

II. Modifications to the principle of co-existence

The legal problems associated with the application of the principle of unitary character are exacerbated by the principle of trade mark coexistence. The conditions to which the former principle is subjected do not give room for registration of a sign as a regional trade mark unless there is no identical or similar existing national trade mark or other prior rights protected at the national level. In order to ensure that the existence of national trade marks does not serve as a barrier against registration of several signs as EAC trade marks, the principle of trade mark coexistence should be modified. The possible modifications may include (a) abolishing the national trade mark registration and protection systems; (b) employing the principle of co-existence as an interim solution; and (c) employing the trade mark model under the German Extension Law, which concretised the re-unification of West and East Germany.

1. Abolition of the national trade mark

An alternative to a situation whereby national and Community trade marks coexist is to abolish the national trade mark protection systems. This should be done in a way that does not negatively affect the trade mark rights that are already secured.⁹²⁴ The Benelux trade mark system⁹²⁵ may be cited as an example whereby the national trade mark systems are abolished and the trade mark rights initially protected under the abolished national systems are transformed into regional trade marks.⁹²⁶

924 If abolition of national trade mark systems negatively affected the trade mark rights already protected under these systems, such abolition would be regarded to contravene property right which the constitutions of the EAC Partner States guarantee (cf. Article 24 of the Constitution of the United Republic of Tanzania, 1977 (as amended) (Cap. 2 of the laws of Tanzania), Article 75 of the Constitution of Kenya, Revised Edition 2008 (2001), and Article 26 of the Constitution of the Republic of Uganda, 1995 (as amended)).

925 Discussed in section C (II) (2) (b) below.

926 Cf. TATHAM, D. & RICHARDS, W., "ECTA Guide to E.U. Trade Mark Registration" 28 (Sweet & Maxwell, London 1998).

2. Coexistence as a transition solution

The fact that the national systems of trade mark protection already exist in the EAC Partner States means that coexistence of national trade marks and trade marks that will be protected under the proposed EAC trade mark regime cannot be avoided at least for a certain period of time. In other words, even where the national trade mark systems are abolished, the principle of trade mark coexistence may still be observed for some time as a means to facilitate smooth transition from national to regional system of trade mark protection. Coexistence modalities which are relevant in this respect are (a) the EU's CTM modality, which does not expressly incorporate a rule requiring all existing national trade marks to be transformed into Community trade marks, but embellishes the CTM regime with many advantages in a bid to allure trade mark proprietors to seek trade mark protection under the CTM system and hence the importance of national trade mark systems would gradually decline; and (b) the modality under the Benelux trade mark system pursuant to which trade mark coexistence is allowed for a certain period of time within which trade mark proprietors should actively transform their national trade mark rights into regional rights.

a) Incentives to ensure that the national system fades away

Under the "incentive" modality, it would not be necessary to take active legal action to abolish the national trade mark systems: The coexistence problem could be solved by employing legal techniques that make the EAC trade mark more attractive to the extent that proprietors could trust in the regime than they would in the national trade mark systems. The possibility of securing an EAC trade mark registration using one process and single application fee would be a sufficient economic ground to win over the interests of trade mark proprietors in the EAC trade mark system. A similar effect would be produced if protection of an EAC trade mark is subjected to single renewal process and fees.

These incentives have been tested under the EU's CTM regime, with a similar objective of making the regime more attractive in comparison with the national trade mark systems,⁹²⁷ but have hitherto not led to the diminishment of the national trade mark protection systems of the EU Member States. However, the failure of these incentives in the EU does not mean that their intended results cannot be realised in the EAC. It might turn out that the national trade mark

927 Cf. BEIER, F.-K., "Objectives and Guiding Principles of Future Trade Mark Law", 8(1) IIC 1, 16 (1977).

systems in the EU still attract interests of trade mark proprietors on the basis of the quality of the services offered under the systems. Given that IP protection infrastructure in the EAC is generally weak in comparison with those in the EU, the trade mark incentives under discussion might produce positive results if employed under the EAC trade mark protection system.

However, even if the EU's national trade mark protection systems were weak, the incentives under discussion would not lead to the total disappearance of these systems so long as the system of trade mark conversion is still observed under CTMR: Trade mark conversion makes sense only if the national trade mark regime is there to accommodate the regional trade mark being converted into applications for national trade mark registrations.⁹²⁸ Therefore, if the incentives under discussion are to make any significant impact on the gradual disappearance of the systems of national trade mark protection of the EAC Partner States, the principle of trade mark conversion should not form part of the EAC trade mark jurisprudence.

b) The Benelux model: Transforming existing national trade marks into EAC trade marks

As a means to do away with coexistence of trade mark rights protected in two different systems of trade mark protection, a proposal requiring all existing national trade marks to be transformed into Community trade marks would hold water. The Uniform Benelux Law on Marks (henceforth, the Benelux law) employs a trade mark model which provides for the trade mark transformation from one system to the other.

In this regard, the Benelux law adopts the following approach: In the first place, coexistence of national rights and the regional trade mark rights secured under the Benelux law could coexist only for one year after the coming into force of the Benelux law.⁹²⁹ The coexistence was devised in order to allow proprietors of nationally protected trade mark rights an opportunity to upgrade their rights to regional level.⁹³⁰ If they did not do so within a year, the national trade mark rights would retrospectively cease to have effect from the day the

928 Cf. Section B (III) of chapter 5, which discusses the principle of trade mark conversion.

929 Cf. Article 30 of the Benelux Law.

930 According to Article 29 of the Benelux law, national trade mark rights include both registered and unregistered trade marks which were valid according to the national law before the coming into force of the Benelux law. Unregistered trade mark rights are secured by virtue of first use in trade of the mark.

Benelux law came into force. The retrospective cessation of effect means that the national rights can no longer be invoked against registration of a Benelux mark even where the Benelux mark was applied for and registered within the one year period in which coexistence is allowed. This is due to the fact that any registered Benelux mark (be it a national trade mark transformed into a Benelux trade mark or a new trade mark applied for and registered as a Benelux mark) is deemed to have been valid as from the date of entry into force of the Benelux law.⁹³¹

At this juncture, it is safe to endorse a position that the coexistence approach adopted under the Benelux law as a transition from national to regional based trade mark regime is a strategy that the EAC may adopt while transforming the existing national trade marks into the envisaged Community trade marks.

It is worth mentioning that the current Benelux trade mark regime differs from the one described above: The Benelux Convention on Intellectual Property (Trademarks and Designs) of 25/02/2005 (henceforth, the replacing law) has replaced the Uniform Benelux Law on Marks and its amending Protocols.⁹³² The replacing law does not, for instance, refer to a situation in which a Benelux trade mark can be owned by two persons (who are not connected in trade) in different Benelux States. Thus, an inference can be drawn from the scope of trade mark protection stipulated under Article 2.20 of the replacing law that the new Benelux trade mark regime allows trade mark registration and protection for the entire territory of the Benelux States.

3. The German trade mark model

Two trade mark regulatory models are implicit in the trade mark regime that concretised the re-unification of West and East Germany in 1990. On the one hand, the regime avoids coexistence of trade mark systems by providing for cross-extension of the trade mark rights which were protected in the two parts of the Federal Republic of Germany. But, on the other hand, the regime permits coexistence of trade mark rights as opposed to coexistence of trade mark systems. Thus, the Unification Treaty concluded between the Federal Republic of Germany (FRG) and the Germany Democratic Republic (GDR) of August 31, 1990⁹³³ may offer a trade mark model that could possibly serve as a reference in

931 Cf. Article 32 of the Benelux law.

932 Cf. recital 1 of the Benelux Convention on Intellectual Property (Trademarks and Designs), (i.e. the replacing law).

933 The Treaty is available at http://germanhistorydocs.ghi-dc.org/pdf/eng/Unification_Treaty.pdf (status: 30 July 2012).

designing the EAC trade mark system. Article 3 of the Unification Treaty extended application of the basic law of the FRG to the GDR, since the GDR opted to join the FDR by accession.⁹³⁴ As a condition for the Unification Treaty to enter into force, the FRG and the GDR governments were required to fulfil certain internal requirements that were essential for the unification to materialise.⁹³⁵ In relation to industrial property rights for instance, the internal requirements were fulfilled by enacting the Law on the Extension of Industrial Property Rights of April 23, 1992.⁹³⁶

Pursuant to section 1 of the Extension Law, industrial property rights, such as trade marks, and the applications for such rights already existing on May 1, 1992, in the FRG were extended to the territory of the GDR and maintained their priority. Similarly, by virtue of section 4 of the Extension Law, industrial property rights, such as trade marks, and the applications for such rights already existing on May 1, 1992, in the GDR were extended to the territory of the FRG and maintained their priority.

While trade marks protected in the FRG and extended to the territory of GDR continued to be governed by the federal trade mark law, validity issues regarding trade mark rights created and protected in accordance with the trade mark law of the GDR and extended to FRG continued to be governed by this law. As concerns other trade mark issues, the GDR trade marks extended to the FRG are “governed by the provisions of the Federal law transferred to them under the Unification Treaty”.⁹³⁷

The cross-extension of trade marks and of applications for registration of trade marks stipulated in sections 1 and 4 of the Extension Law depicts an interesting legal scenario: An informed and inquisitive trade mark expert may wonder as to how, in such situation of cross-extension, the danger of trade mark confusion could be avoided. In this regard, the Extension Law offers a two-tier solution. In the first place, the Extension Law allows cancellation of a registered trade mark or opposition of registration of a trade mark if the challenging party satisfies the

934 Cf. PREUB, U.K., “German Unification: Expectations and Outcomes”, Hertie School of Governance – Working Papers, No. 48, November 2009, at p. 4. The paper is available at <<http://www.hertie-school.org/facultyandresearch/publications/working-papers/working-papers/2009/>> (status: 30 July 2012).

935 Cf. Article 45 of the Unification Treaty.

936 i.e. Gesetz über die Erstreckung von gewerblichen Schutzrechten (Erstreckungsgesetz-ErstrG) vom 23. April 1992 (i.e. The Law on the Extension of Industrial Property Rights (Extension Law-ErstrG) of April 23, 1992 (as last amended by the Law of August 30, 1994)). The law as last amended came into force on January 1, 1996. The text is available at <http://www.wipo.int/wipolex/en/text.jsp?file_id=126205> (status: 30 July 2012).

937 Cf. Section 5 of the Extension Law.

relevant conditions. A third party seeking cancellation of a trademark extended to the GDR on the identity or similarity of marks ground must, in order to be successful, prove that the application leading to registration of a challenger's mark and which forms the ground for trade mark cancellation, was submitted to the FRG trade mark office not earlier than July 1, 1990 and not after October 2, 1990.⁹³⁸ A similar time condition applies to a person who seeks cancellation of a trade mark originally registered in the GDR and extended to the FRG by virtue of section 4 of the Extension Law, provided that the challenger's trade mark was extended to the GDR by virtue of section 1 of the Extension Law and such mark enjoys a priority date which is earlier than the trade mark being challenged.⁹³⁹ In relation to trade mark opposition, the Extension Law provides for the possibility of opposing an application for registration of trade mark which has been extended either to the GDR or FRG provided that before its extension the application was filed in the respective trade mark authority between July 1 and October 1990. In this regard, in case two applications for trade mark registration are pending before the trade mark authorities in both the GDR and the FRG, a trademark proprietor whose application for trade mark registration in the GDR is pending, may successfully base on his pending application to oppose extension to the GDR territory of the trade mark application filed in the FRG if the application pending in the GDR has a priority date which is earlier than that which the applicant in FRG enjoys.⁹⁴⁰ The opposite trail of this scenario means that if the trade mark application in FRG has an earlier priority date than that of the trade mark application in the GDR, the former trade mark application will form a basis for opposition of extension to the FRG territory of the latter trade mark application.⁹⁴¹ This means therefore that, a proprietor of a trade mark (registered in the FRG) who has successfully extended his trade mark to the territory of GDR may successfully base on his trade mark rights to oppose extension to the FRG territory of similar or identical trade mark application provided that the trade mark serving a basis for opposition enjoys an earlier priority right than that of the trade mark application whose extension is being sought.⁹⁴²

Prospective trade mark rights pose no challenges insofar as trade mark conflicts are concerned, since the GDR trade mark regime became defunct in order to allow all future trade mark applications to be processed and protected to

938 Cf. Section 2 of the Extension Law.

939 Cf. Section 21 of the Extension Law.

940 Cf. Section 3 of the Extension Law.

941 Cf. Section 23 of the Extension Law.

942 Cf. Sections 3 and 23 of the Extension Law.

the scale of the combined territory of the GDR and FRG based on a single trade mark law administered by the German Patent and Trade Mark Office. In relation to trade mark rights created before and after the dates mentioned above,⁹⁴³ the Extension Law also offers a model for solving trade mark conflicts. The general rule in this regard stipulates that trade mark conflicts resulting from cross-extension of trade marks within the ambit of sections 1 and 4 of the Extension Law will be solved in the following manner: a GDR trade mark extended to the FRG territory will be used only in the GDR territory, and the proprietor of an FRG trade mark extended to the territory of the GDR cannot use his mark in the GDR. Under these circumstances, the trade mark may only be used in the prohibited territory, as per the foregoing elaboration, only if the proprietor of the competing trade mark consents to that use.⁹⁴⁴ Exceptions to this rule apply to allow a person who would otherwise be prohibited to market his trade-marked goods in one part of the Federal Republic of Germany (as per general rule) to use his mark in that part of the Republic without such consent of the owner of a conflicting trade mark.⁹⁴⁵

Irrespective of whether the exception to the general rule applies or not, the solution to cross-extension stipulated under the Extension Law allows coexistence of trade mark rights protected under a single law, owned by different persons, used for identical or similar goods. For that matter, the envisaged solution does not completely solve the problem of trade mark confusion: Pursuant to the general rule regarding the solution at hand, the use of trade marks is limited to the segmented territories of the GDR and the FRG. However, once the goods bearing the trade mark are sold in one part of Germany (be it the GDR or the FRG) are supposed to move freely to every part of the Federal Republic.⁹⁴⁶

943 i.e. the time between July 1 and October 1990 stipulated in sections 3, 21, and 23 of the Extension Law.

944 Cf. Section 30(1) of the Extension Law.

945 Section 30(2) of the Extension Law outlines the conditions to be fulfilled in order for the exception to apply. The exception applies, in particular, if (1) the trade mark is used in the advertisement (say television or radio broadcasting, internet, and Newspaper advertisement), which from a technical point of view cannot be restricted to one part of the Federal Republic where the trade mark exclusively enjoyed protection before the extension, to the other part of the Republic, of the said mark (section 30(2), paragraph 1); or (2) "the owner can convincingly show that he is entitled, under the provisions of the Law on Property, to the return of the other mark or of the undertaking to which the other mark belongs" (Section 30(2), paragraph 2); or (3) "exclusion from use of the mark in that territory proves unreasonable taking into account all the circumstances of the case and weighing up the justified interests of those concerned and of the general public" (Section 30(2), paragraph 3).

946 This is because Germany is required, by virtue of Article 7 of the Community trade mark Directive, to implement in the Federal trade mark law the principle of regional trade

This may lead to post-sale consumer confusion⁹⁴⁷ and thus allowing one of the two trade mark proprietors to trade on the coattails of the other's trade mark, depending on the degree of reputation and goodwill one trade mark enjoys in comparison to that enjoyed by the other mark. The danger of trade mark confusion is multiplied in the event the exception (under section 30(2) of the Extension Law) applies: Trade-marked goods of different origins will be marketed with the same or confusingly similar mark(s) in a single territorial market.

On the one hand, the risk of confusion inherent in the general rule regarding the solution to trade mark conflicts resulting from cross-extension does not allow a trade mark to serve as a legal means to extend economic activity to the scale of the whole territory of the Federal Republic of Germany. But, on the other hand, the exception to the general rule which is meant to allow proprietors to extend economic activity to the whole territory of the Federal Republic may lead to distortion of fair competition since trade mark proprietors are likely to trade on the coattails of another's trade mark.

While the trade mark model under the Extension Law may serve as a template for devising the EAC trade mark regime, the shortcomings contained in the Extension Law, particularly with respect to the danger of trade mark confusion, should be adjusted to suit the objectives for which the EAC trade mark system is to be established.⁹⁴⁸

D. The Proposal for the EAC trade mark regime

In the light of the discussion in the previous sections of this chapter,⁹⁴⁹ the trade mark regulatory models under the EU's CTM system, the uniform Benelux Law on Marks and the Germany's Extension Law have some strengths and weaknesses. The EAC trade mark protection system should be designed in such a way that it avoids the weaknesses of these models. In this regard, the EAC trade mark system should borrow the unitary principle underlying the EU's CTM system. In relation to the principle of trade mark coexistence, the EAC trade mark system should employ the principle of coexistence of EAC trade mark

mark exhaustion. This provision has been implemented by Article 24 of the *Gesetz über den Schutz von Marken und sonstigen Kennzeichen* (i.e. The German Law on the Protection of Trade Marks and other Signs (Trade Mark Law) of October 25, 1994 as amended).

947 Cf. INGERL, R. & ROHNKE, C., "Markengesetz" (3rd ed.) 421(Beck, München 2010).

948 The objectives are described in section C (I) (3) of this chapter.

949 i.e. sections C (I) and (II) of this chapter.