

This Opinion is Not a  
Precedent of the TTAB

Mailed: February 4, 2020

UNITED STATES PATENT AND TRADEMARK OFFICE

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Trademark Trial and Appeal Board

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*Great Treats, Inc.*  
*v.*  
*Bigger Than Bill, Inc. DBA Mullen's Dairy*

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Opposition No. 91231322

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Jane C. Schlicht of Hinshaw & Culbertson, LLP for Great Treats, Inc.

Daniel E. Kattman and Heidi R. Thole of Reinhart Boerner Van Deuren s.c.  
for Bigger Than Bill, Inc. DBA Mullen's Dairy

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Before Taylor, Lynch, and Larkin, Administrative Trademark Judges.

Opinion by Lynch, Administrative Trademark Judge:

Bigger Than Bill, Inc. DBA Mullen's Dairy ("Applicant") seeks registration on the  
Principal Register of MULLEN'S DAIRY in standard characters<sup>1</sup> for:

Retail store services featuring ice cream for consumption  
off the premises in International Class 35; and

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<sup>1</sup> Application Serial No. 86745463 was filed on September 2, 2015 based on alleged use of the mark in commerce under Trademark Act Section 1(a), 15 U.S.C. § 1051(a).

Dairy bar services in International Class 43.

By its Amended Notice of Opposition,<sup>2</sup> Great Treats, Inc. (“Opposer”) opposes registration of the mark on the grounds of fraud, non-ownership, lack of use in commerce to support the use-based application, and likelihood of confusion with MULLEN’S DAIRY and similar marks in which Opposer claims common law rights.

Applicant has denied most of Opposer’s allegations underlying the claims, and in its Answer alleged various affirmative defenses.<sup>3</sup> However, with the exception of abandonment through nonuse and through naked licensing, Applicant did not pursue the asserted defenses or argue them in its Brief. Accordingly, we deem those asserted defenses waived. *See Harry Winston, Inc. v. Bruce Winston Gem Corp.*, 111 USPQ2d 1419, 1422-23 n.7 (TTAB 2014); *Alcatraz Media v. Chesapeake Marine Tours Inc.*, 107 USPQ2d 1750, 1753 n.6 (TTAB 2013), *aff’d mem.*, 565 Fed. Appx. 900 (Fed. Cir. 2014).

The opposition is fully briefed. We sustain the opposition on the non-ownership claim and therefore do not reach the other grounds. *See Multisorb Techs., Inc. v. Pactiv Corp.*, 109 USPQ2d 1170, 1171 (TTAB 2013) (“[T]he Board’s determination of registrability does not require, in every instance, decision on every pleaded claim”).

## I. Standing

Opposer must prove standing by showing a real interest in the outcome of the proceeding and a reasonable basis for believing that it would suffer damage if the mark is registered. *See* 15 U.S.C. § 1063; *Empresa Cubana Del Tabaco v. Gen. Cigar*

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<sup>2</sup> 32 TTABVUE.

<sup>3</sup> 40 TTABVUE.

Co., 753 F.3d 1270, 111 USPQ2d 1058, 1062 (Fed. Cir. 2014) (citing *Ritchie v. Simpson*, 170 F.3d 1902, 50 USPQ2d 1023, 1025-26 (Fed. Cir. 1999)).

Applicant has not contested Opposer's standing. Opposer claims common law rights in MULLEN'S, MULLEN'S DAIRY, MULLEN'S DAIRY BAR & EATERY, MULLEN'S DAIRY BAR, and MULLEN'S ICE CREAM. As detailed below, Opposer acquired the trade name MULLEN'S as part of the purchase of the MULLEN'S DAIRY business from its original owner, the Mullen family. A plaintiff may show standing based on common law rights. *Otto Roth & Co. v. Universal Foods Corp.*, 640 F.2d 1317, 209 USPQ 40, 44 (CCPA 1981). Based on these rights, Opposer licensed Kandyman Can, Inc. ("Kandyman") to use the MULLEN'S DAIRY and similar marks in connection with services similar to those identified in the application. Kandyman currently is a competitor in the ice cream and dairy bar industries,<sup>4</sup> which is sufficient to establish Opposer's standing for its likelihood of confusion claim as Kandyman's licensor. *See Books on Tape, Inc. v. Booktape Corp.*, 836 F.2d 519, 5 USPQ2d 1301, 1302 (Fed. Cir. 1987) (competitor has standing to challenge registration); *see also Compuclean Mktg. and Design v. Berkshire Prods. Inc.*, 1 USPQ2d 1323, 1325 (TTAB 1986) (owner and licensor of a mark establishes the commercial nexus for standing in a Board proceeding). "[I]f an opposer can show standing as to one ground, it has the right to assert any other ground as well." *Enbridge Inc. v. Excelerate Energy LP*, 92 USPQ2d 1537, 1543 n.10 (TTAB 2009)

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<sup>4</sup> 42 TTABVUE 19-20, 76-82.

## II. Factual Background

In 1932, the Mullen family established MULLEN'S DAIRY in Watertown, Wisconsin, originally as a milk-bottling operation. Since 1933, the business has operated from a building at 212 West Main Street in Watertown.<sup>5</sup> The business discontinued milk-bottling in 1979, but already had expanded to include selling ice cream and other dairy products both on and off the premises. At that time, the dairy business further expanded to include other food items such as sandwiches and soup on the premises.<sup>6</sup>

In 1997, Opposer purchased assets of the MULLEN'S DAIRY business from the Mullen family, including the "Goodwill" and the "trade name MULLEN'S."<sup>7</sup> Opposer, solely owned by Ronald and Gloria Luepke,<sup>8</sup> operated the business until 2005, using the marks MULLEN'S, MULLEN'S DAIRY, and MULLEN'S DAIRY BAR.<sup>9</sup> The business was an old-fashioned ice cream shop whose reputation in the community derived from its long history, including its historic location at 212 West Main Street.<sup>10</sup>

In 2005, Troy and Shannon Milbrath, who were then and are now the sole owners of Applicant, purchased certain assets of the MULLEN'S DAIRY business from

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<sup>5</sup> 42 TTABVUE 102.

<sup>6</sup> 42 TTABVUE 103.

<sup>7</sup> 42 TTABVUE 5-6, 22-24, 83.

<sup>8</sup> 42 TTABVUE 5, 83.

<sup>9</sup> 42 TTABVUE 7, 84. Opposer also submitted testimony that it owns Wisconsin state trademark registrations for MULLEN'S, MULLEN'S DAIRY BAR, MULLEN'S ICE CREAM, and MULLEN'S DAIRY BAR & EATERY, although copies of those state registrations are not in the record. 42 TTABVUE 8, 84.

<sup>10</sup> See, e.g., 42 TTABVUE 25, 28, 31, 33, 35.

Opposer. Troy Milbrath previously had worked at Mullen’s Dairy from 1987 to 1992. In a written expression of his “intentions,” Mr. Milbrath conveyed to Opposer that he missed his prior work at Mullen’s Dairy, planned to continue the business as “family owned and operated,” and would “grow the business without sacrificing quality.”<sup>11</sup> Using a form titled “WB-17 Offer to Purchase – Business Without Real Estate,”<sup>12</sup> the parties entered into a written agreement on the purchase and the \$500,000 price, allocating the purchase price as consisting of the value of “Goodwill” and the value of “Business personal property.”<sup>13</sup> In the same agreement, the Milbraths acknowledged receipt of Opposer’s balance sheets for the years 2000 through 2005, copies of which from 2004 and 2005 identify the “Business Name” and “Goodwill” as separate assets, with different values.<sup>14</sup>

The Milbraths encountered funding problems just before closing that prevented them from meeting the terms of the WB-17 Offer to Purchase.<sup>15</sup> So, the parties renegotiated the terms and executed “WB-40 Amendment to Offer to Purchase” to modify the financing contingency and allow for an “SBA Guaranteed Loan” of no less than \$300,000 and a \$150,000 promissory note from the Milbraths to Opposer.<sup>16</sup> The

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<sup>11</sup> 42 TTABVUE 54.

<sup>12</sup> 42 TTABVUE 48-52.

<sup>13</sup> 42 TTABVUE 50.

<sup>14</sup> 42 TTABVUE 46-47.

<sup>15</sup> 42 TTABVUE 11.

<sup>16</sup> 42 TTABVUE 11, 54. The promissory note later was discharged in the Milbraths’ personal bankruptcy in 2010, and Opposer never received this portion of the purchase price. 44 TTABVUE 29.

parties also executed “Addendum A,” drafted by the Milbraths’ lawyer,<sup>17</sup> in which the parties agreed:

After Closing, [Opposer] shall retain the exclusive ownership of the name, “Mullen’s Dairy Bar;” provided, however [Opposer] shall grant [the Milbraths] as a part of the purchase price the exclusive and unrestricted right to use the name “Mullen’s Dairy Bar” for as long as [the Milbraths are] not in default under the terms of the license agreement, this Offer to Purchase, or any other document arising out of and by virtue of this Offer to Purchase.<sup>18</sup>

Addendum A also provides that Ronald Luepke shall lease the property at 212 West Main Street to the Milbraths for a term of at least five years.<sup>19</sup> They entered into the lease agreement.<sup>20</sup>

The parties dispute what, if any, quality control Opposer exercised as licensor of the mark. Opposer contends that Mr. and Mrs. Luepke “periodically monitored” business operations.<sup>21</sup> The Luepkes’ declaration testimony recounts a variety of ways they monitored quality.<sup>22</sup> Mr. Luepke testified in his deposition that he “patronized the store occasionally, every five, six months, sometimes longer.”<sup>23</sup> Mr. Luepke explained the purpose of these visits as, “I was trying to protect my name, the name Mullen’s Dairy, and my building that I owned.”<sup>24</sup> He also informed the Milbraths of

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<sup>17</sup> 42 TTABVUE 11, 42-43.

<sup>18</sup> 42 TTABVUE 55-56.

<sup>19</sup> 42 TTABVUE 55.

<sup>20</sup> 44 TTABVUE 48-51.

<sup>21</sup> 48 TTABVUE 18.

<sup>22</sup> 42 TTABVUE 13-14.

<sup>23</sup> 45 TTABVUE 71.

<sup>24</sup> 45 TTABVUE 74.

customer complaints about the quality of ice cream, customer service, and the cleanliness or appearance of the business.<sup>25</sup> Opposer asserts that the Luepkes told Mr. Milbrath to correct the issues underlying the complaints and followed up to make sure they “were properly addressed.”<sup>26</sup> Mr. Luepke helped maintain the exterior of 212 West Main Street to “keep the image associated with the Trademark proper.”<sup>27</sup> Mr. Luepke testified that in or around 2012, Mr. Milbrath acknowledged the existence of the license when he asked about his introduction of a new brand of ice cream, indicating that “it was his ‘insurance’ in case he was evicted from the building and the Trademark License for the MULLEN’S DAIRY BAR Trademark was terminated.”<sup>28</sup>

Mr. Milbrath conceded that Mr. Luepke conveyed customer complaints “on several occasions,” but claims that Mr. Luepke did not follow up on them.<sup>29</sup> Mr. Milbrath testified that Opposer, through the Luepkes, required him to “pull weeds” and pay bills that Mr. Milbrath characterizes as related to the lease of the property.<sup>30</sup> The Milbraths state that Opposer and the Luepkes were not involved in and did not keep abreast of cleaning and maintenance at the business, and were not consulted when the restaurant made changes in the menu, ingredients, and suppliers.<sup>31</sup>

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<sup>25</sup> 42 TTABVUE 86.

<sup>26</sup> 42 TTABVUE 86.

<sup>27</sup> 42 TTABVUE 14.

<sup>28</sup> 42 TTABVUE 16.

<sup>29</sup> 44 TTABVUE 28.

<sup>30</sup> 44 TTABVUE 28.

<sup>31</sup> 44 TTABVUE 164-67.

Mr. Luepke acknowledged his gradually declining confidence in the quality of the ice cream from 2007 to 2016.<sup>32</sup> Mr. Luepke viewed Mr. Milbrath as somewhat unreceptive to his input about the business, first in that he “did not take advantage of the four weeks of consultation” with Mr. Luepke that was provided under the contract,<sup>33</sup> and later regarding how to improve the quality of the ice cream.<sup>34</sup> Mr. Luepke testified that he learned of the Milbraths’ losing a commercial ice cream customer due to quality issues with the ice cream, but that he did not address the incident with the Milbraths because he believed the loss of the customer spoke for itself and he did not need to tell the Milbraths what it signified.<sup>35</sup>

In 2015 or 2016, Mr. Luepke checked the health department records to determine whether the Mullen’s Dairy business passed its inspection, which it had not.<sup>36</sup> He had not checked the records previously.<sup>37</sup>

In December 2009, the Milbraths incorporated Applicant Bigger Than Bill, and they were the only owners.<sup>38</sup> In January 2010, the Milbraths filed for Chapter 7 bankruptcy.<sup>39</sup> Opposer did not transfer any rights in the MULLEN’S DAIRY mark or similar marks to Applicant, or receive notice of any such attempted transfer by the

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<sup>32</sup> 45 TTABVUE 83.

<sup>33</sup> 45 TTABVUE 48-50.

<sup>34</sup> 45 TTABVUE 82.

<sup>35</sup> 45 TTABVUE 78-79.

<sup>36</sup> 45 TTABVUE 52-53.

<sup>37</sup> 45 TTABVUE 53.

<sup>38</sup> 44 TTABVUE 29-30, 167.

<sup>39</sup> 44 TTABVUE 29, 55-104.



Milbraths, nor did Opposer grant Applicant a license.<sup>40</sup> In their bankruptcy proceeding, the Milbraths represented that “Troy and Shannon Milbrath owned the assets of Mullen’s Dairy.”<sup>41</sup> The \$150,000 promissory note and interest owed to Opposer were discharged as part of the bankruptcy.<sup>42</sup> In identifying their assets in the bankruptcy proceeding, the Milbraths indicated that they owned no intellectual property and that Applicant had no assets.<sup>43</sup> The Milbraths made a Statement of Intention in their bankruptcy proceeding to assume the “Lease of two-story building known as the Mullen’s Dairy Bar.”<sup>44</sup> In a deposition in the bankruptcy, Mr. Milbrath stated that he formed another corporation, AJE, Inc., whose purpose was “to be operating the Mullen’s Dairy Bar business.”<sup>45</sup>

In 2011, Ronald Luepke renewed the Milbraths’ lease on the 212 West Main Street property for an additional five-year term.<sup>46</sup> In October 2014, Todd and Carrie Narkis became part owners of Applicant.<sup>47</sup> In September 2015, Applicant filed the subject application to register the MULLEN’S DAIRY mark, initially claiming dates of first use of February 8, 1932, but subsequently amending the dates to 2010.<sup>48</sup>

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<sup>40</sup> 42 TTABVUE 14-15, 87.

<sup>41</sup> 25 TTABVUE 15.

<sup>42</sup> 42 TTABVUE 14; 44 TTABVUE 29, 167.

<sup>43</sup> 44 TTABVUE 213.

<sup>44</sup> 44 TTABVUE 99.

<sup>45</sup> 44 TTABVUE 117.

<sup>46</sup> 42 TTABVUE 15, 59.

<sup>47</sup> 41 TTABVUE 391; 44 TTABVUE 30, 167.

<sup>48</sup> 40 TTABVUE 10-12.

In July 2016, the lease expired, and because the Milbraths were in default on their payments, the lease was not renewed.<sup>49</sup> A July 25, 2016 letter sent by email from the Milbraths' lawyer to the Luepkes' lawyer states that "the Milbraths are the lawful owners of the [MULLEN'S DAIRY BAR] Trademark" and refers to "the Milbraths' ownership of the Trademark."<sup>50</sup> The letter goes on to assert that "the Milbraths intend to continue their use of the Trademark in connection with their business at a new location."<sup>51</sup> Thereafter, during the summer of 2016, Opposer informed the Milbraths that the license in Addendum A was terminated, and confirmed this in writing in August 2016.<sup>52</sup> The August 1, 2016 letter counters the Milbraths' assertions that they own the mark, and points to the default under the lease as a ground to terminate the license.<sup>53</sup>

The Milbraths did not vacate the property at the end of the lease term, and Mr. Luepke commenced eviction proceedings.<sup>54</sup> The Milbraths eventually vacated the leased property on October 15, 2016, leaving the interior of the building damaged.<sup>55</sup> In the September 9-11, 2016 edition of the Watertown Daily Times newspaper, the

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<sup>49</sup> 42 TTABVUE 16, 88.

<sup>50</sup> 47 TTABVUE 20-21. The letter also states, however, that "Because the Milbraths have used the Trademark continuously and exclusively, their business has acquired sole and exclusive ownership to the Trademark." *Id.* at 20.

<sup>51</sup> 47 TTABVUE 21.

<sup>52</sup> 42 TTABVUE 16, 69-70.

<sup>53</sup> 42 TTABVUE 69.

<sup>54</sup> 42 TTABVUE 89.

<sup>55</sup> 42 TTABVUE 17, 89, 118; 41 TTABVUE 393-94; 44 TTABVUE 167.

Milbraths ran an advertisement including the language: “Troy & Shannon Milbrath, owners Mullen's Dairy®.”<sup>56</sup>

In September 2016, Mr. and Mrs. Narkis terminated their ownership interest in Applicant after discovering that Troy Milbrath had forged their names on loan and credit card applications and incurred personal debt on the resulting credit cards.<sup>57</sup>

Mr. and Mrs. Narkis pressed criminal charges and in 2017, Troy Milbrath entered a plea of no contest to one felony charge, resulting in a prohibition against him operating a business, being self-employed, or entering into any business relationship until 2020.<sup>58</sup>

In 2016, Opposer had discussions with potential business associates about reestablishing operation of the MULLEN'S DAIRY business at 212 West Main Street, and discussions with event organizers where ice cream might be sold.<sup>59</sup> In October 2016, Opposer reacquired much of the personal property associated with the MULLEN'S DAIRY business, as it was sold at auction for the Milbraths' unpaid debts.<sup>60</sup> In December 2016, Kandyman purchased the reacquired assets to operate the MULLEN'S DAIRY business.<sup>61</sup> The marks MULLEN'S DAIRY, MULLEN'S, MULLEN'S DAIRY BAR, MULLEN'S DAIRY BAR EATERY, and MULLEN'S ICE

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<sup>56</sup> 40 TTABVUE 8; 41 TTABVUE 38-42.

<sup>57</sup> 42 TTABVUE 150-51.

<sup>58</sup> 40 TTABVUE 8-9; 42 TTABVUE 151-59.

<sup>59</sup> 42 TTABVUE 19, 91, 113.

<sup>60</sup> 42 TTABVUE 17-18, 89.

<sup>61</sup> 42 TTABVUE 19.

CREAM were addressed in the purchase agreement, and Opposer and Kandyman entered into a separate license agreement.<sup>62</sup> The agreement specified that: (1) Opposer retained the marks; (2) Opposer licensed them to Kandyman; and (3) Opposer would transfer them at a future unspecified date after it received all payments due from Kandyman.<sup>63</sup> The Mullen's Dairy business reopened in May 2017, and the Luepkes worked for several months to assist Kandyman at the business.<sup>64</sup> Kandyman purchased the property at 212 West Main Street in 2018.<sup>65</sup>

### III. Non-Ownership

“One must be the owner of a mark before it can be registered.” *Huang v. Tzu Wei Chen Food Co.*, 849 F.2d 1458, 7 USPQ2d 1335, 1336 (Fed. Cir. 1988) (quoting *Holiday Inn v. Holiday Inns, Inc.*, 534 F.2d 312, 189 USPQ 630, 635 n.6 (CCPA 1976)); see also Trademark Act Section 1(a), 15 U.S.C. § 1051(a) (“[t]he owner of a trademark used in commerce” may apply for its registration). “[A]n application filed by one who is not the owner of the mark sought to be registered is a void application.” *Hollywood Casino LLC v. Chateau Celeste, Inc.*, 116 USPQ2d 1988, 1992 (TTAB 2015) (quoting *In re Tong Yang Cement Corp.*, 19 USPQ2d 1689, 1690 (TTAB 1991)). The owner of a mark is the entity that controls the nature and quality of the goods or services sold under the mark. See generally *Noble House Home Furnishings, LLC v. Floorco Enters., LLC*, 118 USPQ2d 1413, 1421 (TTAB 2016).

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<sup>62</sup> 42 TTABVUE 76-82.

<sup>63</sup> 42 TTABVUE 19-20, 76-82.

<sup>64</sup> 42 TTABVUE 91.

<sup>65</sup> 42 TTABVUE 117.

Opposer argues that it owns the MULLEN'S DAIRY mark, and licensed it to the Milbraths from 2005 to 2016, and that Applicant, which at the time was jointly owned by the Milbraths and the Narkises, submitted the application during the licensed timeframe.<sup>66</sup>

Applicant argues that it "is not claiming any trademark rights arising from Milbrath's use of the trademark prior to bankruptcy."<sup>67</sup> According to Applicant, because it amended its claimed date of first use to "after the sixty-day period in which the trustee of the Milbrath's bankrupt estate was required to reaffirm any purported trademark license,"<sup>68</sup> its ownership "arose from Applicant's use of the trademark on its own beginning in 2010."<sup>69</sup>

Applicant also argues that Opposer abandoned the mark either when it sold the business or thereafter when its license of the mark ended. Underlying this claim of abandonment are challenges to the license from Opposer to the Milbraths on three different grounds: (1) the license provision in Addendum A was invalid because it separated the mark from its underlying goodwill; (2) if Addendum A was a valid license, it was "terminated as a matter of law" in the Milbraths' bankruptcy; and (3) if Addendum A was valid and survived bankruptcy, Opposer's lack of quality control rendered it a naked license.

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<sup>66</sup> 42 TTABVUE 146-47.

<sup>67</sup> 49 TTABVUE 38.

<sup>68</sup> 49 TTABVUE 39.

<sup>69</sup> *Id.*

### A. The Validity of Addendum A

Applicant essentially argues that the purchase agreement was a variation of an invalid assignment in gross, wherein a mark is transferred without the goodwill it represents. *See Visa, U.S.A., Inc. v. Birmingham Trust Nat'l Bank*, 696 F.2d 1371, 216 USPQ 649, 652 (Fed. Cir. 1982). In this case, Applicant contends that regardless of the provisions of Addendum A, ownership of the mark necessarily transferred to the Milbraths with their purchase of certain assets of the Mullen's Dairy business. According to Applicant, Opposer improperly attempted to retain ownership of MULLEN'S DAIRY and similar marks without retaining any of their associated goodwill, all of which Applicant alleges was transferred in the sale of assets to the Milbraths.

We disagree. The mark need not necessarily transfer with associated "physical or tangible assets. All that is necessary is that [the mark remain with] the goodwill to which the mark pertains." *Id.*

Addendum A unambiguously provides that after the sale of certain business assets from Opposer to the Milbraths, Opposer would retain "exclusive ownership" of the mark, but would license it to the Milbraths as long as they avoided default under any of the agreements arising out of the sale.<sup>70</sup> *See Ash Park, LLC v. Alexander & Bishop, Ltd.*, 866 N.W.2d 679, 685 (S.Ct. Wis. 2015) ("When the terms of a contract are clear and unambiguous, we construe the contract's language according to its literal

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<sup>70</sup> 42 TTABVUE 55-56. Because the parties entered into the contract in Wisconsin, and the contract contains several references to Wisconsin law (e.g., 42 TTABVUE 49, 51, 52), we apply Wisconsin law in interpreting the contract. Applicant has not argued otherwise.

meaning.”). Addendum A resulted from a renegotiation of the terms of the sale because the Milbraths could not satisfy the funding terms of the original WB-17 Offer to Purchase.<sup>71</sup> The documents associated with the Milbraths’ asset purchase reflect that the assets transferred in the sale did not include the MULLEN’S DAIRY mark and its associated goodwill, which the parties expressly agreed to exclude from the sale of assets. For example, Opposer’s Balance Sheet provided to the Milbraths lists the “Business Name” as a separately valued asset.<sup>72</sup> Opposer’s April 23, 2006 Board of Directors meeting minutes state that the \$150,000 promissory note executed at the closing would “be for goodwill, non-compete, and the **use** of the business name, Mullen’s Dairy Bar.”<sup>73</sup> (emphasis added). The Milbraths received a copy of these meeting minutes.<sup>74</sup>

Although the license agreement embedded in Addendum A is quite brief and lacks quality control provisions, we deem it sufficient to be valid and enforceable. Even assuming, *arguendo*, that the purchase agreement that includes Addendum A contained an ambiguity, we find that extrinsic evidence of the parties’ intent, and the fact that the Milbraths’ attorney drafted Addendum A, both support considering it a valid license. *Id.* (“When the terms of a contract are ambiguous, however, evidence extrinsic to the contract itself may be used to determine the parties’ intent, and any remaining ambiguities will be construed against the drafter”).

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<sup>71</sup> 42 TTABVUE 11.

<sup>72</sup> 42 TTABVUE 57.

<sup>73</sup> 42 TTABVUE 58.

<sup>74</sup> 42 TTABVUE 13.

The Luepkes testified credibly about their understanding that the license provision in Addendum A ensured their ongoing ownership of the mark.<sup>75</sup> Mr. Luepke's declaration states:

51. Subsequently, the Milbraths were unable to fund the \$500,000 for the purchase price, so they submitted an Amendment to the Offer to Purchase to us.

52. Attached hereto as Exhibit 19 and incorporated by this reference is a true and correct copy of the Amended Offer to Purchase.

53. Under the Amended Offer, the Milbraths were to deliver \$300,000 at closing and \$150,000 in a promissory note.

54. Because the Milbraths would owe money to Great Treats under the promissory note, Great Treats was only willing to accept the Amended Offer if the rights to the Trademark were licensed to the Milbraths and Great Treats retained ownership of all of the Trademarks.

55. The Addendum A was drafted to include a Trademark license allowing the Milbraths to use the MULLEN'S DAIRY BAR Trademark.

56. Attached hereto as Exhibit 20 and incorporated by this reference is a true and correct copy of the Addendum A, which is part of the purchase documents.

57. The lawyer for the Milbraths, George Neuberger, drafted Addendum A.

58. The Addendum A at paragraph 7 includes the Trademark License to use the MULLEN'S DAIRY BAR Trademark.

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<sup>75</sup> 42 TTABVUE 11-12, 85-86.



59. I assumed the language that Attorney Neuberger included at Par. 7 of Addendum A was a legally sufficient trademark license.<sup>76</sup>

The evidence shows that because of the change in the financial terms of sale, which became less advantageous for Opposer, the parties intended that the assets transferred in the sale did not include the mark and its underlying goodwill. As noted above, the MULLEN'S DAIRY BAR mark was separately valued as an asset. This evidence of intent supports the validity of the license.

We are not swayed by the unconvincing testimony of Mr. Milbrath that he did not review Addendum A "in detail," did not understand it, and believed the Milbraths would own the mark.<sup>77</sup> Mr. Milbrath's deposition testimony from his bankruptcy proceeding suggests that he rather conveniently fails to take responsibility for his signature on legal documents when he considers it expedient to do so.<sup>78</sup> His criminal conviction also casts doubt on his credibility. *See* Fed. R. Evid. 609(a)(2). The WB-17 Offer to Purchase even includes a Note to "Consult appropriate advisors for tax, license or other questions,"<sup>79</sup> and we find that the Milbraths were aware of and understood the terms of Addendum A when they signed.

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<sup>76</sup> 42 TTABVUE 11.

<sup>77</sup> 44 TTABVUE 25.

<sup>78</sup> 44 TTABVUE 116. He testified about another company he owned, AJE, Inc. receiving a \$300,000 loan from Town & Country Bank secured by the assets of the Mullen's Dairy Bar business as collateral. However, AJE, Inc. did not really own those assets, as Mr. Milbrath testified in his bankruptcy deposition that the Mullen's Dairy Bar assets actually belonged to the Milbraths personally. Despite Mr. Milbrath's acknowledging that he signed the papers associated with the loan and security interest, he repeatedly testified that he "wasn't aware of what any of that meant," and did not "know if I was aware or not aware" of the meaning of the terms. 44 TTABVUE 116-28.

<sup>79</sup> 42 TTABVUE 50.

The record also reflects that the Milbraths' lawyer prepared Addendum A.<sup>80</sup> Thus, we construe any ambiguity in the terms of Addendum A against the Milbraths and in favor of Opposer, further supporting the validity of the license in Addendum A. *See Ash Park*, 866 N.W.2d at 685.

### **B. Addendum A Survived the Milbraths' Bankruptcy**

Applicant's next argument is that even if Addendum A was a valid license, the Milbraths' Chapter 7 bankruptcy proceeding resulted in the mark "becoming 'up-for-grabs'".<sup>81</sup> Specifically, Applicant contends that the license, which the Milbraths did not explicitly identify in the bankruptcy proceeding, was terminated as a matter of law in the proceeding. According to Applicant's theory, the bankruptcy therefore resulted in the windfall that the mark became available for Applicant (wholly owned by the Milbraths, who formed it a month before filing for bankruptcy) to begin using and establish ownership of.

Section 365(a) of the Bankruptcy Code provides that a "trustee, subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). Section 365(d)(1) provides that if a Chapter 7 bankruptcy trustee does not assume or reject an executory contract within 60 days of the order for relief, "then such contract ... is deemed rejected." 11 U.S.C. § 365(d)(1).

Applicant explains in its Brief:

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<sup>80</sup> 42 TTABVUE 11. This is uncontradicted, even by Troy Milbrath's testimony that he "[did] not know who drafted Addendum A." 44 TTABVUE 25.

<sup>81</sup> 49 TTABVUE 15.

However, if a valid and enforceable trademark license existed prior to Milbraths Chapter 7 bankruptcy filing in 2010, that license was an executory contract that was automatically rejected as a matter of law pursuant to 11 U.S.C. § 365(d)(1). Because the trustee of the Milbraths bankrupt estate did not reaffirm any trademark license between Opposer and Milbraths within sixty days of bankruptcy as required by 11 U.S.C. §365 and because Opposer did not enter into a new trademark license with either Milbraths or BTB, or otherwise use the trademark itself, Opposer abandoned any rights it may have once possessed prior to Milbraths bankruptcy.<sup>82</sup>

The parties dispute whether the license at issue here constitutes an executory contract under Section 365, given that Opposer does not provide ongoing associated goods and services as licensor and there is no ongoing payment of royalties or fees by the Milbraths as licensees.<sup>83</sup> When the parties briefed this case, they devoted considerable attention to this issue. However, in view of the Supreme Court precedent issued shortly before the briefing in this case, we need not decide that question.

For purposes of our analysis, we assume without holding: (1) that the license in Addendum A was an executory contract; and (2) that by virtue of the Milbraths' bankruptcy trustee's not explicitly accepting it by the deadline, the license was deemed rejected as a matter of law. However, even with these assumptions favorable to Applicant's argument, its contention about the result fails. Contrary to Applicant's argument that the failure to assume terminated the license, and thus "the MULLEN'S DAIRY trademark became 'up-for-grabs' the day after the trustee failed

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<sup>82</sup> 49 TTABVUE 12.

<sup>83</sup> A contract is executory if "performance remains due to some extent on both sides." *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 522, n. 6 (1984) (internal quotation marks omitted).

to reaffirm” it,<sup>84</sup> pursuant to *Mission Prod. Holdings, Inc. v. Tempnology, LLC*, 587 U.S. \_\_\_, 139 S. Ct. 1652, 1661, 2019 USPQ2d 378338 (2019), such rejection would operate as a breach by the Milbraths, and not a rescission terminating the license.

Under the clear guidance of the Supreme Court in *Mission Prod. Holdings*, while the bankruptcy may have relieved the Milbraths from any remaining obligations under the license, they could not terminate the license agreement based on their own breach. 2019 USQ2d 378338, \*7 (“the [party in breach] has no ability, based on its own breach, to terminate the agreement”). Opposer, as the non-breaching licensor had the option to “continue the contract or walk away.” *Id.*

The facts in this case demonstrate that Opposer did not “walk away,” but instead continued the license (and the lease) to the Milbraths until 2016. Opposer’s testimony declarations from the Luepkes clearly state that after the bankruptcy proceeding, in which the Milbraths’ debt to Opposer in the promissory note was discharged, the Luepkes considered terminating the license. Instead, however, Mrs. Luepke testified that “[s]ince [they] already lost significant money on the promissory note, [they] decided to allow the Trademark License to continue with the Milbraths and continue to collect rent under the Lease for the building.”<sup>85</sup> Both Mr. and Mrs. Luepke testified that they received no notice from the Milbraths of any transfer or attempted transfer of rights in the MULLEN’S DAIRY marks.<sup>86</sup> Thus, ongoing use by the Milbraths

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<sup>84</sup> 49 TTABVUE 15.

<sup>85</sup> 42 TTABVUE 87.

<sup>86</sup> 42 TTABVUE 16, 87. In fact, the Milbraths represented that **they**, not Applicant, owned the mark. 40 TTABVUE 8; 41 TTABVUE 38-42.

constituted use by a licensee that inured to Opposer's benefit. *Moreno v. Pro Boxing Supplies, Inc.*, 124 USPQ2d 1028, 1035 (TTAB 2017) ("It is well-settled that use of a mark by a licensee inures to the benefit of the trademark owner.").

We therefore reject Applicant's contention that the aftermath of the Milbraths' bankruptcy proceeding resulted in an abandonment of Opposer's rights in the MULLEN'S DAIRY BAR marks when they allowed its continued use in connection with the Mullen's Dairy business. Instead, we find that the license survived the bankruptcy and that ongoing use by the Milbraths (or Applicant, the corporate entity they wholly owned at that time) was under the license and did not establish any ownership rights in the mark for Applicant.<sup>87</sup> This outcome falls squarely within the Supreme Court's statement that "Section 365 reflects a general bankruptcy rule: The estate cannot possess anything more than the debtor itself did outside bankruptcy." *Mission Prod. Holdings*, 2019 USQ2d 378338, \*8.

### **C. No Abandonment by Naked Licensing**

Applicant's final attack on the license alleges naked licensing, by which the MULLEN'S DAIRY mark would be deemed abandoned because Opposer failed to exercise sufficient quality control to maintain its significance as a mark.<sup>88</sup> The parties

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<sup>87</sup> "Section 45 of the Act, 15 U.S.C. § 1127, defines 'related company' as follows: 'The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.'" *Noble House Home Furnishings*, 118 USPQ2d at 1421.

<sup>88</sup> Although not raised by Opposer, the doctrine of licensee estoppel weighs against allowing Applicant, wholly owned by the Milbraths, to challenge quality control under the license. *Freeman v. Nat'l Ass'n of Realtors*, 64 USPQ2d 1700 (TTAB 2002) (barring a challenge to the validity of mark under licensee estoppel where the facts arose during the term of the license); *Leatherwood Scopes Int'l, Inc. v. Leatherwood*, 63 USPQ2d 1699 (TTAB 2002) (allegation of

agree,<sup>89</sup> as do we, that “since abandonment is in the nature of a complete forfeiture, it carries a strict burden of proof.” *Woodstock’s Ent. Inc. (California) v. Woodstock’s Ent., Inc. (Oregon)*, 43 USPQ2d 1440, 1446 (TTAB 1997), *aff’d*, 1998 U.S. App. LEXIS 3777 (Fed. Cir. 1998).

It is undisputed that Addendum A does not include quality control provisions, but Applicant correctly concedes that “lack of contractual rights to inspect and supervise are not dispositive on the issue of naked licensing.”<sup>90</sup> *Id.* at 1446 (“Sufficient control by a licensor may exist despite the absence of any formal arrangements for policing the quality of the goods sold or services rendered under the mark by its licensee(s)”).

Based on the record in its entirety, we find that Opposer adequately informally monitored the quality of the goods and services sold and rendered under the MULLEN’S DAIRY mark. While Opposer had no specific program or particular procedures for inspecting the goods/services, the Luepkes’ efforts on behalf of Opposer to control the nature and quality of the goods and services sold and rendered under the marks suffice to avoid abandonment. *Stock Pot Rest., Inc. v. Stockpot, Inc.*, 737 F.2d 1576, 222 USPQ 665, 667-668 (Fed. Cir. 1984) (defendant exercised sufficient control over the use of its mark through the provisions of a lease); *see also Woodstock’s Ent. Inc.*, 43 USPQ2d at 1446. Testimony reflects that the Luepkes “periodically

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abandonment through naked licensing fails to state claim because “opposer is legally estopped to challenge applicant's ownership of the mark on the basis of applicant's alleged abandonment of the mark due to his granting of a ‘naked license’ to opposer” under doctrine of licensee estoppel).

<sup>89</sup> 49 TTABVUE 18 (Applicant’s Brief, stating “Opposer argues that the burden of proof to find naked licensing is high. Applicant does not dispute this.”).

<sup>90</sup> 49 TTABVUE 19.

monitored” operations, including visits to the business, conveyed customer complaints and followed up on them, and participated in property maintenance of the historic building known in Watertown since 1933 as Mullen’s Dairy.<sup>91</sup> We find that Opposer exercised “reasonable control, i.e., such control as is practicable under the circumstances of the case.” *Midwest Plastic Fabricators v. Underwriters Labs.*, 906 F.2d 1568, 15 USPQ2d 1359, 1363 (Fed. Cir. 1990).

Admittedly, some evidence suggests that Opposer’s quality control was not the most rigorous.<sup>92</sup> However, the law allows flexibility and sets less exacting standards for quality control in situations like this one. We note that Mr. Milbrath previously worked at the Mullen’s Dairy business for a number of years, so Opposer might “justifiably rely” to some degree on his “intimacy with standards and procedures to ensure consistent quality.” *See Taco Cabana Int’l, Inc. v. Two Pesos Inc.*, 932 F.2d 1113, 19 USPQ2d 1253, 1259 (5th Cir. 1991) (declining to find a naked license despite the lack of “inspection and control formalities”), *aff’d*, 505 U.S. 763 (1993). Moreover, given the parties’ familiarity with one another in this small-town setting, Opposer had some latitude to rely on the Milbraths’ reputation and assurances, including that they would “grow the business without sacrificing quality.”<sup>93</sup> *Cf. Winnebago Indus.*,

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<sup>91</sup> 42 TTABVUE 13-14.

<sup>92</sup> *E.g.*, 45 TTABVUE 78-79, 83; *see also* Applicant’s Brief, 49 TTABUVE 21-25. Given the greater detail in this case and the nature of the parties’ relationship, we do not consider this case analogous to *Barcamerica Int’l USA Trust v. Tyfield Imps., Inc.*, 289 F.3d 589, 62 USPQ2d 1673, 1678 (9<sup>th</sup> Cir. 2002), as argued by Applicant. In that case, the court addressed merely “conclusory statements as to the existence of quality controls” and a lack of “familiarity or close working relationship” between the parties. *Id.* at 1678-79.

<sup>93</sup> 42 TTABVUE 54.

*Inc. v. Oliver & Winston, Inc.*, 207 USPQ 335, 341 (TTAB 1980) (the informal nature of opposer's quality control included the general reputation of the manufacturer).

We conclude that Applicant has failed to meet its admittedly heavy burden of proof that Opposer retained “**no** quality control or supervision over the use of the mark by the licensees, result[ing] in an abandonment of rights in the mark.” *Woodstock’s Ent. Inc.*, 43 USPQ2d at 1446 (emphasis added). Around the time when Opposer developed more serious concerns about quality, such as from the failed health inspection, Opposer terminated the license. We therefore cannot conclude that quality control was lacking to the point that “deception of purchasers occurred.” *Univ. Book Store v. Univ. of Wis. Bd. of Regents*, 33 USPQ2d 1385, 1396 (TTAB 1994) (citing *Stockpot*, 220 USPQ at 59). In addition, the undisputed evidence that consumers came to Opposer with quality-related complaints suggests the ongoing association of Opposer with the MULLEN’S DAIRY marks, such that the marks had not lost their significance as source-indicators for Opposer. *Cf Tea Bd. of India v. Republic of Tea Inc.*, 80 USPQ2d 1881, 1888-89 (TTAB 2006) (mere fact of misuse, just like the mere absence of formal control, is not sufficient to raise an inference that the control was not adequate or that all significance as a mark is lost); *Guiding Eyes for the Blind, Inc. v. Guide Dog Found. for the Blind, Inc.*, 384 F.2d 1016, 155 USPQ 462, 464 (CCPA 1967) (the record as a whole did not show that appellee’s “course of conduct” had caused the mark “to lose its significance as an indication of origin”).



#### D. Conclusion

We reject Applicant's affirmative defenses of abandonment by non-use and by naked licensing. The record reflects that Opposer owns the mark, dating back to its acquisition in 1997 of the business and name, and continuing through Opposer's own use of the mark through 2005. From that time forward, Opposer maintained its ownership of the mark through controlled use by the Milbraths (or Applicant) as licensees as memorialized by Addendum A, and later through the license to and use by Kandyman. *See, e.g., In re Raven Marine, Inc.*, 217 USPQ 68, 69 (TTAB 1983). The alleged use by Applicant that served as the basis for the subject application therefore inured to the benefit of Opposer as licensor. *Moreno v. Pro Boxing Supplies*, 124 USPQ2d at 1035.

Applicant was not the owner of the mark at the filing or during pendency of the application, which therefore is void ab initio. *Huang v. Tzu Wei Chen Food* 7 USPQ2d at 1336 ("where applicant ... was not the owner of the trademark at the filing or at any time during pendency of the application, ... the application for registration is void for failure to comply with Section 1 of the Lanham Act").

**Decision:** The opposition is sustained on the ground of non-ownership and we therefore do not reach the other grounds.<sup>94</sup>

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<sup>94</sup> "Like the federal courts, the Board has generally used its discretion to decide only those claims necessary to enter judgment and dispose of the case. ... [T]he Board's determination of registrability does not require, in every instance, decision on every pleaded claim." *Multisorb Tech., Inc. v. Pactiv Corp.*, 109 USPQ2d 1170, 1171 (TTAB 2013).