

This may lead to post-sale consumer confusion<sup>947</sup> 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.<sup>948</sup>

#### ***D. The Proposal for the EAC trade mark regime***

In the light of the discussion in the previous sections of this chapter,<sup>949</sup> 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.

registers (i.e. trade mark register maintained by the national office and the register maintained by the EAC trade mark office). This is opposed to the principle of coexistence of national and Community trade mark regimes observed in the EU. The principles under the Germany's Law on Extension should be applied in the EAC context as a means to regulate national trade mark rights and applications for national trade mark registrations existing at the time when the EAC trade mark regime will have come into force, especially when it comes to transforming these rights into EAC regional trade mark rights.

### *1. Acquisition of trade mark rights and the extent of validity*

The EAC trade mark system should be based upon both examination and non-examination registration systems. Non-examination system of trade mark registration should be conducted at the national trade mark office; whereas the EAC trade mark office should be empowered to offer trade mark protection in respect of examined trade marks. A trade mark protected in the EAC should be unitary and its validity appreciated to the EAC scale.

#### **1. Non-examination system at national offices**

The role of national trade mark offices of the EAC Partner States should be changed from that of accepting and processing national trade mark applications to that of accepting and recording in the register existence of a trade mark owned by a proprietor who is a resident or established in the Partner State where recording is sought. The validity of a trade mark so recorded should extend to the entire territory of the EAC. However, a person whose trade mark has been recorded in the trade mark register of the Partner State must put that mark to genuine use in each of the EAC Partner States within the prescribed time as a condition for the prolongation of the exclusive rights.<sup>950</sup>

The national trade mark register of one EAC Partner State should be made electronically accessible to other EAC Partner States.<sup>951</sup> In view of the envisaged accessibility, the national trade mark office should search in the national trade

950 Consequences of failure to comply with the use requirement are outlined in section D (I) (3) of this chapter.

951 In this regard, it is assumed that, in view of the current development level of internet technology and information society, it will be possible for one national office to access trade mark register of other EAC Partner States.

mark registers to find out whether an identical or confusingly similar trade mark is already recorded in one of the national trade mark registers and which in effect would serve as a prior right against protection of trade mark whose recording is requested.

Under the recording system, there should be no trade mark opposition. The recourse to redress the grievances caused by recording of a trade mark should be pursued before the EAC trade mark office. This means that if objection is sought by a proprietor of another trade mark recorded in the national register, the proprietor must apply for registration of his trade mark with the EAC trade mark office as a condition for securing a standing to object recording of another conflicting mark in the national trade mark register. The same should apply when the objection is based on an unrecorded right. The same procedure should also be followed by a proprietor who wants to object registration of a trade mark at the EAC trade mark office. The fact that a proprietor of a trade mark recorded in the national register can challenge registration and/or the use of an identical or confusingly similar trade mark only if his trade mark is registered in the trade mark register maintained by the EAC trade mark office, or if application for registration in the EAC register has been filed, signifies the inferior legal protection enjoyed by an EAC trade mark recorded in the national register. In effect, the requirement will serve as an incentive to have many marks recorded in the national register being submitted to the EAC trade mark office for examination and registration in the EAC trade mark register, and hence stronger protection. On the other hand, the proposal for recording procedure takes into account the fact that trade mark examination requires a high level of technical and legal expertise which personnel in the national trade mark office may be lacking. Moreover, the recording system makes it easy for newcomers in the relevant market to access trade mark protection infrastructure than if the trade mark protection system in the EAC were centralised. Since under the recording system there should be no requirements for trade mark examination, trade mark protection costs would be much lower.

## 2. Examination system at the EAC trade mark office

Alternative to the recording system under the national trade mark regimes, the EAC trade mark office (manned with competent personnel) should be empowered to receive and examine trade mark applications and register the same as EAC trade marks. Registration of trade mark in the trade mark register maintained by the EAC trade mark office should be effected on the condition that proprietor of the mark has used or has signified his intention to use the trade

mark concerned in each of the EAC Partner State within a time stipulated under the law. In order to be registered in the EAC trade mark register, there should not be in the national trade mark register an identical or confusingly similar trade mark with a priority date which is earlier than that of the trade mark whose registration is sought in the EAC register. In this regard, a trade mark recorded in the national trade mark register should serve as a ground for opposing registration of a trade mark in the EAC trade mark register.<sup>952</sup>

### 3. Trade mark use requirement and the consequences thereof

#### a) The use requirement

Any EAC trade mark should be subjected to the use requirement as a condition for the continuation of the validity of the trade mark concerned. This condition should apply for both trade marks recorded in the national register and those registered in the trade mark register maintained by the EAC trade mark office. In relation to this requirement, a trade mark should be used within a time limit specified under the law. This statutory time should be counted from the date of trade mark registration and from the day of any subsequent renewals of such registration.

#### b) Consequences of non-compliance with the use requirement

The consequences for non-compliance with the use requirement should differ depending on the register in which a trade mark concerned is registered.

Failure to put to genuine use<sup>953</sup> (in each of the EAC Partner States) a trade mark registered in the EAC trade mark register should render that mark prone to deregistration. A proprietor of a trade mark deregistered as above should be allowed to file for recording of the same mark in the national trade mark register and maintain priority date of the deregistered mark, provided that the reason for deregistration was the proprietor's failure to use the trade mark to the scale of entire EAC territory. Therefore, recording in the national trade mark register of a deregistered mark should be allowed only if the trade mark has been used in at

952 See the requirements for objecting registration of a trade mark in the EAC trade mark register outlined in section D (I) (1) of this chapter.

953 Genuine use should be regarded to include use of a trade mark by licensees in relation to goods and/or services for which the mark is protected.

least one Partner State. The use in one or more limited EAC States will indicate that the trade mark proprietor had either no commercial interests or sufficient financial capability to use the mark in other States, which altogether rule against conferring exclusive monopoly in the mark for the territories where the proprietor is unlikely to use the mark. Conditions regarding trade mark recording in the national trade mark register (except the time limit for complying with the use requirements) should apply to the deregistered trade mark under discussion. However, a deregistered EAC trade mark recorded into the national trade mark register should not enjoy the time limit for putting to genuine use of a trade mark originally recorded in the national trade mark register. This means that the consequences for non-compliance with the genuine use requirement regarding a trade mark recorded in the national trade mark register should apply forth-with to a trade mark deregistered from the EAC trade mark register.

Failure to put to genuine use a trade mark recorded in the national trade mark register should lead to two alternative consequences depending on whether the trade mark was not used in any Partner State at all; or whether it was used in one or few Partner States. In relation to a trade mark which was not used at all, third parties should be able to apply for registration of the same mark in the EAC trade mark register. Once the trade mark in issue is registered in the EAC register, recording of the same mark in the national trade mark register should immediately cease to have its effects. Regarding a trade mark recorded in the national trade mark register and which was put to genuine use in one or few Partner States, third parties in the Partner States where the mark was not put to genuine use should be allowed to register the same mark in the EAC trade mark register as an EAC collective mark.<sup>954</sup> Coexistence of the registered EAC collective mark and the trade mark recorded in the national trade mark register which has failed to comply with the use requirement, which would result into trade mark confusion, should be avoided. To achieve this, the proprietor whose mark is recorded in the national trade mark register should be afforded an opportunity to adduce evidence regarding genuine use of his trade mark as a condition for registering the EAC collective trade mark by third parties. Even where he fails to prove the genuine use requirement to the entire EAC scale, the proprietor of the trade mark recorded in the national trade mark register must be one of the proprietors of the EAC collective mark so registered, provided that the proprietor of the recorded mark proves that his mark was at least used in one of the EAC Partner States. Loss of the right to use the mark will thereafter be undertaken in accordance with the rules governing proprietorship of the EAC collective marks.

954 It means that the EAC trade mark office will examine the trade mark concerned and register the same if it passes the registrability conditions.

## *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.<sup>955</sup>

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)<sup>956</sup> 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.