

**Multiple-Class Registrations and Fraud: New TTAB Precedent**

On January 29, 2009, the USPTO Trademark Trial and Appeal Board further clarified the fraud doctrine, holding that fraud committed as to one class in a multiple-class registration requires cancellation only as to that class, and not as to all classes of the registration.

G&W Laboratories, Inc. ("Labs") filed a section 2(d) opposition against G W Pharma Limited's ("Pharma") application for GW PHARMACEUTICALS & Design on the grounds of priority and likelihood of confusion, relying on two registrations, one for G&W in Classes 5 and 35 and the other for G&W & Design in Classes 5 and 35. Pharma thereafter filed counterclaims for cancellation of Labs' registrations in their entirety on the grounds of fraud, alleging that Labs never used either mark in connection with the services in Class 35.

After the counterclaims were filed, Labs proceeded to make its required filings under Section 8 for each registration requesting deletion of the Class 35 services in each registration, and thereafter filed motions to dismiss the counterclaims against Class 35 as moot and the counterclaims against Class 5 for failure to state a claim upon which relief may be granted. Pharma argued, however, that deletion of a class of goods or services procured through fraud during maintenance of the registration does not cure fraud, and that if fraud is proved as to Labs' registrations in Class 35, each registration must be cancelled in its entirety, relying on *Medinol Ltd. v. Neuro Vasx Inc.*, 67 USPQ2d 1205, 1208 (TTAB 2003):

*[D]eletion of the goods upon which the mark has not yet been used does not remedy an alleged fraud upon the Office. If fraud can be shown in the procurement of a reg-*

*istration, the entire resulting registration is void.*

While Labs admitted that it never used its marks on the Class 35 services, it argued that a claim of fraud directed towards one class of a multiple-class registration cannot render the entire registration void.

The Board denied Labs' motion to dismiss the Class 35 counterclaims, agreeing with Pharma that deletion of services through a Section 8 filing cannot cure fraud. The Board noted that a registrant's request to delete a class subject to a cancellation proceeding in a Section 8 affidavit is governed by Trademark Rule 2.134(a), which provides that a request for such deletion by a respondent in a cancellation proceeding without written consent from every adverse party to the proceeding results in judgment against the respondent. Because no written consent to the deletion of the Class 35 goods was sought or obtained from Pharma, judgment was entered against Labs.

The motions to dismiss the counterclaims as to Class 5, however, were granted. The Board pointed out that all of the cases finding fraud since *Medinol* involved invalidation of single-class applications or registrations, holding that "fraud as to any goods or services in a single class will lead to a finding that the application or registration is void in the class in which the fraud has been committed", but noted that they had not yet considered fraud in less than all the classes of a multiple-class registration. The Board likened multiple-class applications to a series of single-class applications because they still require a filing fee, date of use, and specimen for each class involved, and because the filer of a multiple-class application is essentially in no different position that if it filed several single-class applications. The Board therefore held that "each class of goods or services

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**Patent Application Filings in the Periods up to 2007 - US and China Show Favorable Trend**

It has been stated that the citizens of a country generally will not respect the intellectual property of others unless they themselves have intellectual property that may be misappropriated. No critical mass has been scientifically identified, that is, no specific number or percentage has been determined that would tip the general consensus from an IP-scoffing country to an IP-respecting country. Nevertheless, if mere numbers provide any guidance in the patent area, the number of patent applications being filed on an annualized basis may provide evidence of a trend.

The trend for US patent applications (including utility, plant and design applications) filed over the last twenty years shows a decided increase in US patent application filings by non-US applicants. In calendar year 1987, there were 127,917 applications filed, in 1997 there were 215,257; in 2002: 334,446; and in 2007, the last year for which USPTO statistics are complete, there were 456,154. Simultaneously, patents granted in the same years were in 1987: 82,917; in 1997: 111,984; in 2002: 167,331; and in 2007: 157,283. Of the granted patents, the following were granted to "foreign," that is, non-US, applicants: 1987: 41,587 (50.1%); 1997: 54,107 (48.4%); 2002: 80,360 (48.0%); and 2007: 89,008 (56.7%). Of these, patents granted to residents of China (including Hong Kong) are in 1997: 81; in 2002: 289; and in 2007: 772.

During a similar period, patent applications and grants by SIPO (State Intellectual Property Office of China) increased almost exponentially. Reported applications filed in the SIPO in 2007 are as follows: total applications filed: 694,153 of which 586,734 (72.3%) were filed by Chinese residents and 107,419 (27.7%) by foreign, non-Chinese

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in a multiple-class registration must be considered separately when reviewing the issue of fraud, and judgment on the ground of fraud as to one class does not in itself require cancellation of all classes in a registration.” The Board reasoned that any other holding would essentially provide an incentive to file single-class versus multiple-class applications.

The decision further clarifies the proper application of the fraud doctrine. While trademark owners must remain diligent in ensuring all information in an application is correct, it is now clear that they do not face a threat of losing trademark rights in an entire multiple-class registration based on errors in a single class.

**Patent Filings** *(continued from page 1)*

residents. In 2002 the same numbers are: total 252,631 of which 205,544 (81.4%) were filed by Chinese residents and 47,087 (18.6%) were filed by foreign, non-Chinese residents. Applications filed for the individual years prior to 2002 are not available, but cumulatively for the period 1996-2002 total numbers of applications filed are 1,100,057, of which 890,125 (80.9%) were filed by Chinese residents and 209,932 (19.14%) by foreign, non-Chinese residents. The trend is less pronounced when only “inventions” that is, utility patent applications, are taken into account, but even when so limited, utility applications for the same period are 2007: 27,232 total, of which 19,695 (72.3%) were by Chinese residents and 7,537 (27.7%) by non-Chinese residents; 2002: 80,232 of which 39,806 (49.6%) were by Chinese residents and 40,426 (50.4%) by non-Chinese residents; for the cumulative period 1996-2002: 330,020 total of which 148,696 (45.1%) were by Chinese residents and 181,324 (54.9%) by non-Chinese residents.

In terms of patents granted to Chinese residents in 2007, there are 301,632

(85.7%) out of a total of 351,782 and to foreign patentees 50,150 (14.3%); a sub-category, inventions (utility patents), 31,945 (47%) were granted to Chinese residents and 36,003 (53.0%) to foreign applicants. In 2002, total patents granted were 132,399 of which Chinese residents received 112,103 (84.7%) and non-Chinese residents received 20,296 (15.3%); the corresponding numbers for inventions are 5,868 (27.3%) for Chinese residents and 15,606 (72.7%) for non-Chinese residents. No corresponding figures for the individual years prior to 2002 are available, but cumulatively for the period 1985-2001 total numbers of granted patents are 770,932, of which 680,249 (88.2%) were granted to Chinese residents and 90,387 (11.8%) to foreign, non-Chinese residents.

The overall trends show that the total number of applications filed in China is rising almost exponentially. In a single year 2007, as many patent applications were filed, as the number of patents were granted during the 16-year period from 1985 to 2001. The numbers of patents granted to Chinese residents, both in the US and in China, also show a rising trend. Significantly, the percentage of inventions (utility patents) both filed and granted in the SIPO is increasing for Chinese residents. The increased interest in US and Chinese patents is a sign that both in the government and in industrial sectors, patents have become a valued property right. Perhaps with increased interest in such IP ownership, the corresponding rights of third parties are more likely to be recognized, since it is very hard for a party to request that its IP rights be respected when it fails respect the rights of others.