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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92049453
Party	Defendant Augustine's Eternal Gifts LLC.
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Augustine's Spiritual Goods, Inc.)	
)	Cancellation No. 92049453
Plaintiff,)	
)	Registration No. 3,438,761
vs.)	
)	
Augustine's Eternal Gifts, LLC)	Registered: June 3, 2008
)	
Registrant.)	

**MAIN BRIEF OF DEFENDANT/REGISTRANT
AUGUSTINE'S ETERNAL GIFTS, LLC**

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DESCRIPTION OF THE RECORD

In addition to the items identified in Plaintiff's description, the record includes the following:

1. The testimony deposition of Carolyn Hennes, dated August 6, 2009.
2. Defendant's Deposition Exhibits 1 through 4 from the testimony deposition of Carolyn Hennes.

STATEMENT OF THE ISSUE

In the written agreement dated October 17, 2002, did Plaintiff sell the trademark "Augustine's Spiritual Goods" and the related goodwill to Carolyn Hennes (owner of the Defendant/Registrant) or was the transaction a mere license?

INTRODUCTION

In October, 2002, Plaintiff, Augustine’s Spiritual Goods, Inc., by a written sales agreement, sold its business to Carolyn Hennes, owner of Defendant, Augustine’s Eternal Gifts, LLC. The assets listed in the agreement included the trademark and goodwill of the business. Defendant registered the mark AUGUSTINE’S in 2008 (Reg. No. 3,438,761). Plaintiff now seeks to cancel this registration, asserting that the written agreement was not a sale of the trademark at all, but a revocable, “short term” license agreement. (Pltf. Br. 7-8; Petition to Cancel, ¶11).

This appears to be a case of seller’s remorse. A year after selling its trademark and goodwill and moving from Chicago to retire in the Upper Peninsula in Michigan, Plaintiff decided to start up its business again, using the name it had already sold to Defendant. In claiming the transaction to be a mere license, the Plaintiff ignores the plain language of the October 17, 2002 sales contract and attempts to rewrite the contract through parol evidence. In addition, Plaintiff’s strained interpretation of the agreement overlooks the time-honored, fundamental distinction between a trademark and a corporate name or corporate entity.

Most of Plaintiff’s brief has no relevance to this proceeding. This case is not about priority of use. It is not about Plaintiff’s continued (unauthorized) use of the mark after the sale. It is not about the valuation of the inventory or fixtures that were part of the sale. This case is about a single, determinative issue: Did Plaintiff sell the trademark “Augustine’s Spiritual Goods” and the related goodwill to Carolyn Hennes? If so, Defendant owns the mark and has the right to register AUGUSTINE’S.¹ As shown below, the 2002 transaction was a

¹ Carolyn Hennes, the owner of Defendant Augustine’s Eternal Gifts, LLC, has transferred ownership of the mark to the company.

sale of the mark and goodwill, not a license. Consequently, there is no basis for cancellation.²

STATEMENT OF FACTS

Plaintiff began operating a business selling candles, incense, and various spiritual products under the name “Augustine’s Spiritual Goods” in 1992. It incorporated in Illinois as Augustine’s Spiritual Goods, Inc. in that year. The business was owned and operated by Alice Pulaski. Her husband Frank Pulaski assisted in the operation of the business. In Spring, 2002, Carolyn Hennes was introduced to Alice and Frank. They told Carolyn that they wanted to sell the business and retire to Michigan. (Hennes Dep. 6). In subsequent discussions with Carolyn in 2002, Alice stated that she was tired of the business, that 11 years was enough and she wanted to get away from it and out in the fresh air and relax in Michigan. (*id.* 19). Frank said he couldn’t wait to get out of the dirty city and all the congestion. (*id.*). They were going to be required to vacate their business location due to eminent domain proceedings, and they received a relocation fee of \$10,000 from the city. (Frank Pulaski Dep. 41).

Carolyn was interested in buying the business and negotiated with Frank during the ensuing months. (Hennes Dep. 13-14). On October 17, 2002, the parties entered a written agreement (hereinafter, “the Agreement”) for the sale of certain assets of the business. (See **Defendant’s Ex. 1**, a copy of which is attached). The Agreement was drafted by Alice and Frank; Carolyn Hennes did not draft any part of it. (Frank Pulaski Dep. 7).

The Agreement is named “SALE AGREEMENT.” The introductory paragraph states:

This sale agreement/contract between Alice Pulaski (seller), sole owner of Augustine’s Spiritual Goods, and Carolyn Hennes (buyer), for the sale of Augustine’s Spiritual Goods, 3114 S.

² If the transaction constituted a sale (assignment) to Defendant of the trademark and goodwill, Plaintiff’s use dating back to 1992 inures to the benefit of Defendant, so there is no issue as to priority of use in this case. After a valid assignment, the assignee steps into the shoes of the assignor and succeeds to all the rights and priorities of the assignor. *McCarthy on Trademarks*, §18:15.

Halsted Street, Chicago, Illinois, for the sum total of thirty thousand dollars (\$30,000.00). Carolyn Hennes agrees to purchase Augustine's Spiritual Goods for the price of thirty thousand dollars (\$30,000.00).

The Agreement then itemizes six assets Carolyn Hennes was to receive for the price of \$30,000, including training; a list of suppliers; exposure to the customer base; equipment; and inventory.

Paragraph 6 then transfers the trademark and goodwill. It states in its entirety:

....Carolyn Hennes will receive:

....

6). The good name of Augustine's Spiritual Goods, which has an 11 year reputation. Carolyn Hennes understands that although she will be using the name Augustine's Spiritual Goods that it is not a transfer or sale of the corporation, Augustine's Spiritual Goods Inc., nor is it a transfer or sale of Augustine's Spiritual Goods Inc. city business license and state tax exempt number. It is Carolyn Hennes (buyer) responsibility to incorporate, if she chooses, and her sole responsibility to procure her own business license and tax exempt number.

ARGUMENT

I. The Agreement of October 17, 2002, Was a Sale of the Trademark, Not a Mere License

A. The Board Must Interpret the Agreement Without Resort to Extrinsic Evidence

Plaintiff's argument that the Agreement constitutes a license rather than an assignment of the trademark relies almost entirely on extrinsic evidence, such as purported conversations between the parties and post-transaction statements and conduct.

The Board should not consider this extrinsic, or parol, evidence in determining the meaning of the Agreement. Well-established principles of contract law make it clear that

extrinsic evidence such as things Alice Pulaski “said,” or that Carolyn Hennes supposedly “knew”, or that either of them wrote in e-mails, should be disregarded because the Agreement is unambiguous.

In determining the meaning or validity of an agreement assigning common law trademark rights the Board should look at state law. *Old Swiss House v. Anheuser-Busch*, 569 F.2d 1130, 1132 (C.C. P. A. 1978). The relevant law here is that of Illinois, where both parties resided at the time of the Agreement, where the Agreement was entered and where the business being sold was located.³

“When construing a contract, the court’s primary objective is to give effect to the intent of the parties, as revealed by the language used in the contract.” *Gallagher v. Lenart*, 226 Ill. 2d 208, 232-33, 874 N.E. 2d 43 (Ill. 2007). Traditional contract interpretation principles in Illinois require that:

An agreement, when reduced to writing, must be presumed to speak the intention of the parties who signed it. It speaks for itself, and the intention with which it was executed must be determined from the language used. It is not to be changed by extrinsic evidence.

Air Safety, Inc. v. Teachers Realty Corp., 185 Ill. 2d 457, 462; 706 N.E. 2d 882 (Ill. 1999), quoting from *Western Illinois Oil Co. v. Thompson*, 26 Ill. 2d 287, 291, 186 N.E. 2d 285 (Ill. 1962).

This approach is often referred to as the “four corners” rule. In applying this rule, a court initially looks to the language of the contract alone. If the language of the contract is facially unambiguous, then the contract is interpreted as a matter of law without the use of parol evidence. *Air Safety, Inc.*, *supra*, 185 Ill. 2d at 462.

³ Michigan law, as relied on by Plaintiff (Pltf. Br. 8), does not govern this transaction. The seller moved to Michigan after the sale was consummated.

Where the terms of a contract are clear and unambiguous, they must be given their plain, ordinary, and popular meaning, and the contract will be applied as written. A contract is not ambiguous merely the parties disagree on its meaning. A court should only consider reasonable interpretations of the contract language and should not strain to find an ambiguity where none exists. *Rich v. Principal Life Insurance Co.*, 226 Ill. 2d 359, 371, 875 N. E. 2d 1082 (Ill. 2007); *Lease Management Equipment Corp. v. DFO Partnership*, 392 Ill. App. 3d 678, 685-86, 910 N.E. 2d 709 (Ill. App. 2009).

This Board has likewise invoked the four corners rule. See *Duramax Marine LLC v. R.W. Fernstrum & Co.*, 80 U.S.P.Q. 2d 1780 (T.T.A.B. 2006). In interpreting the meaning of a settlement agreement, the Board stated “we may not interpret the settlement agreement ‘on the subjective intentions of the parties’ and must instead focus ‘on the objective words of their agreement.’” (Quoting *Novamedix Ltd. v. NDM Acquisition Corp.*, 166 F.3d 1177, 1180, 49 U.S.P.Q. 2d 1613, 1616 (Fed. Cir. 1999). The Board added that “an agreement must therefore ‘be discerned within its four corners, and not by reference to what might satisfy the purposes of one of the parties.’” *Duramax, supra*, quoting *United States v. Armour & Co.*, 402 U.S. 673, 681-82.

B. The Plain Language of the Written Agreement Unambiguously Constitutes a Sale of the Trademark

The name, language and structure of the Agreement show it to be a straightforward sale of assets, including the trademark. This is apparent from the name of the document (“SALE AGREEMENT”) and the very first line: “This is a sale agreement/contract.....” The parties are designated “seller” and “buyer.”

The true nature of the Agreement is seen in more than just the nomenclature however. The language, structure, and payment provisions clearly show a sale of assets and an assignment

of the trademark or trade name of the business. The “buyer” is required to pay a fixed sum, payable in three non-refundable payments. In return, the buyer will receive certain clearly delineated assets, including “the good name of Augustine’s Spiritual Goods.” (§6). This trademark is listed along with the other five categories of assets being sold in return for the purchase price of \$30,000. The goodwill of the business is also included as an asset. Paragraph 6 of the Agreement specifically states that Carolyn Hennes will receive “The *good name of Augustine’s Spiritual Goods, which has an 11 year reputation.....*” (emphasis added). The good name and reputation of a business is the goodwill of the business. Paragraph 6 also provides that certain assets are excluded from the sale, namely the corporate entity, the city business license, and the state tax exempt number.

There is no language in the document to suggest that it is a mere license of the trademark. The word “license” does not appear, except in reference to the Plaintiff’s retention of the “city business license.” (§6). Carolyn Hennes is referred to throughout the Agreement, including the all-important paragraph 6, as “buyer”, not “licensee.”

There is no language in the Agreement to indicate that Carolyn Hennes received anything less than all right, title and interest in the trademark. There is no limitation on duration. Nothing in the Agreement indicates that Carolyn’s rights to use the mark was temporary or “short-term,” as argued by Plaintiff (Pltf. Br. 8). There is no geographic restriction and no limit on channels of trade. Payments are not tied to the length of use by Carolyn Hennes, as a typical trademark license would do. No royalty payments or percentage of sales payments appear in this Agreement, as is common in trademark license agreements. There are no provisions allowing the purported licensor to terminate the purported trademark license, though there are some provisions that would negate the “sale” if buyer failed to pay the entire price or failed to secure a

location for her store.

Because the plain language of the document shows a sale of the trademark and goodwill, the Board should not even consider the parol evidence offered by Plaintiff to support its strained interpretation of the document. Plaintiff's brief is replete with arguments based solely on parol evidence. It argues:

- That Plaintiff continued using the name after the sale. (Pltf. Br. 1, 2, 5, 9)
- That Defendant knew of Plaintiff's continued use and did not object (Pltf. Br. 2)
- That there were oral conditions on the sale of the mark. (Pltf. Br. 1, 2)
- That Defendant agreed to stop utilizing the name. (Pltf. Br. 2, 3)
- That Defendant knew she had only limited use of the name, and that it was short-term or revocable. (Pltf. Br. 7, 8)

All of this is extrinsic to the Agreement. In addition, all the e-mail communications on which Plaintiff relies constitute extrinsic evidence that occurred long after the sales Agreement was signed by the parties. Each of those e-mail documents (Plaintiff Exhibits 13 through 20) is parol evidence that should be excluded from evidence and not considered by the Board.

The Agreement is not ambiguous, so the Board should not look beyond the four corners of the documents to ascertain its meaning. It has all the earmarks an outright sale of a trademark, and none of the earmarks of a trademark license. There is nothing whatsoever in the document to support Plaintiff's claim that this Agreement was a short-term revocable license.

II. The Seller's Retention of the Corporate Entity Does Not Render the Agreement Ambiguous

To support its argument that there was no sale of the trademark, Plaintiff relies on language in paragraph 6 excluding certain assets from the sale. (Pltf. Br. 2, 5, 10). After stating that Carolyn Hennes will receive "the good name" and "reputation" of Augustine's Spiritual

Goods, paragraph 6 goes on to exclude certain other assets from the sale, stating: “it is not a transfer or sale of the corporation, Augustine’s Spiritual Goods, Inc., nor it is a transfer or sale of Augustine’s Spiritual Goods, Inc. city business license and state tax exempt number....”

Nothing in that language transforms this Agreement into a short-term, revocable license. It is simply an articulation that certain assets, namely, the corporate entity, the business license, and the tax exempt number, are not being transferred to the buyer.

Plaintiff’s argument overlooks the well-established principle that a corporate name does not necessarily function as a trademark. Consequently, a company could sell its trademark while reserving its corporate name and entity. Numerous cases recognize the distinction between a trademark and a corporate name. See, e.g., *In re Stewart Sandwiches International, Inc.*, 220 U.S.P.Q. 2d 93, 94 (TTAB 1991) (“The name of a business or company is a trade name and there is no provision in the Trademark Act for registration of trade names which are used solely as trade name”); *In re Letica Corp.*, 226 U.S.P.Q. 276, 277 (TTAB 1985) (“there was a clear intention by Congress to draw a line between indicia which perform only trade name functions an indicia which perform or also perform the function of trademarks or service marks”); *In re Supply Guys, Inc.*, 86 U.S.P.Q. 2d 1488 (TTAB 2008) (affirming the refusal to register a name used solely as a trade name); *In re Diamond Hill Farms*, 32 U.S.P.Q. 2d 1383 (TTAB 1994) (name identified applicant as a business entity rather functioning as a trademark); *In re Walker Process Equipment, Inc.*, 233 F.3d 329, 110 U.S. P.Q. 41 (CCPA 1956) (corporate name was not a trademark use).

It is equally well-settled that a state’s grant of a corporate name or corporate charter does not vest the recipient with trademark rights. See *McCarthy on Trademarks*, §9:8 (“the vast majority of courts have stated that acceptance of a corporate name by a state agency will be

given no judicial weight at all in litigation over rights to the name”).

Thus, retention by the seller of its corporate entity or corporate name is not inconsistent with the sale of the trademark of the corporation, even if the mark is similar to the corporate name. The corporation continues to exist, but it no longer has the right to use the transferred trademark as a source identifier for its goods or services.

Here, Plaintiff sold its trademark and goodwill, but chose not to sell the corporate entity or business license. This is not unusual -- it would simplify the receipt and deposit of receivables from prior sales or future receipt of the eminent domain fees. It would simplify the maintenance of bank accounts and the payment of the business’ liabilities (which were not transferred in the sale agreement).

Nothing about the seller’s retention of these corporate assets inserts any ambiguity into this Agreement. Accordingly, the Board should not look to any extrinsic evidence proffered by the Plaintiff as to the intent of Plaintiff in entering Agreement.

Plaintiff also relies on the non-transfer of its city business license. That, too, has nothing to do with the transfer of the trademark. Plaintiff’s retention of a business license is not inconsistent with the sale of its trademark. Similar to a corporate charter, a city business permit simply permits a corporate entity to operate a business within the city limits. A business permit or tax exempt number does not serve a source identifying function to the public.

III. Even If the Board Considers the Extrinsic Evidence, the Transaction Is a Sale

Even if the Board reviews extrinsic evidence, it is clear that Defendant is the owner, not merely a short term licensee, of the trademark “Augustine’s Spiritual Goods.” Carolyn Hennes’ testimony refutes the testimony of the Pulaskis that this transaction envisioned only a limited use of the name.

A. Carolyn Hennes Understood the Transaction to Be an Outright Sale of the Trademark and Goodwill

Carolyn Hennes testified that her understanding of the written Agreement was that for the payment of \$30,000, she was purchasing the good name of Augustine's Spiritual Goods and its reputation, together with the other assets listed in the document. (Hennes Dep. 9-13). When she was negotiating with Frank Pulaski for the purchase of the business, he made it clear that Plaintiff was selling the name and goodwill. She described her first meeting with Frank Pulaski to negotiate the deal as follows:

A. And he emphasized that we are -- that I would be buying and that he is selling the good name of Augustine's Spiritual Goods and its reputation and the catalog business of which Alice Pulaski, you know, spent time building and he said that we would be buying the customer base and he made -- he also said that he wants us to understand that we are not buying solely the merchandise that is in Augustine's. We were buying the good name and good will of Augustine's Spiritual Goods. He repeated that over and over and over again.

So I have that embedded in my brain.

You're buying the good will of Augustine's Spiritual Goods and its 11-year reputation.

(Hennes Dep. 14). Nor did she interpret the second sentence of paragraph 6 ("this is not a transfer or sale of the corporation....") to alter or limit the outright sale of the mark:

Q. What is your understanding of that sentence?

A. My understanding is that I am not buying their corporate name. I'm buying the good name of Augustine's Spiritual Goods and its 11-year reputation. And there's a difference between their corporation and the trademark.

So I was buying the trademark, not the corporation.

(Hennes Dep. 16). She understood that she was buying "the complete and total control of the trademark..." (Id. at 17). There were no limitations on the time or duration of the sale, and no

indication that her use of the name was temporary. (Id. 17-18). There were no restrictions on the place she could use it or the channels of trade. (Id. 18-19). She purchased the mark outright, not merely a single business location for walk-in retail purposes only, as alleged in the Petition to Cancel. (Hennes Dep. 26-27).

The true nature of the transaction as a sale is also shown in **Defendant's Exhibit 2**, which are receipts signed by Alice and Frank Pulaski. These are receipts for the payment of \$30,000 by Carolyn Hennes. They state: "Deposit/Payment on Purchase of Augustine's Spiritual Goods." (Hennes Dep. 22-23). This is clearly not a statement indicative of a mere license.

B. Plaintiff's Post-Sale Use of the Mark Does Not Affect Defendant's Ownership of the Mark

Plaintiff asserts that it has continued to use the mark at its location in the Upper Peninsula in Michigan. (Pltf. Br. 1). It argues, illogically, that its continued use of the mark after the sale of the name and goodwill demonstrates that it is the owner of the mark. On the contrary, the Agreement divested Plaintiff of any right to use the mark. As stated in *McCarthy on Trademarks*, §18:15:

"After an assignment, the assignor has divested himself of his trademark rights, and the title of the assignee is superior. The assignor obviously cannot turn around and continue use of the trademark which he has sold to another. The assignor cannot keep the purchase price *and* the trademark which was sold for that price. If the good will of a business has been sold, the seller's later use of the trademark of that business is in derogation of the asset he has sold to another, and constitutes both trademark infringement and breach of contract."

Plaintiff's unauthorized use of the mark after the sale is not probative of Plaintiff's ownership. If anything, it is probative of infringement, but that is not an issue before the Board. Plaintiff sold the name and goodwill to Defendant in October, 2002. Any use by Plaintiff after

that date would not vest it with priority over Defendant, who has used the mark continuously since the time of the sale. (Hennes Dep. 20-21).

Plaintiff's unsupported speculation that Carolyn knew that Plaintiff would continue using the mark is not only illogical, but contradicted by the record. The Pulaskis never indicated to Carolyn Hennes prior to the sale that they intended to continue using the trademark. (Hennes Dep. 20, 27). As Carolyn stated in her testimony, "That doesn't even make sense. Why would I pay \$30,000 for the trademark of Augustine's and then they are going to use it"? (Id). Instead, they indicated to her that they were retiring and getting out of the business. (Hennes Dep. 6-7, 19). Carolyn did not understand the language in paragraph 6 of the Agreement ("this is not a transfer or sale of the corporation...") to mean that Alice Pulaski could continue using the trademark. (Hennes Dep. 21-22).

Plaintiff cannot be allowed to sell the mark and keep it too. Its post-transaction unauthorized use does not retroactively transform a sale of the mark and goodwill into a mere license. Defendant continues to be the owner of the trademark and is therefore entitled to register it.

C. The Purported Failure to Object Does Not Affect Defendant's Ownership of the Mark.

Plaintiff argues throughout its brief that Carolyn Hennes failed to object to Plaintiff's post-transaction use of the trademark. Plaintiff never explicitly states how this transforms a sale into a license. In any event the argument is flawed. First, the factual assertion is not correct. Carolyn Hennes clearly testified that she *did* object to Alice Pulaski about Plaintiff's unauthorized use of the mark. Secondly, Plaintiff's assertion has no bearing whatsoever on Defendant's ownership or right to register the mark.

Carolyn stated under cross-examination that she did object to Alice Pulaski about Plaintiff's use of the name. (Hennes Dep. 64-65). Carolyn's objection was not by e-mail, but verbally in a phone conversation. Carolyn described the conversation with Alice as follows:

Q. Could you describe that phone conversation?

A. She called me about a matter and she told me that she didn't want me using her name and I told her that it's not her name. That the name is mine. I bought it for \$30,000.00. She is the one that should stop using it. And I have a signed contract. I am supported by this contract and by the law that says I have the right to use this name and that she shouldn't, she is the one that shouldn't be using it and that I would be contacting a lawyer if she continued to use it.

Which I eventually did contact a lawyer.

(Hennes Dep. 67-68)

Plaintiff similarly argues that a line in an e-mail purportedly written by Carolyn⁴ somehow undermines the sale of the mark to Carolyn. The line states that "I am not advertising as Augustine's Spiritual Goods and will not either." (Plaintiff Ex. 15, dated October 24, 2003). This statement, even if it were authored by Carolyn Hennes, has no probative value on the question of ownership. Plaintiff transforms this informal e-mail comment into the grandiose assertions that Carolyn "agree[d] to stop utilizing the name" and "agreed to quit using the name..." (Pltf. Br. 2, 5). The statement says no such thing. "Advertising" is not the equivalent of "use." One can use a trademark in many ways other than advertising, such as on signs or labels or on the Internet. Whether or not one uses a mark in advertising does not in any way affect one's ownership of the mark. This statement, dated long after the October 2002 Agreement, certainly has no bearing on whether Plaintiff sold the mark and goodwill to Carolyn

⁴The e-mail (Plaintiff's Ex. 15) was never properly authenticated by Plaintiff. (Hennes Dep. 49). Carolyn stated she had not seen the e-mail before, did not acknowledge authoring the document, and stated she had no reason to believe it was authentic. (Id). For this reason, and for the reason that it is extrinsic evidence that violates the parol evidence rule, this exhibit should be excluded from the evidence.

Hennes. Carolyn has testified that she has continuously used the mark since the time of the sale in 2002. (Hennes Dep. 20-21).

CONCLUSION

Plaintiff cannot have it both ways. It cannot sell its trade name and goodwill, and later claim that it still owns it. The language and structure of the Agreement make it clear that the transaction was a sale of the trademark and goodwill. Plaintiff has not even come close to satisfying its burden of proving that the transaction was a mere license and that Defendant does not own the trademark. Accordingly, the Petition to Cancel should be denied and Defendant's registration maintained.

Date: January 21, 2010

/s/William T. McGrath
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CERTIFICATE OF MAILING

I hereby certify that this main brief of defendant/registrant Augustine's eternal gifts, LLC is being deposited with the United States Postal Service, on the date indicated below with sufficient prepaid postage as First Class Mail in an envelope addressed to: Glenn W. Smith, Bensinger, Cotant & Menkes, P.C. 122 W. Bluff Street, Marquette, Michigan 49855.

Dated: January 21, 2010

/s/ William T. McGrath

William T. McGrath

SALE AGREEMENT (page 1 of 2)

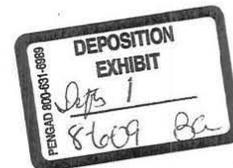
This is a sale agreement/contract between Alice Pulaski (seller), sole owner of Augustine's Spiritual Goods, and Carolyn Hennes (buyer), for the sale of Augustine's Spiritual Goods, 3114 S. Halsted St. Chicago Illinois, for the sum total of thirty thousand dollars (\$30,000.00). Carolyn Hennes agrees to purchase Augustine's Spiritual Goods for the price of thirty thousand dollars (\$30,000.00).

For this price of \$30,000.00 Carolyn Hennes will receive:

- 1.) Training in practice and procedure in the day to day operations of the business, which includes knowledge of special wash formulas and oil mixtures.
- 2.) A list of all our wholesale business suppliers and access to them, training on how and when to order merchandise.
- 3.) Exposure to the store's customer base and the right to solicit them for future business.
- 4.) All equipment and fixtures pertaining to the running of the business. However, all equipment and fixtures will be delivered to Carolyn Hennes (buyer) as is, used, and Alice Pulaski (seller) does not guarantee the equipments future performance. Items of equipment to be listed by Carolyn Hennes (buyer) on the day she places a deposit on the store.
- 5.) The remaining inventory of our store, it's stock, of which will not be less than one hundred dollars in value (\$100.00). Carolyn Hennes (buyer) also understands that Alice Pulaski (seller) will not place any new orders for stock forty five (45) days prior to the transfer of the business to Carolyn Hennes (buyer).
- 6.) The good name of Augustine's Spiritual Goods, which has an 11 year reputation. Carolyn Hennes understands that although she will be using the name Augustine's Spiritual Goods that it is not a transfer or sale of the corporation, Augustine's Spiritual Goods Inc., nor is it a transfer or sale of Augustine's Spiritual Goods Inc. city business license and state tax exempt number. It is Carolyn Hennes (buyer) responsibility to incorporate, if she chooses, and her sole responsibility to procure her own business license and tax exempt number.

PAYMENTS: All deposits/payments are Non-Refundable

- A.) A five thousand dollar (\$5,000.00) non-refundable deposit/payment is to be paid by Carolyn Hennes (buyer) to Alice Pulaski (seller) on OCTOBER 17, 2002. Carolyn Hennes (buyer) can then have access to the store and training can begin.
- B.) Another five thousand dollar (\$5,000.00) non-refundable deposit/payment is to paid by Carolyn Hennes (buyer) to Alice Pulaski (seller) on NOVEMBER 18, 2002. Knowledge of who suppliers are and access to them can then be provided at that time. Failure to make this 2nd deposit/payment will terminate the sale of Augustine's Spiritual Goods to Carolyn Hennes (buyer).



SALE AGREEMENT (page 2 of 2)

C.) A final deposit/payment of twenty thousand (\$20,000.00) in the form of a cashiers check is to be paid by Carolyn Hennes (buyer) to Alice Pulaski (seller) ONE day(s) (1) before delivery of the store fixtures, business equipment and remaining stock to the new store location or the place of storage. Failure to make said final payment ONE day(s) (1) prior to delivery date will terminate the sale of Augustines' Spiritual Goods to Carolyn Hennes(buyer), and Alice Pulaski (seller) will retain store fixtures, equipment and remaining stock. See paragraph below.

Carolyn Hennes understands that Augustine's Spiritual Goods cannot remain at it's current location and that the store/business must be moved. It is the sole responsibility of Carolyn Hennes (buyer) to find a new location for Augustine's Spiritual Goods. Alice Pulaski (seller) is under no obligation at all to assist Carolyn Hennes (buyer) in finding a new store location. Alice Pulaski (seller) will deliver to Carolyn Hennes (buyer) all store fixtures, business equipment and remaining stock to the new store location or place of storage of her choice. Carolyn Hennes (buyer) understands that the delivery of store fixtures, business equipment and stock will occur JAN 21 2003 TO FEB 7 2003 Alice Pulaski (seller) has provided Carolyn Hennes (buyer) with notice of the time frame the store must be moved (see above). Carolyn Hennes (buyer) is to have her new store location or designated place of storage ready to receive said fixtures, equipment and stock within the time frame stated above. If Carolyn Hennes (buyer) does not have a store or a place of storage for the delivery of fixtures, equipment and stock within the time frame stated above, this sale will be negated.

Alice Pulaski
Alice Pulaski (seller)

OCT 17, 2002
date

Carolyn H. Hennes
Carolyn Hennes (buyer)

OCT 17, 2002
date