

Community trade mark be cancelled, the national trade mark regime will avail him with protection of his trade mark based on the principle of trade mark conversion.⁹⁰⁴

It is noteworthy that the principle of trade mark coexistence has a direct connection with the principle of free movement of trade-marked goods underlying the EAC's common market. If, supposedly, the envisaged EAC regional trade mark system is designed to coexist with the national trade mark regimes, the chances that trade marks protected under the coexisting systems may conflict with one another are very high. This would in turn lead to several consequences such as restrictions on the free movement of goods,⁹⁰⁵ and distortion of competition in the EAC common market.

III. Interaction between trade mark coexistence and unitary principles

On the one hand, the principle of coexistence allows national trade mark systems to be maintained along with a regional trade mark regime irrespective of whether the national and regional trade mark rights may conflict with one another. But, on the other hand, the danger of trade mark conflict within the coexisting trade mark systems is minimised by the unitary principle, which allows registration of a trade mark only if there is no registration of similar mark in the national or in the Community trade mark register.⁹⁰⁶ Thus, the main role played by the unitary principle is to ensure that the coexisting trade mark regimes coexist in harmony without frictions resulting from conflicts between trade marks. Similarly, the principle applies only with respect to registrability of a Community trade mark, since failure of a trade sign to meet the requirement of the unitary principle and hence failure to meet registrability requirements does not mean that the trade sign cannot be registered as a national trade mark. In this sense, the solution to trade mark confusion provided by the principle of unitary character only addresses this problem⁹⁰⁷ in limited context of the relationship between national and regional trade mark systems. Thus, the principle does not solve the likelihood of confusion of national trade marks *inter se*. It instead exacerbates the danger of national trade mark confusion. In this regard, suppose that an

904 Cf. MÜHLEND AHL, A., "Unitary Character and Problems of Coexistence in the future European Trade Mark System", 7(2) IIC 173, 177 (1976).

905 Cf. BEIER, F.-K., "Industrial Property and the Free Movement of Goods in the Internal European Market" 21(2) IIC 131, 141 (1990).

906 But see the exception regarding prior rights of mere local significance implied in Article 8(4) of the CTMR.

907 i.e. Trade mark confusion.

application for registration of a trade mark (say PUNCHO) as an EAC trade mark is refused on the ground that a PUNCHO national trade mark is already registered in Uganda. This refusal, which is basically actuated by the principle of unitary character, will mean that the applicant for an EAC trade mark will, pursuant to the principle of trade mark conversion, be allowed to register PUNCHO trade mark as a national trade mark in all EAC Partner States except in Uganda where a similar registration already exists. Application of the principle of unitary character as in the immediately preceding scenario will give rise to three legal problems. Firstly, the likelihood of trade mark confusion cannot be avoided since PUNCHO trade mark in Uganda is identical to PUNCHO trade marks in other EAC Partner States: It will be difficult for consumers to distinguish between, and clearly identify the origin of, the goods bearing the PUNCHO trade mark. In this sense, the trade mark will no longer serve its intended function.⁹⁰⁸ Secondly, the principle of free movement of goods underlying the EAC common market is likely to be circumvented: The proprietor of PUNCHO trade mark in Uganda will be able to prohibit PUNCHO goods from other EAC Partner States to circulate freely in Uganda. Thirdly, even if the principle of regional trade mark exhaustion⁹⁰⁹ is applied to the national trade mark as a legal guarantee that the PUNCHO proprietor in Uganda is restricted from invoking his trade mark to prohibit free circulation, in Uganda, of PUNCHO goods from other EAC Partner States, this will only solve the free movement problem but will not solve the danger of trade mark confusion.

These problematic aspects of the interface between the principle of trade mark coexistence and the unitary principle have to be addressed while devising an EAC trade mark system.

C. Principles that should govern the EAC trade mark system

Given the demerits inherent in the principles of unitary character and trade mark coexistence, it is sensible to question whether the proposed EAC regional trade mark system should be governed by these principles. It is particularly necessary to address the issue whether the legal problems associated with the application of the unitary principle⁹¹⁰ may be solved by modifying the principle, for instance by relaxing the condition requiring the unitary character to be defined by the entire

908 Cf. section C (I) (1) of chapter 3 in relation to a discourse on trade mark functions.

909 Cf. section C of chapter 6 in relation to the principle of regional exhaustion of trade mark rights.

910 Explained in section B (III) *supra*.