Commissioner of Patents and Trademarks
Patent and Trademark Office (P.T.O.)

RE: TRADEMARK REGISTRATION OF CHECKERS OF NORTH AMERICA, INC.
Registration No. 1,302,099
April 29, 1992
***1** Petition Filed: May 31, 1991

For: CHECKERS
Cancelled: July 23, 1991
Issued: October 23, 1984

Attorney for Petitioner

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On Petition

Checkers Drive-In Restaurants of North America, Inc. has petitioned the Commissioner to accept as timely filed its declaration under Section 8 of the Act for the above-captioned registration because, at the time the Section 8 declaration was due, the registration was involved in a cancellation proceeding which was subject to a bankruptcy stay. Trademark Rule 2.146(a)(3) provides appropriate authority for the requested review.

FACTS

The above registration issued on October 23, 1984. Pursuant to Section 8 of the Trademark Act, registrant was required to file an affidavit or declaration of continued use or excusable nonuse between the fifth and sixth year after the registration date, i.e., between October 23, 1989 and October 23, 1990.

On March 29, 1988, a petition to cancel the above registration was filed by Checkers Restaurant Group, Inc. (hereafter, "CRG") with the Trademark Trial and Appeal Board. The registrant, and petitioner herein, filed an answer and counterclaim for cancellation of CRG's registration. On February 16, 1990, the Trademark Trial and Appeal Board, in answer to CRG's motion, issued an order staying the cancellation proceeding pending disposition of a bankruptcy proceeding involving CRG, because CRG's registration was subject to a counterclaim.

By motion filed July 22, 1990, CRG requested resumption of the

cancellation proceeding against the registrant, noting that the counterclaim for cancellation of its own registration was subject to the bankruptcy stay. In a response filed July 30, 1990, the registrant opposed the motion, arguing that any resumption of the proceeding must be ordered by the bankruptcy court. On August 29, 1990, the Trademark Trial and Appeal Board denied CRG's motion because the interests of judicial economy would not be served by going forward with only CRG's cancellation. The Board also noted that the disposition of the bankruptcy proceeding could bear on CRG's cancellation.

The petitioner did not file a Section 8 affidavit or declaration between October 23, 1989 and October 23, 1990. On December 19, 1990, following a court order terminating bankruptcy proceedings, the registrant filed a motion with the Trademark Trial and Appeal Board to lift the stay, dismiss the cancellation proceeding, and accept the attached Section 8 declaration. [FN1] By order dated February 12, 1991, the Trademark Trial and Appeal Board dismissed the cancellation proceeding, and forwarded the file to the Post-Registration Section for appropriate action.

By letter dated April 2, 1991, the Post-Registration Affidavit-Renewal Examiner rejected the Section 8 declaration as untimely filed. This petition was filed on May 31, 1991. The registration was cancelled on July 23, 1991 for failure to comply with Section 8 of the Act.

ANALYSIS

***2** The petition seeks acceptance of the Section 8 declaration as timely filed. Because the petitioner has not shown that it is entitled to make such a filing, the petition is denied. Section 8 of the Act, 15 U.S.C. 1058, specifies that an affidavit of use or excusable nonuse is filed by "the registrant." Section 45, 15 U.S.C. 1127, states that the term "registrant" embraces "the legal representatives, predecessors, successors and assigns" of the registrant.

The petitioner, Checkers Drive-In Restaurants of North America, Inc., asserts that it is the owner, by December 6, 1985 assignment, of the above-captioned registration. The referenced assignment, the only assignment involving the registration recorded with the Patent and Trademark Office, assigned the registration from original registrant S & A Restaurant Corp. to Checkers of North America, Inc. Further, there is no other information in the registration file which confirms that Checkers Drive-In Restaurants of North America, Inc. owns the subject registration.

Even if Checkers Drive-In Restaurants of North America, Inc. shows that it is the owner of this registration, the petition would also be denied on the merits. The petitioner argues that the bankruptcy stay of the cancellation proceeding precluded the petitioner from filing a Section 8 declaration to maintain the service mark registration. In the alternative, the petitioner argues that its pleadings submitted as part of the cancellation proceeding meet the requirement for filing under Section 8.

A. The Stay of the Cancellation Proceeding

The registrant contends that, because the Trademark Trial and Appeal Board decided that the automatic stay provisions of the bankruptcy code applied to the cancellation proceeding involving the registrant and the debtor CRG, the registrant was barred from filing its Section 8 declaration. The registrant maintains that the Section 8 filing would constitute a continuation of the cancellation proceeding, or an act to exercise control over the property of the debtor, and thus was barred by the stay. This argument is rejected.

The bankruptcy provisions upon which the registrant relies read as follows:

> [A bankruptcy] petition ... operates as a stay, applicable to all entities, of (1) the commencement or continuation ... of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title ... (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate ...

11 U.S.C. Section 362(a).

In its order holding that the bankruptcy stay was applicable to the cancellation proceeding, the Trademark Trial and Appeal Board specifically noted that the automatic stay provisions apply "[w]hen the debtor is the registrant and its trademark registration is the subject of a cancellation proceeding". The Trademark Trial and Appeal Board went on to hold that the automatic stay provision was applicable in this case "since [debtor CRG's] registration is the subject of a counterclaim".

***3** When CRG moved to resume proceedings against the registrant on the ground that the bankruptcy stay only precluded claims asserted against the debtor, the Trademark Trial and Appeal Board did not dispute the point. Rather, the Trademark Trial and Appeal Board denied the motion because it would not serve the interests of judicial economy to go forward with only one cancellation, and because the disposition of the bankruptcy proceeding could bear on CRG's attempt to cancel registrant's registration.

The plain import of the automatic stay law, consistent with the treatment accorded it by the Trademark Trial and Appeal Board, is to protect the debtor from proceedings and claims against its property. Whether the registrant maintained its own property with a Section 8 filing, or let the registration be cancelled for the failure to so file, is not dictated by the automatic stay provisions. Neither filing nor failing to file would continue the cancellation proceeding in violation of the stay.

Nothing in the Trademark Law or the Trademark Rules supports the registrant's argument that a Section 8 filing "is an integral part of a cancellation proceeding". To the contrary, the Trademark Rules contemplate independent and contemporaneous Section 8 filings and cancellation proceedings involving the same registration.

Trademark Rule 2.134(b), 37 C.F.R. 2.134(b), provides, in pertinent

part:

> After the commencement of a cancellation proceeding, if it comes to the attention of the Trademark Trial and Appeal Board that the respondent has permitted his involved registration to be cancelled under section 8 ... an order may be issued allowing respondent until a set time, not less than fifteen days, in which to show cause why such cancellation ... should not result in entry of judgment against respondent ...

Clearly, the rule does not require a registrant to file a Section 8 declaration in order to preserve the cancellation petitioner's ability to have the registration cancelled. Rather, the rule simply notes that the petitioner for cancellation will not be deprived of a judgment in its favor by a respondent who lets his registration lapse during a cancellation proceeding.

With regard to CRG's cancellation, the registrant's filing under Section 8 would have maintained its registration, possibly for cancellation by CRG when the proceeding resumed. Failing to file would have resulted in entry of judgment for CRG when the cancellation proceeding resumed. In neither case would the registrant's action continue or advance the cancellation proceeding under the stay.

With regard to registrant's counterclaim for cancellation, the registration, and thus the Section 8 filing to maintain it, was unnecessary. As set forth in Section 14 of the Lanham Act, 15 U.S.C. 1064, a petition to cancel a registration may be filed "by any person who believes that he is or will be damaged by the registration of the mark". Ownership of a registration is not a prerequisite to filing or litigating a petition for cancellation of another registration. Thus, whether the registrant choseto maintain its registration by filing the Section 8 declaration was irrelevant to its ability to preserve its counterclaim against the debtor CRG.

***4** With the finding that a Section 8 filing is independent of a cancellation proceeding involving the same registration, and thus unaffected by a bankruptcy stay of the cancellation proceeding, the registrant's other contentions may be addressed summarily. The registrant provides no legal or evidentiary support for its argument that filing under Section 8 would result in an impermissible change in the cancellation proceeding record. Rather than change, the Section 8 filing would preserve the record because the registration would maintain the same status it possessed when the stay was instituted.

The applicant's argument that the bankruptcy stay of the cancellation proceeding tolled its time for filing its Section 8 declaration lacks a basis in the law. In each case cited by the registrant, it was held that the filing of the notice of opposition before the opposer's registration became incontestable tolled the time in which the applicant could counterclaim for cancellation of the opposer's registration. Humble Oil & Refining Co. v. Sekisui Chemical Co., 165 USPQ 597, 598 n. 1 (TTAB 1970); The Williamson-Dickie Mfg. Co. v. Mann Overall Co., Inc., 149 USPQ 518, 521-522 (CCPA 1966); Sunbeam Corp. v. Duro Metal Products Co., 106 USPQ 385, 386 (Comm'r of Patents 1955). "[S]ince opposer relied upon its registration and asserted rights in its mark as evidenced by its registration before expiration of the five year period, applicant should not be precluded from challenging those rights, irrespective of expiration of the five year period during the

pendency of the action." Sunbeam Corp., at 386. This line of cases has no relevance here, where the registrant simply failed to maintain its registration by filing its Section 8 declaration.

The registrant's contention that Section 108 of the Bankruptcy Code, 11 U.S.C. 108, extended its time for filing a Section 8 affidavit also must be dismissed. As the registrant concedes in its petition, Section 108 gives a claimant an extension of time in which to take actions prevented by the automatic bankruptcy stay. Because the registrant was never prevented by the stay from filing its Section 8 declaration, the extension of time is inapplicable.

B. The Registrant's Other Filings

The registrant's alternate argument, that its pleadings filed in the cancellation proceeding satisfy the requirements of Section 8, is without merit. Section 8 of the Trademark Act, 15 U.S.C. § 1058, states, in part:

> The registration of any mark under the provisions of this Act shall be cancelled by the Commissioner at the end of 6 years following its date, unless within 1 year next preceding the expiration of such 6 years the registrant shall file in the Patent and Trademark Office an affidavit showing that said mark is in use in commerce or showing that its nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark....

***5** The only document filed by the registrant between the fifth and sixth year following issuance of the registration was the registrant's July 30, 1990 response to CRG's motion to resume the cancellation proceeding. This document was not an affidavit or declaration, was not filed by the registrant but by its attorney, and made no mention of use of the mark in commerce.

No analysis of the registrant's other pleadings is necessary because none were filed in the period mandated by statute. [FN2] Trademark Rules 2.146(a)(5) and 2.148 permit the Commissioner to waive any requirement of the rules, not being a requirement of the statute, in an extraordinary circumstance, when justice requires and no other party is injured. However, the requirement to file an affidavit of use in commerce between the fifth and sixth year following issuance of a registration is statutory and the Commissioner has no authority to waive it. In re Kruysman, Inc., 199 USPQ 110 (Comm'r Pats.1977); Ex parte Radio Corporation of America, 114 USPQ 403 (Comm'r Pats.1957).

CONCLUSION

The petition is denied because petitioner is not the owner of this registration and because a Section 8 affidavit, necessary to maintain the registration, was not timely filed; was not subject to a stay which precluded the filing; and those papers which were filed by the applicant during the relevant time period fell far short of the requirements of Section 8. The registration will remain cancelled.

FN1. In this document, the attorney for registrant Checkers of North America, Inc. began identifying the registrant as Checkers Drive-In Restaurants of North America, Inc. As noted below, record ownership of the registration remains with Checkers of North America, Inc. However, to avoid confusion, references hereinafter to the registrant designate Checkers Drive-In Restaurant of North America, Inc., which assumed the registrant's position in these proceedings.

FN2. By its "other pleadings", the registrant apparently refers to its answer and counterclaim filed October 15, 1988. For consideration as a Section 8 declaration, a document must have been filed between October 23, 1989 and October 23, 1990.

23 U.S.P.Q.2d 1451

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