

II. *Integration of the existing national trade mark rights into the EAC trade mark regime*

The term “national trade mark rights” is employed under this section to mean both trade marks registered and protected in the Partner States and applications for trade mark registrations pending in the national trade mark offices of the Partner States before coming into force of the proposed EAC trade mark protection regime.

1. National trade mark registrations

Trade marks protected in the EAC Partner States should be integrated into the EAC trade mark regime by extending the exclusive trade mark monopoly to the entire territorial scale of the EAC. In realising this, cross-extension of trade marks cannot be avoided: The validity of trade marks registered in Kenya will be extended to Tanzania, Uganda, Burundi and Rwanda; and vice versa. This cross-extension would lead to conflicting trade marks being protected in the EAC common market – a situation which will lead to trade mark confusion and the consequences stemming thereof.⁹⁵⁵

To avoid the danger of trade mark confusion, the cross-extension of national trade marks should be formalised only after ex-officio examination of the national trade mark registers of all EAC Partner States has been undertaken to identify all conflicting trade marks. Proprietors of conflicting trade marks should be contacted by the trade mark conciliatory board (to be established)⁹⁵⁶ with the proposals as to how the conflicts may be resolved. It is only after resolving the trade mark conflict, the conflicting national trade marks may be entered into the EAC trade mark register.

2. Applications for national trade marks

Trade mark applications that will be pending before the national trade mark offices should, after the entry into force of the EAC trade mark protection

955 The consequences of trade mark confusion include the following: (a) restriction on the free movement of branded goods, (b) distortion of fair and free competition in trade-marked goods, (c) a trade mark not serving as a legal means for extending economic activities to the EAC scale (*cf.* section C (I) (3) of this chapter).

956 Duties of the conciliatory board are described in section D (II) (3) of this chapter.

system, be treated as applications for EAC trade mark registrations. The EAC trade mark office should be empowered to examine these trade mark applications in light of the national trade mark law of the Partner State before whose trade mark office the application was initially filed. All trade mark applications of this category should be examined for compliance with the registration conditions. A trade mark which passes the substantive requirements test, and which do not conflict one another, should be registered in the EAC trade mark register.⁹⁵⁷ Those trade mark applications meeting the substantive requirements for trade mark registration but which conflict one another should be identified. Proprietors of the conflicting applications should be informed accordingly. Solutions to the conflicting applications should be processed through the trade mark conciliatory board.

3. Conciliation board

Conciliation as a means to resolve trade mark conflicts is not a new phenomenon. The success of the conciliation procedure in Germany,⁹⁵⁸ for instance, shows that the EAC trade mark regime also stands to benefit from the establishment of the conciliation board. The trade mark conciliation board should be established as a department in the EAC trade mark office. This department should be manned not only by legal (trade mark) experts, but also economists (who would determine the value of the conflicting trade marks, and the extent to which each proprietor has contributed to that value). The conciliation board should be empowered to aid the proprietors of conflicting trade marks to reach to an amicable settlement of the conflicts. The board's proposals in relation to trade mark conflict should be two-tier, namely, binding and non-binding proposals. In relation to a non-binding proposal, the conciliation board should, *inter alia*, suggest the following:

- To limit the goods and services in respect of which conflicting trade marks may be used so that while the trade marks remain identical, the list of goods and services is adjusted to avoid consumer confusion.
- The conflicting trade marks to be used in specific form, such as applying the marks on different packaging, provided that, in view of the

957 The conditions explained in section D (I) of this chapter should apply to the EAC trade mark under discussion as well.

958 *Cf.* Part 3 of the Germany's Law on the Extension of Industrial Property Rights of April 23, 1992 cited above.

board's finding, this measure is sufficient to allay the danger of consumer confusion.

- The proprietor who has not massively invested in the trade mark concerned to be fiscally compensated and leave registration of the trade mark in the EAC trade mark register in the name of the other proprietor who has invested in the mark.

In case there is no amicable agreement between the proprietors as per above proposals, the board should be empowered to issue some binding proposals for the avoidance of trade mark conflicts. In this regard, it would be practicable for the board to require the parties concerned to register the conflicting trade mark as an EAC collective trade mark. The board should be able to identify and propose the means to compensate the economic loss suffered by a proprietor, who has massively invested in the mark, as a result of consolidating the conflicting trade marks as above. In this sense, it should be the duty of the person who has not massively invested in the mark to compensate the other proprietor. If it appears that the proprietor who is required to compensate the other is financially incapable to do so, the board should have some funds from which compensation should be drawn. However, if the board compensates a trade mark proprietor as above, it should attain a status of co-owner of the trade mark concerned for the purposes of recovering the compensation paid. In this regard, the board should in effect be able to license the collective trade mark concerned. The owners of the collective trade mark so registered should have right to buy out the board's share in the mark.

