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# Pitfalls of trademark coexistence agreements in the context of group restructurings

... or what happens when business actors that are no longer  
affiliated continue sharing the same brand

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# What is a trademark coexistence agreement?

Trademarks are protected:

- in countries where they are registered
- in relation to the goods/services claimed in the registration
- against registration and use of identical or similar trademarks

Trademark coexistence agreements are entered into by business actors who agree that their respective marks will coexist on the marketplace, even though they are similar or even identical.

# When are TCA entered into ? – Settlement

Usually, TCAs are used to settle a dispute in definitive manner, for example when:

- The parties are involved in court proceedings and the outcome is uncertain
- Each party has better rights in certain countries but not in others

A typical coexistence agreement: Swatch/Ice-Watch (ATF 138 III 304)

swatch+



# When are TCA entered into ? - Restructuring

Outside any dispute, TCAs may also be entered when the trademark owner undergoes a restructuring, for instance when:

- A company sells a division
- A company sells its shares in a subsidiary
- The founder of a company named after him/her sells the company

The TCA says how the party who is not the owner of the mark may use it

Example: vonRoll Group restructuring (TF 4A\_467/2015)



# Typical clauses of TCAs

One or both parties agree to comply with certain restrictions on the use of their mark(s). They may undertake to :

- always use the mark in a certain form or with additional terms
- use the mark only in relation to a certain field of activity
- use the mark only in a given territory

TCAs are usually of unlimited duration, and do not provide for ordinary termination.

## Why are TCAs in group restructurings different from TCAs in dispute settlements ?

- Other issues are on the forefront (price, warranties, etc.)
- The parties are eager to strike a deal
- The parties know each other and may trust each other more

And

- The TCA often allows the parties to use identical marks : the risk of actual confusions on the marketplace is higher than with similar marks

# Problem areas (1)

- The mark is not registered in territories covered by the TCA
- The TCA leaves room to interpretation regarding permitted uses of the mark

Example: is the mark “Von Roll Water” sufficiently distinct from “Von Roll Hydro”?



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Radiation sur requête du titulaire de la marque

## Problem areas (2)

- Technological developments create goods or channels of trade unknown at the time of signature



*Is this a watch?*

- Changes of circumstances (or of mind...)

**'I want my name back,' says Karen Millen**



# Recommendations

- Audit of the trademark registrations portfolio
- Delimitation of permitted uses as objective as possible
- Phasing-out period until the adoption of a different name
- Mechanism for review of the agreement after a set period of time
- Clear and precise dispute resolution clause

*Last but not least...*

...consult an IP lawyer!

# Thank you!

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