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 exhaustion[909] 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 principle[910] 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*.

territory of the EAC common market; or whether the problems may be solved, once for all, if the unitary principle is abandoned. In relation to the principle of coexistence it might be questioned whether the abolition of the national trade mark systems; or whether employing the principle of coexistence as a transition to a single EAC regional trade mark regime could pave a way for acquisition of EAC trade mark to which the principle of unitary character applies. These issues are considered below.

I. Modifications to the principle of unitary character

The uniform Benelux law on marks[911] may clearly explain the proposed modifications to the unitary principle governing the EU's CTM.[912] In a proper analysis, one may discover that the law under discussion[913] does not accentuate that a trade mark should have a unitary character in order to be registered and protected as a Benelux mark. Article 32 of the Benelux law enshrines a general rule that guarantees that the validity of a Benelux mark will be enjoyed to the territorial scale of the three Benelux countries. However, this rule is subject to two exceptions: The validity of a Benelux mark cannot extend to the territory of a Benelux country where another person lawfully owns an identical or similar Benelux trade mark effective in that territory; or where a trade mark which is a subject of extension would be regarded invalid either for lack of distinctiveness or due to other grounds for nullification of a trade mark.[914] This implies that a

911 i.e. The Uniform Benelux Law on Marks (amended by the Protocol of November 10, 1983, amending the Uniform Benelux Law on Trademarks and by the Protocol of December 2, 1992, amending the Uniform Benelux Law on Marks) (henceforth, the Benelux law).The text is available at <http://www.wipo.int/wipolex/en/results_treaty.jsp?col_id=&organizations=BOIP&cat_id=4> (status: 30 July 2012).

912 The Uniform Benelux Law on Marks provides for a possibility of securing trade mark registration and protection effective in three countries forming up the Benelux territory, namely, the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg (*cf.* Article 36 of the Benelux law). Prior to the establishment of the Benelux trade mark system, these countries had national trade mark protection regimes. The Benelux law incorporates some provisions which facilitated the transformation of national trade marks into the new regional trade mark regime (*cf.* section C (II) (2) (b) of this chapter).

913 This law is not the current law (cf. last paragraph of section C (II) (2) (b) of this chapter). The law is therefore discussed here to indicate how the Uniform Benelux Law on Marks was initially designed and to see whether the same design may be adapted for designing the EAC trade mark system.

914 The grounds for nullity of a Benelux trade mark are outlined in Article 14 of the Benelux law.

Benelux trade mark may be registered and have its effects in less than the three Benelux States. A trade mark lawfully registered in the Benelux becomes a Benelux mark regardless of whether it has effects in one, two or all three Benelux States.[915]

The proposal to either abandon the unitary principle or to relax the principle in such a way that trade mark's unitary characters are not necessarily required for the entire territory of the regional bloc clearly reflects the trade mark registrability requirements applicable in the Benelux. It only remains to assess the legal impacts such proposals might have on a regional trade mark regimes such as the envisaged EAC trade mark system.

1. Abandonment of the unitary principle

The central question under this heading is whether a regional trade mark system such as the proposed EAC trade mark regime could achieve its objectives if the trade mark rights protected under it are not subjected to the unitary principle. To address this issue, one should proceed from the premises that the abandonment of the unitary principle will justify the curtailment of the territorial scope of the EAC trade mark. Rights protected under the envisaged EAC trade mark system will no longer be unified and predictable: Non-observance of the unitary principle would mean that an EAC trade mark could even be granted to have its effect only in one EAC Partner States if similar or identical trade marks are already registered, as national trade marks, in other Partner States. In turn, this would lead to a situation whereby various identical or confusingly similar trade marks, both EAC and national trade marks, are registered and protected in the EAC common market. Under these circumstances, consumer confusion would not be avoided since similar or identical trade marks could be applied to identical or similar goods having different origins.

2. Unitary character not to be defined by the entire scale of the regional bloc

Alternatively, it may be debated whether granting registration of a trade mark as an EAC mark could make any sense if the unitary character of a registered trade mark is not rigidly required for the whole EAC territory. A positive response to this question would mean that an EAC trade mark could be registered to have its

915 *Cf.* section C (II)(1) of this chapter, which shows that the only trade mark in existence in Benelux is a Benelux mark.

effect in more than one Partner State but not necessarily in all EAC Partner States. In this sense, if a national trade mark identical to or confusingly similar with an EAC trade mark applied for is already registered and protected in Kenya, this should not be a reason to deny registration of the same trade mark as an EAC trade mark effective in Tanzania, Rwanda, Burundi and Uganda. Under the proposal at hand, it is possible to obtain unity of trade mark rights albeit to a lesser geographical area of the EAC.

3. Justifications for the proposed modifications to the unitary principle

As a condition for implementation in the EAC trade mark system, the proposed modifications to the unitary principle should contribute to the realisation of the key EAC interests. According to the stipulations under the EAC Treaty and the EAC Common Market Protocol, the EAC is interested to achieve the following goals: (a) the free movement of goods; (b) fair and free competition in trade-marked goods; (c) providing manufacturers and marketers with legal means to extend economic activities to the EAC scale.[916] These goals are discussed below.

a) Free movement of goods

The proposal requiring the unitary principle not to be necessarily defined by the entire territory of the EAC facilitates free movement of goods albeit in a limited manner: Pursuant to the proposal, goods bearing an EAC trade mark with effect say in four EAC Partner States may circulate freely to the scale of these four States. While this is not a complete answer to a situation whereby trade mark rights act as a barrier to the free movement of goods, it is an improved solution when compared with the proposal for the abandonment of the unitary principle. Both proposals[917] do not remove the possibility that trade mark proprietors may invoke their exclusive trade mark rights to segment the EAC common market and thus restrict the free movement of goods. The only difference between the two proposals is the degree to which the segmentation is possible. By providing for the legal possibility of securing registration of an EAC trade mark in a single EAC Partner State, the proposal for the abandonment of the unitary principle facilitates dissection of the EAC common market in the same manner the

916 *Cf.* Article 5 of the EACT and Articles 2(4), 4(2), 33 and 36 of the CMP.
917 i.e. the proposal requiring the unitary principle not to be defined by the entire EAC territory and the proposal for the abandonment of the unitary principle.

proposal requiring the unitary principle not to be defined by entire EAC territory does. In line with the latter proposal, a trade mark proprietor may secure EAC trade mark registration covering two or more (but not all the five) EAC Partner States. This proposal may in effect serve as a conduit pipe for the segmentation of the EAC common market.

b) Competition in trade-marked goods

A trade mark is an instrument of competition. It extends to the proprietor a right to exclude others from the relevant market.[918] The two proposals for the modification of the unitary principle described above make it hardly possible to integrate trade mark protection into a system of intra-EAC competition in trade-marked goods.[919] The proposals under discussion allow registration of a trade mark as an EAC trade mark notwithstanding the fact that the validity of the trade mark concerned does not extend to the scale of the entire EAC territory. Protection of an EAC trade mark as above cannot escape the consequence of the territoriality principle [920] underlying national trade mark protection systems: An EAC trade mark registered to have its effects in one, two, three or four Partner States cannot be invoked to prohibit anti-competitive behaviour being perpetuated on the basis of a national trade mark protected in the fifth EAC Partner State where the EAC trade mark does not enjoy protection. This means that unless an EAC trade mark is registered to confer exclusive unitary rights to the EAC scale, competition issues relating to the exercise of the monopoly right of the EAC trade mark will be regulated based on the national competition regulatory framework. National trade mark law would strictly enforce the principle of territoriality pursuant to which a trade mark protected outside the national borders enjoys no protection within those borders. The result here is that goods bearing an EAC trade mark effective outside the borders of one EAC Partner State, cannot be placed within those borders to compete with identical or confusingly similar goods bearing a protected national trade mark which is identical with or confusingly similar to the EAC trade mark concerned. Under these circumstances, distortion of competition may not be regarded unfair since

918 *Cf*. Article 9 of the CTMR.
919 *Cf*. Commission of the European Communities, "The need for a European trade mark system – Competence of the European Community to create one", Brussels, 1979 (III/D/1294/79-EN), p 17.
920 In relation to this principle *cf*. section B (II) of chapter 3.

the EAC trade mark is not protected in the Partner State where the market entry is denied.

c) Unitary character as a means of expansion of economic activities

The abandonment of the unitary principle as a guiding principle of the proposed EAC trade mark regime means that a significant objective for which the EAC was established may not be realised. The EAC is charged with a duty to develop policies and programmes that are necessary for widening and deepening cooperation among the Partner States in various fields and affairs.[921] This cooperation would inter alia lead to the attainment of "accelerated, harmonious and balanced development and sustained expansion of economic activities" in the EAC.[922] In this regard, "trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire *EAC*, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal".[923] This calls for the introduction of the EAC trade mark system pursuant to which manufacturers and marketers should be able, by means of an uncomplicated, single procedure, to secure an EAC trade mark which is not only uniformly protected but also which is effective to the scale of the EAC.

While the measure to abandon the unitary principle is opposed to the objective of enabling manufacturers and marketers in the EAC to expand their economic activities, the principle of unitary character may still be instrumental for achieving the foregoing objective even where application of the principle is not necessarily defined by the entire territory of the EAC. Even where because a conflicting national trade mark is registered in one EAC Partner State the EAC trade mark cannot be registered to have effect to the EAC scale but only to the scale of four Partner States, still this allows the trade mark proprietor to market trade-marked goods throughout the territorial precincts of the four States by means of a single EAC trade mark and hence, extension of economic activity by means of an EAC trade mark.

921 *Cf.* Article 5(1) of the EACT.
922 *Cf.* Article 5(2) of the EACT.
923 *Cf.* the third sentence, recital 2 of the CTMR.

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 system[925] 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).