

COEXISTENCE AGREEMENT IN PERU

✓ Background

An Italian company, Franklin & Marshall S.R.L., decided to enter the Peruvian market and applied for the registration of its trade mark MMM&F, for clothing, footwear and headwear (Class 25).

However, the Peruvian Trademark Office (INDECOPI) denied the application ex officio. They found that the Italian company applied for a trade mark confusingly similar to a previously registered one, "MMM", for Class 25.

According to Peruvian Law, INDECOPI is entitled to object to a third party's trade mark without the need of a prior opposition.

The Italian company considered that INDECOPI was wrong in their conclusions since both trade marks were already coexisting within different markets around the world.

Their first idea was to challenge the decision by stating that, since no oppositions were filed, the Trademark Office cannot consider the registered trade mark as a ground for refusal.

⚙️ Actions taken

Fortunately, before filing any action, the Italian company hired a Peruvian IP lawyer for advice. The Peruvian lawyer recommended that they file an appeal and take one of the following options:

- Contact the MMM trade mark holder in order to propose a coexistence agreement that could be filed at any time before the Administrative Court rules its decision.
- Initiate a revocation proceeding based on the lack of use of the prior trade mark (MMM).

📊 Outcome

The Italian company decided to follow the advice of the Peruvian IP Lawyer. They filed an appeal before INDECOPI and contacted MMM, who was willing to sign the agreement due to the good worldwide relations with the Italian company. No revocation proceeding was initiated.

The coexistence agreement was filed and the Administrative Court decided to grant registration of the filed trade mark since they considered that the companies had met the requirements to avoid any confusion among consumers.

In this case, all the requirements were met by the Italian company and INDECOPI granted their trade mark.

📖 Lessons learned

The Peruvian IP laws are ruled by the Andean Community. In the case of trade marks, Andean Community Decision 486 states that the ex officio examination must comprise the absolute and relative grounds of refusal, i.e. likelihood of confusion.

The Andean Community does not allow coexistence agreements. However, in accordance with Peruvian Law, coexistence agreements are accepted in order to avoid a trade mark refusal.

When parties provide the administrative court the coexistence agreement, they shall provide the following:

- Information of the trade marks subject to the agreement (word mark, figurative mark, products, services, etc.).
- Territories in which the agreement will be enforceable (it must include Peru).
- Delimitation of the products or services, which will be distinguished in the market by the trade marks (sometimes it will be necessary to amend the list of products and/or services from the trade mark application).
- Delimitation of the way of use and/or display of the trade marks (allowing consumers to differentiate the trade marks in the market).
- State the consequences in case of failure to comply with the agreement.

Establish mechanisms for controversies settlement in case of any dispute between the parties.

In case parties do not satisfy these requirements, INDECOPI may not allow the coexistence agreement.

Sometimes it may be better to contact another company to seek an agreement instead of trying to cancel their trade marks, since it is faster and allows companies to keep business relationships.