

## ARTICLE

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**October 2016**

### Trademark registration in China



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Recently, there has been a growing need for Kazakhstani companies to register their trademarks in China and obtain relevant protection. It is difficult for me to name the reason for this tendency perhaps it is connected with instability of the national currency or with development of domestic production of consumer goods or increasing needs of the Chinese market.

This tendency is also enhanced by the growing trade ties with China, this huge market is capable of absorbing any amount of food and consumer goods produced in Kazakhstan and house any ideas for creating joint ventures in this country.

Almost any product that will attract attention of the Chinese people can be sold in huge quantities compared to the Kazakhstan market and having gained popularity, the product may be absorbed by the market in almost any volume.

Before entering the Chinese market, it should be carefully decided how to label goods in this country and what information should be provided to a consumer, check if the product names will violate the rights of others, including Chinese companies, and, of course, protect your trademarks in China.

The labeling rules and procedures for registering trademarks in China are similar to those in Kazakhstan, however there are some differences. In this article we will focus on the registration of trademarks in China.

In China, foreign companies, including Kazakhstani ones need to file a trademark registration application with the Trademark Office of the State Commercial and Industrial Administration (hereinafter - the Trademark Office) through a Chinese patent attorney. This is due not only to the requirements of the law (which, in principle, is a sufficient ground), but also to the fact that we have few specialists who are able to correctly fill out a trademark registration application in the Chinese language and then carry on paperwork with the Chinese Trademark Office.

It is also important to note such a feature that for the Chinese market, words used as trademarks in other countries and in the languages of these countries may turn out to be alien and have no meaning (which is not so bad), but may sound discordant or unpleasant and have a bad meaning.

If this is just a meaningless word, simply does not mean anything and just a combination of sounds, then for its good promotion or correct perception by consumers, it should be written using the hieroglyphs in “correct” form.

### **What does it mean?**

Recently, while I was in China and met with colleagues - patent attorneys, I asked six people to write my first and last name in hieroglyphs. I received six spellings and only one of them was definitely neutral - it was the most accurate transliteration of the first and last name, but it had no meaning in the Chinese language. All other options could be translated back into the Russian language; however it was no longer Yuri Bolotov, and not even definite concepts, but rather positive indications that are very important for a consumer in China.

We discussed these different types of spelling, their semantic meaning, the prospects for using them as trademarks in China, and my Chinese colleagues chose from one version of the name the best, and the best, in their opinion, version of the surname. It turned out - 尤里保乐多 - that, with a very close preservation of phonetics, it is possible, albeit not quite accurately, to translate as “special inside” for the name and “brings you a lot of happiness” for the surname. I was puzzled and, frankly, embarrassed, but absolutely seriously my colleagues explained that compared to the simple and meaningless transliteration for most Chinese consumers, this spelling of the first and last name has a huge advantage.

Among other options for conveying the meanings of the words Yuri Bolotov in hieroglyphs were those related to martial arts, which would be suitable for manufacturers of active games, there were those associated with Marco Polo, as one of the first Europeans who traveled and lived for many years in China, there were more neutral expressions, all however, deliberately evoking positive associations with the first and last name.

Thus, if you decide that you need to use the same designation as in Kazakhstan to promote a product in China, take a closer look at its possible meanings in China.

Suppose that you have decided on the type of trademark, language of use and spelling. Now, please, pay attention to the following: goods of Kazakhstani producers are already being counterfeited in China. There are especially many fakes in the Xinjiang Uygur Autonomous Region (XUAR), which borders Kazakhstan.

This is a praise to Kazakhstani producers, the environmental friendliness of our products and an indirect confirmation of the market potential and just a game on the consumer's interest to try imported products, which are often either unusual or of higher quality.

This can be dealt through local law firms and representatives of the XUAR authorities, preferably with the participation of Kazakhstani specialists in the field of intellectual property protection. However, in order to successfully struggle counterfeiting in China, you need to register your trademarks there, and exactly in the form in which they are registered and are used in Kazakhstan, because this is how they are used by infringers in China.

These registrations may or may not coincide with those that you will use to promote your products, but if there is a need to fight counterfeiting these measures should be taken. With some exceptions, in China, as in Kazakhstan, there is a rule "first come, first served". Therefore, the registration of your trademarks must be carried out as soon as possible - otherwise the infringers can do it for you and demand that you stop violating their rights to design your products.

### **What to do next?**

As in Kazakhstan, not all trademarks are registered in China. Designations repeating the names of state bodies, state symbols indicating the type of product or its properties, having an indecent value, identical or confusingly similar to those already registered or already declared, but not yet

registered and some others shall not be registered.

This means that before submitting a designation for registration, it is necessary to check the designations in the PRC trademark database. The PRC trademark database is freely accessible, so the applicant can independently conduct a search, albeit in Chinese, or apply for this service to patent agencies. This is an extremely important stage, when it is possible to determine not only the registration ability of your designation, but also may help to determine whether the design of your products violates the rights to already registered trademarks. It is worth to mention that there are currently about 12 million trademarks registered in China, that is third part of the total number of registrations worldwide.

On average, searches take about a week and, as a rule, the service of patent attorney costs from US \$100 dollars per word trademark, and for each figurative or combined designation (word + picture) from US \$200-360 dollars for each class. Such search helps to determine if your designation can be filed for registration or an application for registration of a trademark is already filed or, if the designation is unregistered, again you need to go back to the beginning and think about which designation to use in China.

### **If application is filed**

The registration and protection of trademarks in China is based on the Law of the People's Republic of China On Trademarks dated August 23, 1982, with the latest amendments dated May 14, 2014. Following information and documents should be provided:

Name and address of the applicant, indicated in Latin letters;

Image of a trademark;

List of goods and services, preferably already with an indication of the classes in accordance with the Nice Agreement;

Information about the earlier priority, if any;

A document confirming the state registration of a legal entity, or a copy of an identity card, if the applicant is an individual.

Power of attorney. For legal entities, notary's certification or legalization is not required - it is enough to prepare a power of attorney on a letterhead and certify it with a seal;

The Trademark Office has the right to request additional materials from the applicant.

The cost of filing an application for registration of one trademark in one class with a list of goods/services up to 10 items will be approximately US \$

450, including the official fee. If the number of items of goods/services exceeds 10, approximately US \$16 will need to be paid for each additional item. The services of patent attorneys for preparing and forwarding responses to office actions and objections are charged separately. Also, usually Chinese patent attorneys charge additional fees for translations, notarization, forwarding of documents, copying and printing.

On the basis of these documents and payment of the official fee, an application for registration shall be filed, application shall undergo preliminary examination at the Trademark Office and after a full examination, the information about a trademark shall be published in the official gazette.

Within three months from the date of publication, any interested person will be able to challenge a trademark - to indicate to the Office, for example, on the presence of an already existing trademark of the same or confusingly similar; such objection is reviewed for about a year.

If the objection was not filed, and a trademark meets all the criteria for registration, then a trademark is registered after three months from the date of publication, appropriate registration certificate is issued.

The validity of the issued certificate is 10 years from the date of registration, which can be renewed an unlimited number of times for the next ten-year period. However, it is possible that the declared designation will be refused registration or it will not be registered for all declared classes, not for all goods/services, or individual elements will be disclosed (removed from protection). In this case, within 15 days from the date of receipt of the notification, an applicant may submit a grounded objection to the expert commission. If the Expert Commission's decision does not satisfy an applicant, he can appeal against its decision in the people's court within 30 days from the receipt of notification of the decision of the commission.

### **If your trademark is already registered**

You get the rights to allow someone to use it, or not to allow, or to prohibit or not prohibit the use. You can grant the right to use a trademark on the basis of a license agreement, contribute to the authorized capital, in other words you can use it as required by your commercial or other interests. To enhance protection and if you consider it possible that goods with your trademark shall cross the border of China (in any direction), you can record a trademark with the customs register, if it is illegally used inside China, you can address law enforcement agencies or the court. In general, the measures are very similar to those that can be applied in Kazakhstan.

From the goods on which your or a very similar trademark will be applied without your consent, you will need to remove this trademark, or, if this is not possible, destroy the goods itself. The infringer will also be required to pay court-ordered compensation, which is calculated based on the loss incurred.

If the amount of illegal income exceeds 50,000 yuan, the fine is up to five times that of the illegal income. When the illegal income is less than 50,000 yuan, or the amount of the illegal income is unknown, the fine may be set up to 250,000 yuan. Well, in the case of a positive decision of the court and punishment of the infringer and at the request of trademark owner, the court can also additionally oblige the infringer to make a public apology, for example, by publishing in a newspaper or in another way.

Summarizing the above, we draw attention to the fact that entering the markets of neighboring countries is becoming relevant and possible, the presence of goods from Kazakhstan on them is growing; however before starting work in this direction it is necessary:

check if your trademarks would infringe the rights of companies already operating there, and properly protect your rights.

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October, 2016