

FACTS OF THE CASE

1. Ferdinand is a local business owner and local artisan to his family carpet business which is over 150 years old, named Aladin Carpets. Ferdinand took over this business from her late father, Roberto, who got it from his father, Julian in the year 1972.
2. Right from the beginning to this date, Aladin Carpets maintain its tradition in hand weaving carpets, this way, no two carpets there are ever similar in design. They also focus mainly on a smaller consumer base.
3. They have been the winners of the Carpet Design Awards from 1994 to 2005 and 2014 to 2021. They were also the winner of Best Modern Design Essential 2019.
4. Earlier this year, on the 17th of June 2022, Ikea Home Decors reached out to Aladin Carpets, via mail with a business request. Ikea wished to make Aladin Carpets their primary supplier for the carpets sold in their store since they were impressed by the detailing and quality of the carpets produced by Aladin Carpets.
5. Aladin Carpets initially considered accepting this offer because they wanted to start selling their products internationally. However, Ikea Home Decors wanted to give its branding and tag onto the carpets produced by Aladin Carpets. Aladin Carpets did not agree to the proposal.
6. Ikea requested Aladin Carpets to appear for negotiation.

NEGOTIATION STRATEGY OF IKEA

OUR INTEREST:

1. For Aladin Carpets to become the primary supplier.
2. To agree to the sale of the Carpets under the name tag of IKEA.
3. To not hand weave the carpets as better technology will be provided to increase production, quality and supply of goods, therefore, making it time efficient.

THEIR INTEREST:

1. They have their trademark on the carpets produced.
2. They are reluctant to use technology to sell their products as they want and are known for producing handwoven carpets, making each carpet significant from the other.

OUR POSITION:

1. Our company is excellent with various awards. It is among the oldest, most prestigious, and most widely known furniture stores worldwide.
2. We have a better global reach and a wide range of loyal customers.
3. Since we have branches all over the world, the opportunities will be plenty.
4. We also have access to better technology.
5. Increase in profits.

THEIR POSITION (ANTICIPATED):

1. Also winners of multiple awards locally known.
2. Good and authentic quality handmade carpets.
3. Access to a new customer base.
4. Increase in profits.

BATNA OF IKEA

The best alternative to a negotiated agreement will be:

1. Form a collaboration between IKEA x Aladdin and make limited featuring products for sale therefore combining both the consumer base and slowly increasing the stake in the market.

STRONG POINTS FOR IKEA:

1. Larger consumer base
2. Better technology
3. Established brand
4. IKEA received the 2018 GOOD DESIGN Award for its inventive and modern designs. The winners are the BURVIK table, SKYMNINGEN light, IKEA 365+ food storage platform, and VERALLT collection. One of the oldest, most famous, and most acknowledged programmes for design excellence in the world is GOOD DESIGN.

5. Better global reach

WEAK POINTS FOR IKEA:

1. International shipment problems
2. Differing standard in quality
3. Strong competition

NEGOTIATION STRATEGY OF ALADIN CARPETS

OUR INTERESTS:

1. They have their own trademark on the carpets and want it to remain.
2. They are known for their handwoven carpets among their loyal customers.

THEIR INTEREST:

1. For Aladin Carpets to become the primary supplier.
2. To agree to shipment of goods under the name tag of IKEA.
3. To not hand weave the carpets as `{:gap {:kind :userinput}}` will provide better technology to increase production and supply of goods, therefore, reducing the cost and time of production.

OUR POSITION:

1. Good quality handmade carpets.
2. Authenticity in the brand.
3. Access to a new customer base.
4. Increase in profits.

THEIR POSITION (ANITICIPATED):

1. Our company is excellent with various awards. It is among the oldest, most prestigious, and most widely known furniture stores worldwide.
2. We have a better global reach and a wide range of loyal customers.
3. Since we have branches all over the world, the opportunities will be plenty.
4. We also have access to better technology.
5. Increase in profits.

BATNA FOR ALADIN CARPETS:

The best alternative to a negotiated agreement will be:

1. To supply designs of carpets to IKEA while maintaining our Trademark.

STRONG POINTS FOR ALADIN CARPETS:

1. Good quality carpets.
2. Authenticity in their brand.
3. Loyal consumer base.

WEAK POINTS FOR ALADIN CARPETS:

1. Handwoven goods.
2. Time consuming process.
3. Smaller consumer base.

PROCEEDINGS OF NEGOTIATION CONDUCTED ON 19th
August 2022 BETWEEN AUTHORISED REPRESENTATIVES OF
IKEA AND ALADIN CARPETS

PRESENT:

ON BEHALF OF IKEA

1. Miss. Keertika

ON BEHALF OF ALADIN CARPETS

1. Mr. Ferdinand

MINUTES OF THE MEETING

1. The proceedings for the day commenced around 12:31 pm on 19th August 2022 in Bangalore and the above-mentioned representatives were present during the meeting.
2. Miss. Keerthika, the representative of IKEA Decor started the round of negotiation and express their intention to solve the situation as soon as possible.
3. The counsel for IKEA Home Decor expressed their concerns about Aladin Carpet's objectives. She stated that her client's intention was to make Aladdin Carpet their primary supplier for carpets.
4. They also indicated that the goods that Aladin Carpet will be retailed and branded under IKEA, not as Aladin Carpets.
5. Miss. Ferdinand, the representative of Aladin Carpets acknowledged IKEA's global reach and achievements.
6. Miss. Ferdinand was specific about the fact that she wanted their carpets to be sold under their name brand and not IKEA's.
7. The counsel for Aladin Carpets then stated her client's intentions and interest to collaborate positively with IKEA.
8. The counsel for Aladin Carpets reminded IKEA about its reputation and achievements in India and stated that they deserve the products to be sold under their name.
9. Ms. Ferdinand for Aladin Carpets then gave a counter proposal of it being sold under their brand but in IKEA stores.
10. This counter-proposal was quickly denied by Miss. Keerthika.

11. The counsel for Aladin Carpets then suggested that her client was ready to decrease her share of profit and loss from 50% to 30% if they were selling the carpets with the Aladin Carpet's trademark.
12. Miss. Keerthika and the counsel for IKEA Home Decor discuss the new proposition that was suggested by Miss. Karunya.
13. The counsel for IKEA Home Décor said her client was for them to form a collaboration like IKEA x Aladdin and make limited featuring products for sale. Profits will be shared equally between both parties.
14. Miss. Ferdinand and her counsel had a discussion.
15. The counsel for Aladin Carpets said her client agrees to the terms. She wants the carpets to be handwoven.
16. Miss. Keerthika agreed the proposition given by Aladin Carpets.
17. The counsel for IKEA Home Decor also suggested that they want Aladin Carpets to become their primary supplier.
18. Miss. Keerthika spoke about IKEA's global reach and how they want Aladin Carpet's to become their primary supplier. She added that her client's consumer base was big and the demand for carpets was high.
19. The counsel for IKEA Home Decor added that her client would appreciate it if they would become their primary consumer and sell their carpets which were made using the available technology for carpet weaving to meet the demands of their customers.
20. Mr. Ferdinand and his counsel had a discussion.
21. The counsel for Aladin Carpets added that her client was not ready to be the primary supplier but they will design different carpets for IKEA. However, they can then manufacture their own carpets in their own capacity

however not compromising on the intellectual property value of Aladin carpets in terms of their trademark and designs of the carpets made.

22. The counsel for Aladdin Carpets said that her client will receive 30% of the share from the sales of the carpets they designed.
23. The counsel for IKEA Home Décor stated that her client would like it if they agreed to share the profits and loss at 15%.
24. The counsel for Aladin Carpets disagreed and said her client's last offer was 25%.
25. The counsel for IKEA said her client accepted this proposition.
26. Both the parties had reached a settlement and have agreed to sign a contract with the above terms.

SETTLEMENT AGREEMENT BETWEEN IKEA AND ALADIN CARPETS

The settlement agreement entered into on the nineteenth day of august, two thousand and twenty-two at Bangalore (19.08.2022)

BETWEEN:

IKEA Home Decor

A company registered under the companies act 1956, having its registered office at 2FXX+GWH, Nagasandra, Manjunatha Nagar Bagalakunte Bengaluru, Manjunatha Nagar, Bagalakunte, Arasinakunte, Karnataka 560073.

Represented by Miss. Keerthika.

[Here in after referred to as the first party which shall mean and include all its representatives, assigns' power of attorney holders and successions in interest etc.]

AND

ALADIN CARPETS

A company registered under companies act 1956, having its registered office at 3540/1, 2nd Cross, 13th H Main Rd, HAL 2nd Stage, Indiranagar, Bengaluru, Karnataka 560008.

Represented by Miss. Karunya.

[Here in after referred to as the second party which term shall mean and include all its representatives, assigns, power of attorney holders and successors in interest etc.]

Witness as follows:

1. Whereas, the dispute was with regard to the trademark and production of carpets.

2. Whereas, after negotiating both parties have agreed to enter a settlement with the terms and conditions as stated under.
3. Now therefore this settlement agreement witness as follows -
 - A. The parties have agreed to form a collaboration namely; IKEA x Aladdin and make limited featuring carpets for sale at the various IKEA stores. Profits will be shared equally between both parties on the agreed shares.
 - B. The second party agreed to design the carpet for the first party. They should receive 25% of the profits from the sale of the rugs they design.

In witness where thereof, the above said parties have affected their respective seal and signatures to this settlement agreement, on the date, month, and the year stated above at Bengaluru City of the following stated witness.

Place: Bengaluru

Date: 19. 08. 2022

FIRST PARTY: IKEA HOME DECOR

1. Miss. Keerthika

SECOND PARTY: ALADIN CARPETS

1. Miss. Ferdinand