



European
Commission

Case Study: Coexistence agreement in Brazil

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✓ Background

Over the last years, the Spanish brewery Aqua&Terra has capitalised on the current craft beer boom in Europe by successfully producing and distributing its star brand "Veralinda". Taking into account that the Latin American market offered a good opportunity for the commercial consolidation of its brand, Aqua&Terra decided to export and distribute its beer there, starting in Brazil.

In this context, Aqua&Terra filed a trade mark application in Brazil, seeking protection for the "Veralinda" brand under the class number 32 of the Nice Classification (beers and non-alcoholic beverages). However, during the process, Aqua&Terra found out that Garota, a Brazilian company engaged in the production and marketing of grape distillate, filed an opposition on the grounds of their prior trade mark, "Veralindo", registered under the class 33 (alcoholic beverages).

As a result, the Brazilian Patent and Trademark Office (INPI) rejected the application. They considered that the coexistence of both trade marks would lead consumers of alcoholic drinks to associate the business origin of "Veralinda" and "Veralindo", not only because the marks are similar, but also because the products are related.

⚙️ Actions taken

Aqua&Terra contacted an IP lawyer with experience in Brazilian trade mark law, who said that it was still possible to appeal against INPI's decision and made the following suggestions:

1. In order to overcome the objections presented by INPI, it would be highly advisable to start negotiations with Garota to reach an agreement for trade mark coexistence. Nonetheless, the lawyer indicated that INPI considers this kind of agreements as a mere additional element for the analysis of applications. Therefore, these agreements may be ignored if there is a risk of association. In other words, INPI's intention is to protect consumers, so if they foresee that the coexistence of the trade marks could cause confusion or association of the business origin, they would disregard the agreement and reject the trade mark application.
2. It is necessary to make arguments to convince INPI that even if both trade marks are similar, craft beer consumers are very specialised and thorough regarding details such as the geographical origin of the good and the identity of the producer.

📊 Outcome

Aqua&Terra and Garota reached a coexistence agreement that was presented to the second instance along with the suggested arguments. Moreover, new evidence suggested that there were no significant risks that led to associate the production of the craft beer Veralinda to Garota's business activities. Thus, the decision made in first instance was revoked and the trade mark was finally granted.

📖 Lessons learned

- Although similar, local IP regulation may be different to European rules. Keep the national Intellectual Property Office's practice in mind and take into account the duration of the proceedings and other particularities that may be an obstacle for your application (i.e. validity and effects of coexistence agreements).
- Trade marks applied for different products in the Nice Classification may still be considered confusingly similar when the goods are related.
- You should always seek help from an IP expert. An IP expert will help you design an adequate IP strategy tailored to your activity and to the laws of the territory. An investment like this might seem costly at first, but it is fruitful at the beginning of the expansion of a business and is likely to help you save money in the long run.

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