IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

The Right Reverend Charles G. vonRosenberg, individually and in his capacity as Provisional Bishop of the Protestant Episcopal Church in the Diocese of South Carolina, Plaintiff, v. The Right Reverend Mark J. Lawrence and John Does numbers 1-10, being fictitious defendants whose names presently are unknown to Plaintiff and will be added by amendment when ascertained, Defendants.	Case No.: 2:13-cv-00587-CWH **PLAINTIFF'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S SUPPLEMENTAL MOTION TO DISMISS OR IN THE ALTERNATIVE TO STAY THE PROCEEDINGS**

TABLE OF CONTENTS

Table of Authorities iii

I. Introduction. 1

II. Legal Standard for *Colorado River's* Exceptional Circumstances Test 1

III. Argument 2

A. Developments In The State Action Demonstrate That It Is Different From This Action And Not Parallel 2

i. Bishop Lawrence's joinder to the state action was denied 3

ii. No Lanham Act claims have been adjudicated in state court 4

iii. The state court action has been limited to different legal issues and different relief 4

iv. The relief sought in the federal Lanham Act claim does not conflict with the state court injunction 10

v. The relief sought in the federal Lanham Act claim is not precluded by the state court injunction 10

vi. The relief sought in the federal Lanham Act claim is preemptive 11

vii. Differences should not be discounted 12

B. The *Colorado River* Factors Weigh Heavily Against Abstention 13

i. Factor No. 1: Whether the subject matter of the litigation involves property where the first court may assume *in rem* jurisdiction to the exclusion of others 12

ii. Factor No. 2: Whether the federal forum is an inconvenient one 13

iii. Factor No. 3: The desirability of avoiding piecemeal litigation 13

vi. Factor No. 4: The relevant order in which the courts obtained jurisdiction and the progress achieved in each action 14

v. Factor No. 5: Whether state law or federal law provides the rule of decision on the merits 14

vi. Factor No. 6: The adequacy of the state proceeding to protect the parties' rights 15

C. Bishop Lawrence's Alternative Theories Abstention, Stay Or Dismissal 15

i. *Res Judicata* 15

ii. Stay 16

iii. Anti-Injunction Act 16

iv. *Younger* Abstention 18

IV. Conclusion 19

TABLE OF AUTHORITIES

Cases

All Saints Parish Waccamaw v. The Protestant Episcopal Church in the Diocese of South Carolina, 385 S.C. 428, 685 S.E.2d 163 (2009) 4, 5, 6

Aluminum Co. of America v. Utilities Com'n of State of N.C., 713 F.2d 1024 (4th Cir. 1983) 12, 14, 18

Am. Petroleum Inst. v. Cooper, 718 F.3d 347 (4th Cir. 2013) 12, 14, 18

BPS, Inc. v. Worthy, 608 S.E.2d 155, 362 S.C. 319 (Ct. App. 2005) 3

Chase Brexton Health Services, Inc. v. Maryland, 411 F.3d 457 (4th Cir. 2005) ..... passim

Colorado River Water Conservation District v. United States, 424 U.S. 800 (1976) ..... passim

Dixon v. Edwards, 290 F.3d 699 (4th Cir. 2002) 8, 15

Gannett Co., Inc. v. Clark Construction Group, Inc., 286 F.3d 737 (4th Cir. 2002) 13

Hartsville Theatres, Inc. v. Fox, 324 F.Supp. 258 (D.S.C. 1971) 17

Hosanna-Tabor Evangelical Lutheran Church & Sch. V. EEOC, 132 S. Ct. 694 (2012) 8

In re American Hondo Motor Co., Inc. v. Bernard's Inc., 315 F.3d 417 (4th Cir. 2003) 17

Jones v. Wolf, 443 U.S. 595 (1979) 5

Lexmark Int'l, Inc. v. Static Control Components, Inc., 134 S. Ct. 1377 (2014) 6

NBC Universal, Inc. v. NBCUniversal.com, 378 F. Supp. 2d 715 (E.D. Va. 2005) 13

New Orleans Pub. Serv., Inc. v. Council of the City of New Orleans (NOPSI),
491 U.S. 350 (1989) 18, 19

Pom Wonderful LLC v. Coca-Cola Co.,
573 U.S. ___ (2014) 11, 14, 15, 18

Purcell v Summers,
145 F.2d 979 (4th Cir. 1944) ..... passim

Richmond Fredricksburg & Potomac R.R. Co. v. Frost,
4 F.3d 244, 251 (4th Cir. 1993) 18

Serbian Eastern Orthodox Diocese For United States of America and Canada v. Milivojevich,
426 U.S. 696 (1976) 8, 15

Sprint Communications v. Jacobs,
134 S. Ct. 584 (2013) 18

Sunrise Corp., Myrtle Beach v. Myrtle Beach,
420 F.3d 322 (4th Cir. 2005) 15, 16

United States v. SCM Corp.,
615 F.Supp. 411 (D.Md.1985) 9

Younger v. Harris,
401 U.S. 37 (1971) 15, 18, 19

Statutes

15 U.S.C. §1125(a)(1) ..... passim

28 U.S.C. § 1651(a) 17

28 U.S.C. § 2281 17

28 U.S.C § 2282 17

28 U.S.C. § 2283 16

S.C. Code Ann. § 33-31-834 3

S.C. Code Ann. § 39-15-1110 6

S.C. Code Ann. § 39-15-1145 6

S.C. Code Ann. § 39-15-1180 6

I. Introduction

The Fourth Circuit remanded this case with instructions to this Court to apply the *Colorado River* exceptional circumstances test for abstention. Bishop Lawrence says relatively little about *Colorado River* in his memorandum. He focuses instead on alternative theories for abstention, a stay, or dismissal. In the end, his alternative theories fail essentially for the same underlying reasons that abstention is inappropriate under *Colorado River*. Bishop Lawrence's arguments largely revolve around a misguided notion that this action, like the state action, is all about corporate control. It is not. Irrespective of any corporate pretext or state trademark registration, Section 43(a) of the federal Lanham Act provides an independent cause of action to Bishop vonRosenberg to prevent Bishop Lawrence, who is a competitor in providing religious services, from misleading, deceiving, or confusing the public about his *ecclesiastical* authority in the hierarchical religious organization of The Episcopal Church. The state court has not and will not address that claim. This Court is obligated to do so.

II. Legal Standard For *Colorado River's* Exceptional Circumstances Test

Colorado River's exceptional circumstances test for abstention begins with the threshold question of whether the state and federal actions are parallel. *Chase Brexton Health Services, Inc. v. Maryland*, 411 F.3d 457, 463 (4th Cir. 2005) (discussing *Colorado River Water Conservation District v. United States*, 424 U.S. 800 (1976)). "Suits are parallel if substantially the same parties litigate substantially the same issues in different forums." *Chase Brexton,* 411 F.3d at 464.

"If parallel suits exist, then a district court must carefully balance several factors, with the balance heavily weighted in favor of the exercise of jurisdiction." *Id*. at 463. "Although the prescribed analysis is not a 'hard-and-fast' one in which application of a 'checklist' dictates the

outcome, six factors have been identified to guide the analysis: (1) whether the subject matter of the litigation involves property where the first court may assume in rem jurisdiction to the exclusion of others; (2) whether the federal forum is an inconvenient one; (3) the desirability of avoiding piecemeal litigation; (4) the relevant order in which the courts obtained jurisdiction and the progress achieved in each action; (5) whether state law or federal law provides the rule of decision on the merits; and (6) the adequacy of the state proceeding to protect the parties' rights." *Id*. "In the end, however, abstention should be the exception, not the rule, and it may be considered only when the parallel state-court litigation will be an adequate vehicle for the complete and prompt resolution of the issues between the parties." *Id.*

As the Fourth Circuit explained when it remanded this case, "*Colorado River* permits a court to abstain only in the rare circumstance in which the needs of judicial administration are so pressing as to supersede the court's otherwise 'virtually unflagging obligation' to exercise its jurisdiction over that federal action." Fourth Circuit Order at 9 (emphasis in original). "[A] federal court's task 'is not to find some substantial reason for the exercise of federal jurisdiction [but] . . . to ascertain whether there exist 'exceptional' circumstances . . . to justify the surrender of that jurisdiction.'" Fourth Circuit Order at 11 (emphasis in original).

III. Argument

A. Developments In The State Action Demonstrate That It Is Different From This Action And Not Parallel

At the time of its August 23, 2013 Order, this Court found this action and the state action to be parallel. While Bishop vonRosenberg respectfully disagrees with that conclusion for reasons presented in earlier memoranda,[1] several additional points are warranted based on

[1] Bishop vonRosenberg incorporates by reference the arguments made in his initial Response to Defendant's Motion To Dismiss Or In The Alternative To Abstain Or Stay The

developments in the state action. These points are pertinent to the *Colorado River* analysis, as well as Bishop Lawrence's alternative theories for abstention, a stay, or dismissal.

i. Bishop Lawrence's joinder to the state action was denied

Following this Court's determination that the actions were parallel, the state court denied multiple motions to join Bishop Lawrence, finding that claims proposed against him personally, including Lanham Act claims, were "not counterclaims, but independent causes of action," and that he enjoys corporate immunity under a South Carolina statute, S.C. Code Ann. § 33-31-834, with respect to all of the claims and allegations that the state defendants asserted against the corporate plaintiffs.

Bishop Lawrence certainly enjoys no such corporate immunity from the independent Lanham Act claim asserted against him personally in this action by Bishop vonRosenberg. *See BPS, Inc. v. Worthy*, 608 S.E.2d 155, 160-1, 362 S.C. 319 (Ct. App. 2005) ("Nothing in the law shields Worthy from direct liability in tort for his own actions . . . Additionally, Worthy is liable for unfair trade practices that he personally committed . . . Similarly, the corporate veil does not protect Worthy from liability for his own actions.").

Indeed, this Court recognized Bishop vonRosenberg's standing to assert a Lanham Act claim against Bishop Lawrence personally. August 23, 2013 Order (ECF No. 30) at 8 ("Bishop vonRosenberg, through the allegations contained in his complaint, sufficiently alleges a cognizable injury individual to him *as an ecclesiastical authority within TEC's hierarchical organization* to satisfy the injury in fact prong of constitutional standing.") (emphasis added).

Proceedings (ECF No. 24), and in his Motion For Reconsideration (ECF No. 33), and in his Reply (ECF No. 36).

In light of this development, this Court should not abstain from hearing a viable federal claim against Bishop Lawrence in favor of a state proceeding in which he is not a party and has been found to be immune from being claimed against. *See Chase Brexton,* 411 F.3d at 464-65.

ii. No Lanham Act claims have been adjudicated in the state action

This Court determined that this action and the state action were parallel based in part on its conclusion that The Episcopal Church asserted Lanham Act claims in the state action against the state plaintiffs. August 23, 2013 Order (ECF No. 30) at 4 and 16. The state court, however, has since determined that The Episcopal Church did not plead any Lanham Act claims or other counterclaims against the state plaintiffs; rather that The Episcopal Church only proposed Lanham Act claims against individuals, including Bishop Lawrence, whose joinder was ultimately denied; and the state court accordingly did not adjudicate any Lanham Act claims in its final order. *See* State Court Order dated February 3, 2015. The actions therefore do not involve the same claims and cannot be considered parallel on that basis. *See Chase Brexton,* 411 F.3d at 464-65.

iii. The state action has been limited to different legal issues and different relief

In its final order issued after a trial, the state court described its own proceeding as being limited to issues of "church property and corporate control" that "can be completely resolved using neutral principles of South Carolina law," adding that "the sole issue with respect to the Diocese is corporate control," and that there "is no requirement that people be 'deceived or misled' by the misuse to secure injunctive relief." State Court Order dated February 3, 2015 at 24, 26, and 38.

Limiting its own proceeding to such state law church property and corporate control issues, the state court broadly held that *All Saints Parish Waccamaw v. The Protestant Episcopal*

Church in the Diocese of South Carolina, 385 S.C. 428, 685 S.E.2d 163 (2009)[2] was dispositive of all of the claims in the state action, including the plaintiffs' claims based on state trademark registrations and state corporate names. State Court Order at 25 ("Corporate control is decided, just as in *All Saints*…"); *id.* at 43 ("It is clear from the record that the Plaintiffs are the owners of their names and marks and that they are incorporated charitable organizations while the Defendants are not.").

Bishop vonRosenberg's Lanham Act claim, on the other hand, is about the public being misled, deceived, and confused by Bishop Lawrence's representations regarding his ecclesiastical authority in the hierarchical organization of The Episcopal Church, notwithstanding any issues of "church property" or "corporate control." Bishop vonRosenberg's claim is based on a federal statute that was not considered by the state court (nor was it considered in *All Saints*). That federal statute, Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a)(1), provides as follows:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be

[2] *All Saints* did not do away with any and all deference to hierarchical churches in the State of South Carolina, as Bishop Lawrence wrongly suggests. *All Saints* explicitly requires civil courts "to defer to the decisions of the proper church judicatories in so far as it concerns religious or doctrinal issues." 385 S.C. 428, 685 S.E. 2d 163. That is a clear mandate from the United States Supreme Court. *Jones v. Wolf*, 443 U.S. 595 (1979) ("[The First] Amendment requires that civil courts defer to the resolution of issues of religious doctrine or polity by the

> liable in a civil action by any person who believes he or she who is or is likely to be damaged by such act.

Rights to bring a claim under Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a)(1), are not dependent upon the registration or ownership of a trademark. *See Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 134 S. Ct. 1377, 1384 (2014) ("Section 1125(a) thus creates two distinct bases of liability: false association, §1125(a)(1)(A), and false advertising, §1125(a)(1)(B)."). Thus, the state court's declaration that the state plaintiffs are the corporate owners of state trademark registrations does not preclude Bishop vonRosenberg from asserting such a federal claim. It must be noted here that state trademark registrations, different than federal registrations, are easy to acquire and convey no substantively meaningful or unyielding rights. The South Carolina Trademark Act itself provides that state registrations are subject to others' common law rights and federal registrations, and that state registrations cannot otherwise be used to deceive or confuse the public. S.C. Code Ann. §§ 39-15-1110 and 1180 and 1145. Corporate ownership of a state trademark registration, in other words, is not a license for any corporate officer to make representations or use a mark in a way that is misleading, deceptive, or confusing.

To better illustrate the distinguishable nature of Bishop vonRosenberg's Section 43(a) Lanham Act claim in practical terms, it does not generally matter to consumers of religious services who are the officers of a corporate entity that might act as a holding company or shell corporation; rather, they care about who is duly endowed with ecclesiastical authority among clergy. In that respect, regardless of any corporate control Bishop Lawrence may or may not have usurped under the auspices of *All Saints* by way of manipulating the organizational documents of a corporate entity that once operated as the corporate shell of an Episcopal Diocese, Bishop Lawrence is not permitted to deceive, mislead, and confuse religious consumers

that he has ecclesiastical authority that is likely to be perceived as deriving from the national and hierarchical organization of The Episcopal Church. But that is precisely what he is doing by representing himself to consumers of religious services as a Bishop of an Episcopal Diocese. And that is what Bishop vonRosenberg's Lanham Act claim is about. That claim does not hinge on any underlying South Carolina corporate or property right. Instead, it depends on (1) the First Amendment's deference to the polity of The Episcopal Church, as a hierarchical religious organization, on the question of who is *ecclesiastically* authorized to hold themself out as one of its bishops, and (2) evidence that the public has been misled, deceived, or confused that Bishop Lawrence has such ecclesiastical authority, as a result of his representations and his particular use of various marks.[3]

This Court has already recognized federal authority that supports such a claim. In its August 23, 2013 Order, this Court recognized that The Episcopal Church is a hierarchical religious organization. August 23, 2013 Order (ECF No. 30) at 3 and n.5. This Court further recognized that "Bishop vonRosenberg, through the allegations contained in his complaint, sufficiently alleges a cognizable injury individual to him *as an ecclesiastical authority within TEC's hierarchical organization* to satisfy the injury in fact prong of constitutional standing." *Id.* at 8 (emphasis added). This Court also recognized the applicability of two important and dispositive Fourth Circuit cases, *Dixon v. Edwards*, 290 F.3d 699 (4th Cir. 2002) and *Purcell v*

[3] Affidavit of Jason S. Smith (attaching several federal trademark registrations owned by The Episcopal Church that are evidence of the acquired distinctiveness of the dominant word "Episcopal" in connection with religious services). This affidavit further supports Bishop vonRosenberg's Section 43(a) Lanham Act claim in this action. No rights relating to these federal trademark registrations were adjudicated in the state court because of the state court's determination that The Episcopal Church did not plead Lanham Act claims or other counterclaims against the state plaintiffs. Bishop Lawrence's representations that he is the Bishop of an Episcopal Diocese invade the broad scope of national rights evidenced by these federal registrations.

Summers, 145 F.2d 979 (4th Cir. 1944). August 23, 2013 Order (ECF No. 30) at 3 and n.5 at 3 and 11.

Dixon held that "it was for the Episcopal Church to determine whether Bishop Dixon was acting within the bounds of her role as Bishop Pro Tempore of the Diocese of Washington." 290 F.3d at 718. *Dixon* relied on the United States Supreme Court's decision *Serbian Eastern Orthodox Diocese For United States of America and Canada v. Milivojevich*, 426 U.S. 696 (1976), which also clearly supports Bishop vonRosenberg's claim. *See also Hosanna-Tabor Evangelical Lutheran Church & Sch. V. EEOC*, 132 S. Ct. 694, 704 (2012).

Purcell[4] held that irrespective of corporate and property issues, dissident members of a church "have no right to use the name of the organization from which they have withdrawn and thus hold themselves out to the community as a continuation of or as connected with that organization." 145 F. 2d at 991. The Fourth Circuit explained that "[a] large portion of any community is not well informed about *ecclesiastical* matters; and for the dissident members to use the name of the old church will enable them to appear in the eyes of the community as the continuation of that church, and to make the united church, which is in reality the continuation of the old church, appear as an intruder." *Id*. at 983 (emphasis added). The Fourth Circuit further explained that "the ground of relief is the element of 'passing off' or implied misrepresentation which enables the one using the name to appropriate to itself the standing and good will which rightfully belong to another; and this is just as truly present when seceding members use the name of an organization which has recently merged with another under a new name as when the use of the old name has been continued. The harmful effect of the unfair competition is probably

[4] *Purcell*, decided in 1944, is a pre-Lanham Act case that applies common law principles of unfair competition that were effectively codified as federal law when the Lanham Act was enacted in 1946.

greater in the former case than in the latter; for, where the old organization is operating under a new name, opportunity is presented for doing what the defendants attempted in this case, i.e., for presenting itself to those who are devoted to the old organization as the real survival of that organization." *Id*. at 986.

Purcell is obviously analogous to this action. It supports the conclusion that Bishop Lawrence's particular use of the state registered trademarks violates the Lanham Act, irrespective of the fact that the state court defendant has adopted a new name, "The Episcopal Church in South Carolina,"[5] in compliance with the state court injunction. *Purcell* even suggests that "the harmful effect of the unfair competition is probably greater" in this scenario. *Id.*

The state court did not address any of these authorities in its order, not because the state court disagreed with them or enjoyed the discretion not to follow them, but because the state court proceeding has been limited to different legal issues and different relief, as described. The actions are therefore not parallel in spite of any arguable commonalities, as the Fourth Circuit explained in *Chase Brexton*:

> In *New Beckley*, we held that the state and federal actions, although "virtually identical," were not parallel because the remedies sought and the issues raised were not the same. 946 F.2d at 1074. In so holding, we concluded that" '[t]he *Colorado River* doctrine does not give federal courts carte blanche to decline to hear cases within their jurisdiction merely because issues or factual disputes in those cases may be addressed in past or pending proceedings before state tribunals.'" *Id.* (quoting *United States v. SCM Corp.*, 615 F.Supp. 411, 417 (D.Md.1985)). Consistent with this view, we conclude that the district court incorrectly determined that the commonality

[5] The word "Episcopal" is the dominant identifier in this new name, just as it is in the old names of the Diocese. "The Episcopal Church in South Carolina" has permission and is able to use this name without deceiving, misleading, or confusing the public because it is indeed a part of The Episcopal Church, as the name implies. Bishop Lawrence's use of such a name, on the other hand, would be deceptive, misleading, and confusing, just like his current use of the old names of the Diocese, which also have "Episcopal" as the dominant identifier.

> of a legal issue outweighed the differences between the pending state administrative proceedings and this action.

Chase Brexton, 411 F.3d at 465.

iv. The relief sought in the federal Lanham Act claim does not conflict with the state court injunction

The state court injunction enjoins the state court defendants from using the state trademark registrations and corporate names of the state court plaintiffs. State Court Order dated February 3, 2015 at 44. That is all it does. As mentioned, the state court defendants have complied with that injunction by adopting a different name, "The Episcopal Church in South Carolina." They do not challenge that injunction in this action (notably, they are not even parties in this action).

The state court order does not, however, purport to give Bishop Lawrence any affirmative or perpetual right to make representations or use those marks in a manner that deceives, misleads, and confuses the public. It is not, in other words, a license to engage in false and misleading advertising. That is what Bishop vonRosenberg's federal Lanham Act claim is about and what he is seeking to enjoin in this action. 15 U.S.C. §1125(a)(1); *see Purcell*, 145 F. 2d at 986. Thus, there is no conflict in the relief sought. This further demonstrates that the actions are not parallel. *See Chase Brexton*, 411 F.3d at 465 ("…not parallel because the remedies sought and the issues raised were not the same.").

v. The relief sought in the federal Lanham Act claim is not precluded by the state court injunction

Closely connected to the point above that there is no actual conflict between the relief sought in the Lanham Act claim and the injunction issued by the state court, it is clear that the Lanham Act claim here should not be *precluded* by the state court injunction. The United States Supreme Court, in a case decided after this Court's August 23, 2013 Order, *Pom Wonderful LLC*

v. Coca-Cola Co., 573 U.S. __ (2014), held that the Lanham Act "creates a federal remedy that goes beyond trademark protection" and that such claims are not precluded by the enforcement of other statutes that may arguably appear to authorize or tolerate a course of conduct. The Supreme Court explained that "Lanham Act actions are a means to implement a uniform policy to prohibit unfair competition in all covered markets." *Id.* at __ (slip op. at 14). The Supreme Court further explained that it was not appropriate for the lower court to bar a Lanham Act claim on grounds that it would "risk undercutting . . . expert judgments and authority" and "[o]ut of respect for [another] statutory and regulatory scheme." *Id.* at __ (slip op. at 7).

Applying this new jurisprudence here, Bishop vonRosenberg's Lanham Act claim is not precluded by the state court injunction. Bishop Lawrence's argument that Bishop vonRosenberg's Lanham Act claim might somehow undercut the value of the state court injunction to him or his faction is to no avail according to *Pom Wonderful*. So too is his argument that this Court should shy away from Bishop vonRosenberg's federal Lanham Act claim out of respect for the state court's decisions involving different laws and other aspects of a larger schismatic dispute also involving church property and corporate control. *Id. at* __ (slip op. at 17) ("The position Coca-Cola takes in this Court that because food and beverage labeling is involved it has no Lanham Act liability here for practices that allegedly mislead and trick consumers, all to the injury of competitors, finds no support in precedent or the statutes.").

The fact that the federal Lanham Act claim here cannot be precluded by the state court claims further demonstrates that they are not "substantially the same" and that the actions are not parallel. *See Chase Brexton*, 411 F.3d at 465 ("…not parallel because the remedies sought and the issues raised were not the same.").

vi. The relief sought in the federal Lanham Act claim is preemptive

Even assuming *arguendo* that there is a conflict between the injunctive relief sought in the federal Lanham Act claim in this action and the injunctive relief issued by the state court under state law, the relief provided by the Lanham Act would be preemptive, making abstention inappropriate. *See Aluminum Co. of America v. Utilities Com'n of State of N.C.*, 713 F.2d 1024 (4th Cir. 1983) ("[A]bstention is inappropriate where the federal government has preempted the field, or where there is a direct, facial conflict between state and federal statutes."); *Am. Petroleum Inst. v. Cooper*, 718 F.3d 347 (4th Cir. 2013) (Lanham Act preempts the enforcement of state law where there is an actual conflict).

Preemptive federal relief cannot be said to be "substantially the same" as state relief that it preempts. *See Chase Brexton*, 411 F.3d at 465 ("…not parallel because the remedies sought and the issues raised were not the same.").

vii. Differences should not be discounted

In determining whether the actions are parallel, as well as in analyzing the *Colorado River* factors notwithstanding whether the actions are parallel, it should not be discounted that there are in fact differences between the parties, the claims, and the relief sought in the two actions. "Discounting the differences" in favor a "commonality of a legal issue," as the Fourth Circuit explained in *Chase Brexton*, is not appropriate when "tallying the relevant factors and considering them against the larger policies underlying *Colorado River* abstention." *Chase Brexton,* 411 F.3d at 464-66. These differences should likewise not be discounted in considering Bishop Lawrence's alternative theories for abstention, a stay, or dismissal.

B. <u>The *Colorado River* Factors Weigh Heavily Against Abstention</u>

i. Factor No. 1: Whether the subject matter of the litigation involves property where the first court may assume in rem jurisdiction to the exclusion of others.

This action and the state action are both actions based on *in personam* jurisdiction, as opposed to *in rem* jurisdiction. *See Gannett Co., Inc. v. Clark Construction Group, Inc*., 286 F.3d 737, 747 (4th Cir. 2002) ("[The state and federal] actions are *in personam* proceedings; thus, neither of the parallel proceedings have jurisdiction over the property."); *NBC Universal, Inc. v. NBCUniversal.com*, 378 F. Supp. 2d 715, 717 (E.D. Va. 2005) ("Kwon filed in Korea an *in personam* action against plaintiffs, not an *in rem* action requesting that the Korean court exercise jurisdiction over the domain name."). Bishop Lawrence wrongly says otherwise without citing any authority to support his position. In any respect, as explained in above in subsections (A)(iii-v), Bishop vonRosenberg's Lanham Act claim does not hinge on ownership of the state trademark registrations. This factor weighs against abstention.

ii. Factor No. 2: Whether the federal forum is an inconvenient one.

Bishop Lawrence acknowledges this forum is convenient. This factor weighs against abstention.

iii. Factor No. 3: The desirability of avoiding piecemeal litigation.

Bishop Lawrence's fear of "disjointed or unreconcilable results" between the two actions is "not the threat of piecemeal litigation with which *Colorado River* was concerned; it is a prospect inherent in all concurrent litigation." *Chase Brexton,* 411 F.3d at 465.

In any respect, as explained above in subsections (A)(iv-vi), there is no conflict between the injunctive relief sought in the federal Lanham Act claim in this action and the injunctive relief issued by the state court. Furthermore, the Lanham Act claim here cannot be precluded, *Pom Wonderful LLC*, 573 U.S. __, and moreover, assuming *arguendo* that there could be a conflict, the Lanham Act claim would be preemptive, making abstention inappropriate. *Aluminum Co. of America*, 713 F.2d 1024; *Am. Petroleum Inst.*, 718 F.3d 347.

To the extent this Court might nevertheless consider the two actions to be "piecemeal" in some sense, the state court has made that outcome impossible to avoid. As explained above in subsections (A)(i-iii), the state court denied Bishop Lawrence's joinder, it did not adjudicate any Lanham Act claims, and it limited its proceeding to different legal issues and different relief. This factor, in sum, therefore weighs against abstention.

iv. Factor No. 4: The relevant order in which the courts obtained jurisdiction and the progress achieved in each action.

This action was filed approximately two months after the state action against The Episcopal Church, but on the same day that The Episcopal Church in South Carolina was added and served as a party to the state action. Given the narrow focus of this action, it likely would have proceeded to trial before the state action, but for this Court's decision to abstain. Bishop vonRosenberg should not be prejudiced because time passed during his appeal of that decision. Moreover, as explained in subsections (A)(i-iii), no progress has been made in state court with respect to any Lanham Act claim and the legal issues relevant to that claim (because there was not one in that action); and no progress has been made in any claims against Bishop Lawrence personally (because he is not a party to the state action). This factor weighs against abstention.

v. Factor No. 5: Whether state law or federal law provides the rule of decision on the merits.

This action involves a federal Lanham Act claim. It is axiomatic that federal law applies to that federal claim, namely Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a)(1). Additionally, as detailed above in subsections (A)(iii-vi), Bishop vonRosenberg's federal claim does not hinge on any underlying South Carolina corporate or property right. Rather, it depends on (1) the First Amendment's deference to the polity of The Episcopal Church, as a hierarchical religious organization, on the question of who is ecclesiastically authorized to hold themself out

as one of its bishops, and (2) evidence that the public has been misled, deceived, or confused that Bishop Lawrence has such ecclesiastical authority, as a result of his representations and his particular use of various marks. 15 U.S.C. §1125(a)(1); *Dixon*, 290 F.3d 699; *Serbian*, 426 U.S. 696; *Purcell*, 145 F.2d 979; *Pom Wonderful,* 573 U.S. __.

This factor "strongly counsels" against abstention. *Chase Brexton,* 411 F.3d at 466.

vi. Factor No. 6: The adequacy of the state proceeding to protect the parties' rights.

Bishop vonRosenberg's rights do not rise or fall according to what is being adjudicated in state court, as explained in subsections (A)(i-vi). His rights, therefore, will not be adequately protected or even addressed in that state action. The state court denied Bishop Lawrence's joinder, it did not adjudicate any Lanham Act claims, and it limited its proceeding to different legal issues and different relief. This factor also weighs against abstention.

In sum, all of the *Colorado River* factors weigh against abstention, which must be "heavily weighted in favor of the exercise of jurisdiction." *Chase Brexton,* 411 F.3d at 464-65. Abstention is therefore inappropriate.

C. <u>Bishop Lawrence's Alternative Theories For Abstention, A Stay, Or Dismissal</u>

Bishop Lawrence attempts to divert this Court's attention away from *Colorado River* by proposing several alternative theories: *res judicata*, a general request for a stay, the Anti-Injunction Act, and *Younger* abstention. These alternative theories fail essentially for the same underlying reasons that abstention is inappropriate under *Colorado River*.

i. *Res Judicata*

Res judicata does not apply here because there is not an identity of parties, subject matter, and adjudicated issues. *See Sunrise Corp., Myrtle Beach v. Myrtle Beach*, 420 F.3d 322, 327-8 (4th Cir. 2005) ("Even if we consider the requirement of identity of the subject matter to

be satisfied, which is not at all certain, the federal Constitutional rights of due process and equal protection were not adjudicated in the South Carolina Court of Appeals.").

As explained more fully above in subsections (A)(i-vi), the state court denied Bishop Lawrence's joinder, it did not adjudicate any Lanham Act claims, and it limited its proceeding to different issues. Bishop vonRosenberg, who was also not a party to the state action, has asserted a Lanham Act claim here against Bishop Lawrence, personally, which does not hinge on the property and corporate control issues that are being adjudicated in the state action, including the issue of corporate ownership of the state trademark registrations. Bishop vonRosenberg's Lanham Act claim does not conflict with the state court injunction, is not precluded by it, and would preempt it assuming *arguendo* that there was a conflict. His claim depends on (1) the First Amendment's deference to the polity of The Episcopal Church, as a hierarchical religious organization, on the question of who is ecclesiastically authorized to hold themself out as one of its bishops, and (2) evidence that the public has been misled, deceived, or confused that Bishop Lawrence has such ecclesiastical authority, as a result of his representations and his particular use of various marks. The state court has not spoken on these issues. *Res judicata* therefore has no relevant application here. *See Sunrise*, 420 F.3d at 327-8.

ii. Stay

What the South Carolina Supreme Court might say about the state law property and corporate control issues being adjudicated in the state action would likewise have no relevant application for *res judicata* purposes; so waiting for its decision is not a valid reason to stay this action. The state court appeal will not affect the Lanham Act claim before this Court.

iii. Anti-Injunction Act

The Anti-Injunction Act, 28 USC § 2283, provides as follows:

> A court of the United States may not grant an injunction to stay proceedings in a state court except as expressly authorized by Act of Congress, or where necessary in aid of its jurisdiction, or to protect or effectuate its judgments.

This statute does not apply here. Bishop vonRosenberg has not asked this Court for an injunction to stay the proceedings in the state court. He has not asked this Court to tell the state court or any state government official what to do or what not to do. He has not asked this Court to declare any state law to be invalid. He has not asked this Court to enjoin the enforcement of the state court's injunction. He is not even a party to the state action, nor is Bishop Lawrence, despite the state court defendants' attempt to join him.

All Bishop vonRosenberg is asking for is the enforcement of his rights under a federal law. He is merely pursuing his own distinguishable federal Lanham Act claim in federal court, as is his right as a plaintiff. This is the antithesis of the intended scenario for the application of the Anti-Injunction Act, exemplified in the cases cited by Bishop Lawrence, which are wholly inapposite. *See e.g.*, *Hartsville Theatres, Inc. v. Fox*, 324 F.Supp. 258 (D.S.C. 1971) ("The plaintiffs prayed the convocation of a Three-Judge Court under Sections 2281 and 2282, 28 U.S.C., the granting of temporary and permanent injunctive relief against the enforcement of the challenged statute…"); *In re American Hondo Motor Co., Inc. v. Bernard's Inc.*, 315 F.3d 417 (4th Cir. 2003) ("The overarching question presented in this appeal is whether the All Writs Act, 28 U.S.C. § 1651(a), gives a federal district court authority to enjoin judicial enforcement of an arbitration award…").

Furthermore, the injunctive relief sought in the federal Lanham Act claim in this action would not otherwise effectively stay the injunctive relief issued by the state court, as Bishop Lawrence suggests. As explained above in subsections (A)(iii-vi), the state court order enjoined the state court defendants from using certain marks and the state court defendants have complied

with that injunction by adopting a new name. But that injunction did not give Bishop Lawrence any affirmative or perpetual right or license to use those marks in a manner that deceives, misleads, and confuses the public, which is what Bishop vonRosenberg seeks to enjoin in this action. State Court Order dated February 3, 2015 at 44; 15 U.S.C. §1125(a)(1); *see Purcell*, 145 F. 2d at 986. Accordingly, there is no actual conflict between the injunctive relief sought in the Lanham Act claim in this action and the injunctive relief issued by the state court. Furthermore, Bishop vonRosenberg's Section 43(a) Lanham Act claim is not precluded, *Pom Wonderful LLC*, 573 U.S. __, and moreover, assuming *arguendo* that there could be a conflict, that Lanham Act claim would be preemptive, making abstention inappropriate. *Aluminum Co. of America*, 713 F.2d 1024; *Am. Petroleum Inst.*, 718 F.3d 347.

iv. *Younger* Abstention

Abstention under *Younger v. Harris*, 401 U.S. 37 (1971), is "the exception, not the rule." *New Orleans Pub. Serv., Inc. v. Council of the City of New Orleans (NOPSI)*, 491 U.S. 350, 359 (1989). The Fourth Circuit has explained that "[a]lthough it is now well settled that *Younger* abstention can be applied in civil cases abstention under *Younger* . . . applies predominately to cases involving state criminal proceedings. *Younger* abstention is rare in other cases." *Richmond Fredricksburg & Potomac R.R. Co. v. Frost*, 4 F.3d 244, 251 n.16 (4th Cir. 1993) (citations and quotation omitted). The only basis for *Younger* abstention in a civil proceeding is if it involves "orders that are uniquely in furtherance of the state court's ability to perform their judicial functions." *NOPSI*, 491 U.S. at 368. "We [The Supreme Court] have cautioned, however, that federal courts ordinarily should entertain and resolve on the merits an action within the scope of a jurisdictional grant, and should not refuse to decide a case in deference to the States." *Sprint Communications v. Jacobs*, 134 S. Ct. 584, 588 (2013).

Bishop Lawrence's argument for *Younger* abstention clings to his misguided notion that this action is a "direct challenge" to the injunction issued in the state action. It is not, for the many reasons detailed above in subsections (A)(i-vi). Bishop vonRosenberg clearly has a distinguishable federal Lanham Act claim "within the scope of a jurisdictional grant" and this Court "should not refuse to decide" his "case in deference to the" state court. *Id.*

IV. Conclusion

Colorado River's exceptional circumstances do not exist here "as to supersede the court's otherwise 'virtually unflagging obligation' to exercise its jurisdiction over that federal action." Fourth Circuit Order at 9 (emphasis in original). Bishop Lawrence's alternative theories for abstention, stay, or dismissal likewise fail.

This Court has already recognized the viability of Bishop vonRosenberg's federal Lanham Act claim against Bishop Lawrence and federal authority that supports and distinguishes that claim. The state court has not adjudicated that claim and has made it clear that it will not do so by denying Bishop Lawrence's joinder, determining not to adjudicate any Lanham Act claims, and limiting its own proceeding to different legal issues and different relief – "church property" and "corporate control." The relief sought in Bishop vonRosenberg's federal Lanham Act claim, moreover, does not conflict with the injunction issued by the state court, and the law is clear that such a claim cannot be precluded. Assuming *arguendo* that there could be a conflict, relief under the Lanham Act would be preemptive, making abstention inappropriate in any respect.

Irrespective of any corporate pretext or state trademark registration, Section 43(a) of the federal Lanham Act does not permit Bishop Lawrence to mislead, deceive, or confuse the public regarding his *ecclesiastical* authority in the hierarchical religious organization of The Episcopal Church. That is what he is doing, purposefully, to Bishop vonRosenberg's detriment.

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Respectfully Submitted,

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