No examples of distinct product packaging

# In re A-Plant 2000 Aps, Serial No. 79162833 (TTAB Aug. 25, 2017)

- NORDIC (Stylized) (“NORDIC” disclaimed) for live shrubs, flowering plants, groundcover plants v NORDIC for “live plants, namely holly cultivars”
- Registrant agreed to use mark only with holly cultivars and applicant agreed not to use mark in connection with holly cultivars – this was not reflected in application
- No indication that parties’ goods are restricted to different markets, trade channels, or consumers
- While applicant agreed to use its mark only in the stylized format in the application, there was no restriction on the registrant’s depiction of its mark
- No measures to prevent confusion, such as promises to use distinctive packaging, labeling, signs, etc. Mere promise to use marks in a manner calculated to avoid confusion too vague



*In re Flying Mojo, LLC*, Serial No. 86009264  
(TTAB Aug. 25, 2015)

- PURPLE HAZE for “electronic sound pickup for guitars and basses” refused on basis of HAZE for “sound amplifiers”
- “Consent to use” letter did not include express consent to register
- Did not recite reasons why there was no confusion, or arrangements undertaken to avoid confusion
- Letter did not constitute a “proper and credible consent agreement”

*Frasca Food and Wine, Inc. v. Dunlay's Roscoe, LLC*, Concurrent Use No. 94002752  
(TTAB July 14, 2017)

- Applicant filed concurrent use application
- TTAB considered co-existence agreement and subsequent concurrent use agreement in granting applicant registration for the U. S. except Illinois, Michigan, and Indiana
- “Concurrent use agreements that include information as to why the parties believe confusion is unlikely, evidencing the parties’ business-driven belief that there is no likelihood of confusion, and providing provisions to avoid any potential confusion, are entitled to great weight in favor of a finding that confusion is not likely.”

# *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.”



*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.



# *In re The Advice Company*

## Serial No. 77005059 (TTAB 2011)

- Application for ATTORNEYPAGES (2(f)) refused on basis of Supplemental Registration for ATTORNEYYELLOWPAGES.COM
- Applicant owned Supplemental Registration that was earlier than cited registration and brought cancellation action against cited registration, which was suspended pending civil litigation between the parties
- Applicant submitted a redacted settlement agreement as consent
- Examiner refused as “naked consent” – no recitation of why the parties believed there was no confusion and no agreement as to steps to avoid confusion
- TTAB: the agreement couldn’t be ignored – “it is reasonable to conclude that their settlement agreement reflects the view of the applicant and registrant that confusion is not likely.”

## In re American Cruise Lines, Inc., 128 USPQ2d 1157 (TTAB Oct. 3, 2018) (precedential)

- AMERICAN CONSTELLATION v. CONSTELLATION and CELEBRITY CONSTELLATION for cruise ship services
- Applicant relied on two consent agreements the TTAB found to be “clothed,” providing details as to why parties believed there was no confusion: (i) Applicant would always to use AMERICAN CONSTELLATION, not CONSTELLATION alone; (ii) Customers exercise heightened degree of care (supported by declaration of registrant’s COO in evidence); (iii) Customers know AMERICAN as applicant’s house mark; (iv) Different cruise lines operate numerous shops under names that share terms in common (providing examples). These details showed that the agreements reflected marketplace reality.
- Provision to make efforts to prevent confusion or take steps to avoid actual confusion is preferred but not mandatory.

## Suggestions for Drafting Consent Agreements that Will be Accepted by PTO

- Include details as to why parties believe there is not confusion
- More information is better
- Include examples of trade dress, packaging, etc. you are relying on to eliminate or minimize confusion
- Explain differences in trade channels or customers
- Amend identification of goods or services to specify trade channels or customers if this will help
- Don't rely on geographic limitations that are not reflected in application
- Cross your fingers



# 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
- There may be a price attached - are there dollars budgeted to clear conflicts?
- Asking should not create a presumption of confusion See, *Campbell v. Acuff-Rose Music, Inc.*, 510 U. S. 569, n. 18 (1994)

# Potential Risks of Coexistence Agreements

- Risk of provoking an infringement claim
- Limitation of existing trademark registration
- Loss of commercial flexibility and impact of the restrictions on existing/future business
- Loss of value of trademark or party's business
- Risk of brand dilution
- Risk of consumer confusion
- Public acknowledgement that a similar mark does not present a likelihood of confusion

# What Restrictions Are Acceptable?

- Strength of potential litigation position
- Need for the resolution
- Each party's bargaining strength
- Future plans for brand expansion
- The importance of the mark (primary/secondary)



# Types of Restrictions to Consider

- Manner of use
  - only with another mark (e.g., house mark) or indicia
  - Color
  - Size and proportion to other indicia
  - Typeface
- Scope of Use
  - Goods and services
  - Trade channels
  - Type of customers
  - Advertising media
  - Regions



# How To Construct The Restrictions

- Broad:
  - Describe how the party may not use and/or register its mark
- Narrow:
  - Describe how the party's use and/or registration may only be in a particular manner, targeting a particular customer or territory.

# Critical Provisions in Domestic Agreement

- Recite:
  - What Party 1 does
  - What Party 2 does
  - The reasons why parties believe consumer confusion is no likely and additional steps parties agree to take should confusion arise in the future
- Consent to the other's use and registration of its respective marks



# Additional Terms to Consider

- 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
    - BALLY'S becomes BALLY'S
    - Caesars Palace becomes Caesars Atlantic City

# More Terms to Consider

- Who has right to enforce mark against related or distant goods and services?
- Right to assign
- What if one party abandons rights?
- What about international jurisdictions?

# Anticipated Future Interaction

- 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 and unrealistic to expect otherwise
  - Brand management view: Need to have interaction since coexistence connects the brands even if no likelihood of confusion



# Goods/Services Considerations

- Define what each party does but consider:
  - Limited merchandising and promotional purposes:
    - E.g., t-shirts, coffee mugs, watches, key chains
  - True product expansion may not be anticipated

# Negotiations of Goods and Services Limitations

- Party with greater leverage will want to box other side in and leave expansion as its privilege
- Consider As Potential Compromise:
  - Core products of each party reserved to each
  - Natural expansion for each party reserved
  - Unexpected expansion available to both
  - Limited merchandising (secondary source products) ok for each

# Channels of Trade Limitations

- 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?
- Metatags and as Advertising Keywords

# Defining the Parties' Marks

- 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?



# What About 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

## Basic Provisions

- Recite:
  - Party 1 Does X in BCD Territories
  - Party 2 Does X in EDF Territories; or
  - Party 3 Does Y Globally & Party 4 Does Z Globally
  - The reasons why parties believe consumer confusion is no likely and additional steps parties agree to take should confusion arise in the future
- Consent to the other's use and registration of its respective marks



# Special Considerations For International Agreements

- Who has right to product expansion?
  - 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

# Additional Special Considerations For International Agreements

- 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
- Who has a right to use social media and other emerging marketing technologies?



# Additional Terms for International Agreements

- 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 in International Agreements

- 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 in International Agreements

- 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



# 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?

# Take Aways

- Balance the value of the brand at issue with the costs of completeness
- Understand the future plans for likely product and geographic expansion
- Active brand management is key to building a valuable trademark portfolio

