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, vs. 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 **ORDER**

This matter is before the Court on the motion and supplemental motion[1] of the defendant, The Right Reverend Mark J. Lawrence ("Bishop Lawrence"), to dismiss or in the alternative to abstain or stay proceedings pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6), the principles of res judicata and collateral estoppel, the Anti-Injunction Act (28 U.S.C. § 2283), the Federal Declaratory Judgment Act (28 U.S.C. § 2201), and the Younger[2] and Colorado River[3] abstention doctrines. (ECF Nos. 13 & 52). For the reasons discussed below, the Court grants Bishop Lawrence's motions to stay this action pending the final resolution of the pending parallel state court action, The Protestant Episcopal Church in The Diocese of S.C. v. The

[1] As directed by the Court at the June 11, 2015 status conference, Bishop Lawrence filed this motion to supplement his initial motion to dismiss filed on March 28, 2013 (ECF No. 13) and his reply to the response to the motion to dismiss filed on April 25, 2013 (ECF No. 26).
[2] Younger v. Harris, 401 U.S. 37 (1971).
[3] Colorado River Water Conservation Dist. v. United States, 424 U.S. 800 (1976).

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Episcopal Church, No. 2013-CP-18-00013, in the Court of Common Pleas for the First Judicial Circuit in Dorchester County, South Carolina (the "state court action").[4]

I. BACKGROUND

The Court presumes the parties' familiarity with the facts of this case; however, the following abbreviated facts and procedural history are relevant to the motions at hand. This case (the "federal court action") arises out of a dispute concerning the use of four service marks registered by The Protestant Episcopal Church in the Diocese of South Carolina (the "Diocese") with the South Carolina Secretary of State pursuant to state law (the "Diocese's marks").[5] (Compl. ¶¶ 1, 29(a)-(d), ECF No. 1).[6] In this federal court action, the plaintiff, The Right Reverend Charles G. vonRosenberg ("Bishop vonRosenberg"), individually and in his capacity as Provisional Bishop of the Diocese, claims that the defendant, Bishop Lawrence, despite his renunciation of The Protestant Episcopal Church in the United States of America ("TEC") and his removal as Bishop of the Diocese, has unlawfully used the aforementioned service marks and has made false representations through and in conjunction with those marks. (Compl. ¶ 1). In response, Bishop Lawrence claims that Bishop vonRosenberg does not lead the Diocese, but instead is an "agent" of The Episcopal Church in South Carolina ("ECSC"), an unincorporated association established to supersede Bishop Lawrence's disaffiliated Diocese.[7] (Def.'s Mem. in

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[4] Citations to relevant documents submitted by the parties in the state court action will be preceded by "State Ct.".

[5] The Diocese's four service marks are: "The Diocese of South Carolina"; "The Episcopal Diocese of South Carolina"; "The Protestant Episcopal Church in the Diocese of South Carolina"; and The Seal of the Diocese of South Carolina. (Compl. ¶ 29(a)-(d)).

[6] Unless indicated otherwise, court documents and ECF numbers refer to the present case—Case Number 2:13-cv-00587-CWH.

[7] ECSC is comprised of the parishes which remain affiliated with TEC. (State Ct. Second Am. Compl. ¶ 481, ECF No. 13-17). ECSC was formed on or about January 26, 2013, and the Diocese claims ECSC has attempted to assume the Diocese's corporate identity. (Id. at ¶¶ 483, 487-88). Bishop vonRosenberg contends that ECSC is "a pseudo name and placeholder for the

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Supp. of Mot. to Dismiss 5 n.11, ECF No. 13-1). Thus, Bishop Lawrence claims to be the Bishop of the Diocese, and hence, the rightful user of the Diocese's marks. (Mem. in Supp. of Def.'s Suppl. Mot. to Dismiss 6, ECF No. 52-1).

A. THE STATE COURT ACTION

On January 4, 2013, the Diocese, the Trustees of The Protestant Episcopal Church in South Carolina (the "Trustees"),[8] and a faction of parishes and parishioners representing the disaffiliated Diocese filed the state court action seeking a declaratory judgment and injunctive relief against TEC concerning real and personal property, including the same service marks disputed in the instant federal court action. The Protestant Episcopal Church in the Diocese of S.C. v. The Episcopal Church, No. 2013-CP-18-00013. The state court action against TEC, later amended to include ECSC as a defendant, asserts causes of action arising exclusively under South Carolina law—declaratory judgment (interest in real and personal property) (S.C. Code §§ 15-53-10 et. seq.); service mark infringement (S.C. Code §§ 39-15-1105 et. seq.); and the improper use of names, styles, and emblems (S.C. Code §§ 16-17-310 & 320). (State Ct. Second Am. Compl. ¶¶ 490-505).

On January 23, 2013, Circuit Court Judge Diane S. Goodstein issued a temporary restraining order (State Ct. TRO, 2:13-cv-00893-CWH, ECF No. 1-6), and with TEC's consent, a preliminary injunction was issued on January 31, 2013. (State Ct. Prelim. Inj., 2:13-cv-00893-CWH, ECF No. 1-9). The temporary restraining order and preliminary injunction prevented all

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corporate titles of the Diocese that are in dispute in the state court action." (Reply Br. of Appellant Bishop vonRosenberg 5, ECF No. 54-2).

[8] Incorporated in 1902, the Trustees is a South Carolina non-profit corporation. (State Ct. Second Am. Compl. ¶ 29; State Ct. TEC's Answer & Countercls. 39, ¶ 3, 2:13-cv-00893-CWH, ECF No. 1-23). The Trustees' purpose is to receive, hold, and devise real and personal property voluntarily surrendered or gifted to it. (State Ct. Second Am. Compl. ¶ 31). The Board of Directors of the Trustees consists of eight members meeting at least quarterly; Bishop Lawrence is an ex officio member with a seat and voice but no vote. (Id. at ¶ 30).

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those except Bishop Lawrence and those under his direction or in concert with him from using the Diocese's registered names and the seal or marks.

On March 28, 2013, TEC and ECSC filed answers and counterclaims. (State Ct., 2:13-cv-00893-CWH, ECF Nos. 1-23 & 1-24). In addition to other counterclaims, TEC specifically counterclaimed that the "individual counterclaim defendants' unauthorized use of the Episcopal Church Marks constitutes trademark infringement under two provisions of the Lanham Act, 15 U.S.C. §§ 1114 and 1125(a)(1)(A)" and trademark dilution under 15 U.S.C. § 1125(c). (State Ct. TEC Answer & Countercls. pp. 52-53, 2:13-cv-00893-CWH).[9] However, because the individual counterclaim defendants were not parties to the action, the state court ruled that the claims "are not counterclaims, but independent causes of action." (State Ct. Order Denying ECSC's Mot. to Join Additional Parties 2-3, ECF No. 54-4) (citation omitted) (internal quotation marks omitted). Thus, the state court held that the proposed Lanham Act claims were not before the court. (Id. at 3).

On April 3, 2013, ECSC removed the action to federal court pursuant to 28 U.S.C. § 1441(a). (State Ct. Notice of Removal, 2:13-cv-00893-CWH, ECF No. 1). On June 10, 2013, this Court remanded the case to the Court of Common Pleas for the First Judicial Circuit in

[9] The "individual counterclaim defendants" were not listed as parties in the state court Complaint. On May 5, 2013, the defendants moved to join twenty-three individuals as necessary parties, alleging they controlled the Diocese; however, the state court denied the request on September 27, 2013. ECSC filed a motion to reconsider, which was denied on December 31, 2013. On November 25, 2013, ECSC moved to join four individuals—two Diocese employees, including Bishop Lawrence, and two volunteers—as parties. On May 20, 2014, the state court denied the motion, finding that these four individuals fell within the group of twenty-three individuals the court had previously found were not necessary "because complete relief can be had between the existing parties . . . ." (State Ct. Order Denying Defs.' Mot. to Join Additional Countercl. Defs. 4) (citation omitted) (internal quotation marks omitted). TEC appealed the order, but the Court of Appeals dismissed the appeal on July 3, 2014.

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Dorchester County, South Carolina. (State Ct. Remand Order, 2:13-cv-00893-CWH, ECF No. 167).

After more than one year of discovery, including extensive document production, the case was tried to the court without a jury in St. George, South Carolina from July 8, 2014 through July 25, 2014. Fifty-nine witnesses testified, including Bishops vonRosenberg and Lawrence, and over 1,200 exhibits were admitted into evidence. (State Ct. Final Order 5, ECF No. 52-3). On February 3, 2015, Judge Goodstein issued a final order which held that corporate control did not reside with TEC and ECSC, and, consequently, that Bishop Lawrence was the Diocese's Bishop. (State Ct. Final Order 8, 32-33). Specifically, Judge Goodstein found: (1) Bishop vonRosenberg is "an agent of []ECSC and a Bishop in TEC"; (2) Bishop "Lawrence is the Chief Operating or Chief Executive Officer of the Diocese and is also its Ecclesiastical Authority"; (3) "[t]here is no basis to claim that the Diocese did not validly exercise its legal and constitutionally-protected right to disassociate from TEC in October 2012"; (4) "[t]here is no legal basis for TEC or []ECSC to have any claim of control over the Trustees or its assets"; (5) the state court plaintiffs (the Diocese, Trustees, and the faction of parishes) are the owners of their real, personal and intellectual property—"[they] are the owners of their names and marks"; and (6) TEC and ECSC "have no legal, beneficial or equitable interest in the [state court] [p]laintiffs' real, personal, and intellectual property." (State Ct. Final Order 4, 8, 32-33, 43-45). In addition, Judge Goodstein entered a permanent injunction, which ordered:

> TEC . . . and . . . [ECSC] and their officers, agents, servants, employees, members, attorneys and any person in concert with or under their direction or control are permanently enjoined from using, assuming, or adopting in any way, directly or indirectly[,] the names, styles, emblems or marks of the [p]laintiffs as hereinafter set out, or any names, styles, emblems or marks that may be reasonably perceived to be those names, styles[,] emblems or marks[.]

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(Id. at 44). As stated above, these marks include the marks at issue in the federal court action. (Id.).

The defendants filed a motion for reconsideration, which Judge Goodstein denied on February 23, 2015. On March 26, 2015, the defendants filed a notice of appeal with the South Carolina Court of Appeals and moved to certify the appeal to the South Carolina Supreme Court to which the plaintiffs consented on March 27, 2015. On April 15, 2015, the South Carolina Supreme Court granted the motion to certify and set oral argument for September 23, 2015.[10] (State Ct. Supreme Court of South Carolina Order, ECF No. 52-4).

B. THE PRESENT FEDERAL COURT ACTION

On March 5, 2013, Bishop vonRosenberg, in his individual and official capacity as Bishop of the Diocese, filed the instant action advancing two causes of action under the Lanham Act: (1) Trademark Infringement (Compl. ¶¶ 56-66); and (2) False Advertising (Compl. ¶¶ 67-78). In the Complaint, Bishop vonRosenberg requests a declaration that Bishop Lawrence's alleged unauthorized use of the Diocese's marks violates the Lanham Act and an injunction prohibiting Bishop Lawrence's alleged unlawful conduct, and demands costs, including reasonable attorney's fees and disbursements, and an accounting of profits obtained in connection with Bishop Lawrence's alleged conduct.[11]

On March 28, 2013, Bishop Lawrence filed a motion to dismiss or in the alternative to abstain or stay proceedings pursuant to Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6), the Anti-Injunction Act (28 U.S.C. § 2283), the Federal Declaratory Judgment Act (28 U.S.C. §

[10] Notably, the status of the state court action is the same as it was when the mandate issued.
[11] It is important to note that if the federal court were to issue the requested declaration and permanent injunction, that order would directly contradict the state court's permanent injunction entered against TEC, ECSC, and Bishop vonRosenberg as an agent, employee, and member of ECSC.

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2201), and the Younger and Colorado River abstention doctrines. (ECF No. 13). On August 8, 2013, the motion came before the Court for oral argument. On August 23, 2013, the Court granted Bishop Lawrence's motion to abstain. (ECF No. 30). The Court dismissed Bishop vonRosenberg's claims without prejudice in favor of the state court action pursuant to Wilton[12]/Brillhart[13] abstention to enable the parties to fully litigate all issues pertaining to this dispute in state court. In a footnote in the Order, the Court stated that it "will entertain a motion to reinstate this case if it appears during the period of limitations that all issues pertaining to this action [are] not . . . disposed of in state court." (Id. at 22 n.11). On September 16, 2013, Bishop vonRosenberg filed a motion for reconsideration (ECF No. 33), which the Court denied on January 15, 2014. (ECF No. 37).

On February 5, 2014, Bishop vonRosenberg filed a notice of appeal. (ECF No. 38).[14] On March 31, 2015, the Court of Appeals issued an order, which was later amended on April 17, 2015,[15] vacating this Court's order and remanding the case with instructions. Specifically, the Court of Appeals held that "Colorado River, which permits a federal court to abstain only in 'exceptional' circumstances, properly governs the abstention decision in this action seeking both declaratory and nondeclaratory relief . . . ." vonRosenberg v. Lawrence, 781 F.3d 731, 732 (4th

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[12] Wilton v. Seven Falls Co., 515 U.S. 277 (1995).
[13] Brillhart v. Excess Ins. Co. of Am., 316 U.S. 491 (1942).
[14] Bishop Lawrence is the only party to inform the Court that Bishop vonRosenberg limited his appeal to his second cause of action (False Advertising under the Lanham Act) and dropped the trademark infringement claim and request for declaratory judgment. (Defs.' Reply to Pl.'s Mem. in Opp. to Defs.' Suppl. Mot. to Dismiss 1). (See Pl.'s Opening Br. 17, ECF No. 54-1 (stating Bishop vonRosenberg is "not appealing the District Court's dismissal without prejudice of his claims for trademark infringement and a declaratory judgment")); (Pl.'s Reply Br. 6, ECF No. 54-2 (stating "[t]he claims left behind are simply no longer part of the case")). Bishop vonRosenberg fails to expressly mention the dismissal of these claims to this Court, although in his response, he merely refers to the single cause of action under the Lanham Act.
[15] The amended order substituted the Fourth Circuit's use of the word "stayed" or a variation thereof for the word "dismissed" or a variation thereof; however, the Fourth Circuit's instructions to this Court remained unchanged.

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Cir. 2015) (internal citation omitted). The Fourth Circuit remanded the case to this Court "for a determination whether such 'exceptional' circumstances are present in this case." Id. at 736. On April 29, 2015, the Fourth Circuit denied Bishop Lawrence's motion for a panel rehearing and a rehearing en banc.

On June 11, 2015, the Court held a status conference wherein it ordered Bishop Lawrence to either re-brief or supplement his motion to dismiss in light of the Fourth Circuit's Amended Order. On June 30, 2015, Bishop Lawrence filed his supplemental motion asking the Court to dismiss or in the alternative to abstain from exercising jurisdiction, or to stay the federal court action pursuant to the same principles as stated in the initial motion, and also argued the doctrines of res judicata and collateral estoppel.[16] (ECF No. 52). On July 15, 2015, Bishop vonRosenberg filed a response (ECF No. 53), and on July 27, 2015, Bishop Lawrence filed a reply.[17] (ECF No. 54).

II. LEGAL STANDARD

Federal courts have a "virtually unflagging obligation . . . to exercise the jurisdiction given them." Colorado River, 424 U.S. at 817 (citation omitted); see also Chase Brexton Health

[16] At the time the initial motion to dismiss was filed in federal court, the state court had not issued a final judgment.

[17] In his reply, Bishop Lawrence argues that Bishop vonRosenberg's second cause of action for false advertising is substantively a claim for false designation of origin under § 1125(a)(1)(A), not a false advertising claim, and thus should be dismissed for failure to allege the essential elements of the claim. (Defs.' Reply to Pl.'s Mem. in Opp. to Defs.' Suppl. Mot. to Dismiss 11-13). However, this argument exceeds the scope of the arguments set forth in Bishop Lawrence's motion to dismiss, supplemental motion to dismiss, and Bishop vonRosenberg's responses thereto, and thus will not be considered by the Court. See Local Civ. Rule 7.07 (D.S.C.) (providing a party may file a reply to address "matters raised initially in a response to a motion or in accompanying supporting documents"); see also U.S. S.E.C. v. Pirate Investor LLC, 580 F.3d 233, 255 n.23 (4th Cir. 2009) (citation omitted) ("Ordinarily we do not consider arguments raised for the first time in a reply brief . . . ."). Furthermore, this argument exceeds the scope of the Court's instruction, which only allowed the parties to supplement their initial filings in light of the Fourth Circuit's Amended Order.

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Servs., Inc. v. Maryland, 411 F.3d 457, 462 (4th Cir. 2005) (citation omitted) (internal quotation marks omitted) ("Federal courts have no more right to decline the exercise of jurisdiction which is given, than to usurp that which is not."). "Generally, as between state and federal courts, the rule is that 'the pendency of an action in the state court is no bar to proceedings concerning the same matter in the Federal court having jurisdiction . . . .'" Colorado River, 424 U.S. at 817 (quoting McClellan v. Carland, 217 U.S. 268, 282 (1910)). Nevertheless, a federal court may abstain from hearing a case in "exceptional" circumstances. Id. at 818. "Colorado River, solely as a matter of judicial administration, permits dismissal of a duplicative federal action when '[w]ise judicial administration, giving regard to conservation of judicial resources and comprehensive disposition of litigation' clearly favors abstention." Chase Brexton, 411 F.3d at 463 (quoting Colorado River, 424 U.S. at 817).

To determine whether Colorado River abstention is appropriate, two conditions must be satisfied: (1) "there must be parallel proceedings in state and federal court[,]" and (2) "exceptional circumstances" must exist. Gannett Co., Inc. v. Clark Constr. Grp., Inc., 286 F.3d 737, 741 (4th Cir. 2002) (citation omitted). "'Suits are parallel if substantially the same parties litigate substantially the same issues in different forums.'" Id. at 742 (quoting New Beckley Mining Corp. v. Int'l Union, UMWA, 946 F.2d 1072, 1073 (4th Cir. 1991)). With respect to the second inquiry, the exceptional circumstances analysis does not have a rigid test. See Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp., 460 U.S. 1, 16 (1983) (stating "the decision whether to dismiss a federal action because of parallel state-court litigation does not rest on a mechanical checklist, but on a careful balancing of the important factors as they apply in a given case, with the balance heavily weighted in favor of the exercise of jurisdiction"). The Fourth

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Circuit has identified the following six factors 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.

Great Am. Ins. Co. v. Gross, 468 F.3d 199, 207-08 (4th Cir. 2006) (citing Chase Brexton, 411 F.3d at 463-64). "[A] decision to abstain does not require the presence of all of the factors. Instead, the factors are to be applied 'in a pragmatic, flexible manner with a view to the realities of the case at hand.'" Sto Corp. v. Lancaster Homes, Inc., 11 F. App'x 182, 187 (4th Cir. 2001) (per curiam) (quoting Moses H. Cone, 460 U.S. at 2).

The Court "must remain mindful that this form of abstention is an extraordinary and narrow exception to the duty of a District Court to adjudicate a controversy properly before it . . . ," Great Am. Ins. Co., 468 F.3d at 207 (citation omitted) (internal quotation marks omitted); see also Colorado River, 424 U.S. at 813 (stating "[a]bstention from the exercise of federal jurisdiction is the exception, not the rule"), and that abstention "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.'" Great Am. Ins. Co., 468 F.3d at 208 (quoting Moses H. Cone, 460 U.S. at 28). Therefore, the District Court's task "is not to find some substantial reason for the exercise of federal jurisdiction by the district court; rather, the task is to ascertain whether there exist 'exceptional' circumstances, the 'clearest of justifications,' . . . to justify the surrender of that jurisdiction." Moses H. Cone, 460 U.S. at 25-26; see also Ackerman v. ExxonMobil Corp., 734 F.3d 237, 248-49 (4th Cir. 2013) (stating courts must ascertain

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whether exceptional circumstances exist to provide clear justification for surrender of jurisdiction).

A dismissal or a stay is appropriate under Colorado River. Moses H. Cone, 460 U.S. at 28. If a federal court decides to abstain under Colorado River, it "should dismiss the case if 'the determinative issues will unfailingly be resolved within the parameters of the state-court litigation . . . as no further action by the district court is anticipated.'" Sto Corp., 11 F. App'x at 189 (quoting Cox v. Planning Dist. I Cmty. Mental Health & Mental Retardation Servs. Bd., 669 F.2d 940, 943 (4th Cir. 1982)). In contrast, "a stay pending the resolution of the state suit is the appropriate disposition in federal court if the federal case "has a chance of continuing even after the resolution of the state case . . . ." Id. (citing Kelser v. Anne Arundel Cnty. Dep't of Soc. Servs., 679 F.2d 1092, 1094 (4th Cir. 1982)); see also Flanders Filters, Inc. v. Intel Corp., 93 F. Supp. 2d 669, 673-74 (E.D.N.C. 2000) (The court found that dismissal would be inappropriate and instead stayed the case because the state court action would either resolve the dispute between the parties and would define the parameters of the federal action or moot the federal case. The court made this decision to avoid "unnecessary duplicative litigation and conserve judicial resources . . . .").

III. DISCUSSION

Pursuant to the Fourth Circuit's instructions, the Court must apply the Colorado River factors to determine whether "exceptional circumstances" exist in this case that would "justify the surrender of [its] jurisdiction." vonRosenberg, 781 F.3d at 736 (citation omitted) (internal quotation marks omitted). As a threshold matter, the Court notes that the state court action and

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the instant federal court action are parallel.[18] The Fourth Circuit's instructions to this Court to determine whether exceptional circumstances are present reflect that the Fourth Circuit acknowledged that these actions were parallel, because the six factors are only analyzed after the parallel prerequisite is satisfied.[19] See African Methodist Episcopal Church v. Lucien, 756 F.3d 788, 797 (5th Cir. 2014) ("As an initial step prior to application of the Colorado River factors[,]" the court must address whether the state and federal actions are parallel); McLaughlin v. United Va. Bank, 955 F.2d 930, 935 (4th Cir. 1992) ("Of course, before even considering the Colorado River factors, it is first necessary to determine whether there exist parallel duplicative state proceedings"); Extra Storage Space, LLC v. Maisel-Hollins Dev., Co., 527 F. Supp. 2d 462, 465 (D. Md. 2007) (stating the court must balance several factors to determine whether an "exceptional circumstance" exists only after it determines that the federal and state suits are parallel). Therefore, the Court will turn its attention to the Colorado River factors to determine whether it should stay or dismiss this federal suit.

A. The Subject Matter of the Litigation Involves Property Where the First Court May Assume In Rem Jurisdiction to the Exclusion of Others

When determining whether exceptional circumstances exist, the first factor is "whether the subject matter of the litigation involves property where the first court may assume in rem jurisdiction to the exclusion of others[.]" Great Am. Ins. Co., 468 F.3d at 207 (citation omitted).

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[18] The Court remains steadfast to its prior holding that the actions are parallel as the parties and issues here are substantially the same as the parties and issues in the state court action. Bishop vonRosenberg's and Bishop Lawrence's interests align with the named parties in the state court action, and both actions require a determination of the Diocese's identity and control, and the rightful possessor of its marks.

[19] In his response to Bishop Lawrence's supplemental motion to dismiss, Bishop vonRosenberg argues that the state court action and the federal court action are not parallel (Pl.'s Mem. in Opp. to Def.'s Suppl. Mot. to Dismiss 2-12); however, the mandate rule bars this Court from reconsidering this issue. See United States v. Pileggi, 703 F.3d 675, 679 (4th Cir. 2013) (quoting United States v. Bell, 5 F.3d 64, 66 (4th Cir. 1993) (stating that the mandate rule "'forecloses relitigation of issues expressly or impliedly decided by the appellate court'")).

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The property at issue in the federal court action is the same intellectual property in dispute in the state court action—the Diocese's marks, which are owned by a South Carolina corporation and registered pursuant to state law with the South Carolina Secretary of State.[20] In the state court action, in addition to other relief, the state court plaintiffs seek a declaratory judgment that they are the lawful and rightful possessors of the Diocese's marks and an injunction as to the use of the marks (State Ct. Second Am. Compl. pp. 85-90); however, the state court has not exercised in rem jurisdiction over the Diocese's marks. This factor, therefore, does not support abstention.

B. INCONVENIENCE OF THE FEDERAL FORUM

With respect to the second factor—"whether the federal forum is an inconvenient one" Great Am. Ins. Co., 468 F.3d at 207—there are no facts before the Court to indicate that the federal forum would be inconvenient for the parties. In fact, Bishop Lawrence concedes that this factor does not weigh in favor of abstention. (Def.'s Mem. in Supp. of Mot. to Dismiss 31). "When courts are in the same geographic location, the inconvenience factor weighs against abstention." Stewart v. W. Heritage Ins. Co., 438 F.3d 488, 492 (5th Cir. 2006) (citation omitted). Here, the federal and state courts are in approximately the same geographic location within the state of South Carolina—Charleston County and Dorchester County. Accordingly, this factor counsels against abstention.

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[20] Although the parties believe that the trademark infringement claim is no longer part of the federal court action, the Diocese's marks are still at issue in this case as their usage is alleged throughout the Complaint and the False Advertising claim. (See Compl. ¶ 76 (alleging "Bishop Lawrence's false and misleading commercial advertising and/or promotions are willful and reflect Bishop Lawrence's intent to harm Bishop vonRosenberg and/or to trade on the goodwill and strong recognition associated with the Diocese's marks")); (Compl. ¶ 1 (alleging Bishop Lawrence made "false representations of fact made through and in conjunction with those marks[]" and in continuing to use the marks "Bishop Lawrence falsely suggests to consumers of religious services and charitable donors that Bishop Lawrence is an Episcopal Bishop, that he is affiliated with the Diocese, that he is the true Bishop and ecclesiastical authority of the Diocese, and that the Diocese authorizes and sponsors his activities")).

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C. Desirability of Avoiding Piecemeal Litigation

The third factor requires the Court to consider "the desirability of avoiding piecemeal litigation[.]" Great Am. Ins. Co., 468 F.3d at 207. Piecemeal litigation arises "when different tribunals consider the same issue, thereby duplicating efforts and possibly reaching different results." Gannett, 286 F.3d at 744 (citation omitted) (internal quotation marks omitted). A federal court's decision to abstain must be driven by more than a concern for judicial inefficiency, id. (citation omitted), or the threat of "disjointed or unreconcilable results," Chase Brexton, 411 F.3d at 465 (internal quotation marks omitted); "[i]nstead, for abstention to be appropriate, retention of jurisdiction must create the possibility of inefficiencies and inconsistent results beyond those inherent in parallel litigation, or the litigation must be particularly illsuited for resolution in duplicate forums." Gannett, 286 F.3d at 744 (citations omitted). Ultimately, "the concern is whether either the state or federal forum could resolve the entire dispute between all interested parties so that litigation in different courts will be unnecessary to conclude the conflict." Noell Crane Sys. GmbH v. Noell Crane & Serv., Inc., 677 F. Supp. 2d 852, 865 (E.D. Va. 2009) (citation omitted) (internal quotation marks omitted).

A court must take care to avoid piecemeal litigation in cases where property ownership is at issue. See, e.g., Dennis v. HSBC Mortg. Servs., Inc., C/A No. 0:10-2693-MJP-PJG, 2011 WL 3876916, at *5 (D.S.C. Aug. 11, 2011), adopted in 2011 WL 3876909 (D.S.C. Aug. 31, 2011) (finding that "avoiding piecemeal litigation is important in this context, because if this case proceeds alongside the foreclosure action, with potentially differing results, substantial confusion with regard to the ownership of the property at issue could result"); African Methodist Episcopal Church, 756 F.3d at 800 (citation omitted) (internal quotation marks omitted) ("The real concern at the heart of the third Colorado River factor is . . . the concomitant danger of inconsistent

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rulings with respect to a piece of property. If the federal action should continue unabated, the district court and the state court would each determine the same issues with respect to the same property. The risk of inconsistent rulings would therefore be very real."). Although the previously cited cases involve real property, the Court finds this need for special care applicable to intellectual property as well. See Coca-Cola Co. v. Old Dominion Beverage Corp., 271 F. 600, 604 (4th Cir. 1921) (stating a trademark "is property . . . within the somewhat restricted limits thus imposed upon its owner's rights").

Exercising federal jurisdiction in this case could potentially present a problem in addition to the inherent inefficiency of parallel litigation. Even though Bishop vonRosenberg's Lanham Act claims are alleged to be exclusive to him, the claims are not separate and distinct from the underlying issues in the state and federal court actions—the Diocese's ownership, control, and identity. Judge Goodstein has already decided that the Diocese validly withdrew from TEC, thus determining the identity of the Diocese and the party that controls its marks. As Judge Goodstein discussed in the state court action, "the sole issue with respect to the Diocese is corporate control. If the Diocese legally withdrew from TEC, then those currently in union with it and its leadership control it." (State Ct. Final Order 26). Judge Goodstein ruled that the Diocese did indeed legally withdraw and that Bishop "Lawrence is the Chief Operating or Chief Executive Officer of the Diocese . . . ." (Id. at 8, 32). Therefore, a ruling by this Court regarding the identity and control of the Diocese and the rightful possessor of its marks would inevitably affect the disposition of the property before the state court and could create substantial confusion.

Furthermore, the property at issue in the state court action includes real and personal property in addition to the same intellectual property at issue in the federal court action.

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Therefore, this Court's ruling as to the ownership and control of the Diocese and its marks would result in piecemeal adjudication because it would not dispose of the remaining property at issue in the state court action. In addition, if this Court ruled in favor of Bishop vonRosenberg with respect to the injunction, that ruling would conflict with the use of the Diocese's marks by the persons so empowered under the state court's permanent injunction. Moreover, the state court action includes all the parties, corporations and unincorporated associations and their members who have an interest in the corporate control of the Diocese—the Diocese, the Trustees, thirty-five parishes, TEC, and ECSC; Bishop vonRosenberg and Bishop Lawrence are agents of at least one of the parties in the state court action. Therefore, because the state court can settle the entire controversy between the parties, this factor counsels strongly in favor of abstention.

D. RELEVANT ORDER AND PROGRESS OF THE STATE AND FEDERAL PROCEEDINGS

In considering the fourth factor—"the relevant order in which the courts obtained jurisdiction and the progress achieved in each action," Great Am. Ins. Co., 468 F.3d at 208—the Supreme Court has emphasized that "priority should not be measured exclusively by which complaint was filed first, but rather in terms of how much progress has been made in the two actions." Moses H. Cone, 460 U.S. at 21. One of the policy considerations underlying this factor is that "the more that a state court lawsuit has progressed, the greater the state's own investment and involvement in the proceeding." E. Associated Coal Corp. v. Skaggs, 272 F. Supp. 2d 595, 601 (S.D.W. Va. 2003). This leads to a matter of comity because "the more the state has invested its time and resources into the proceedings, the less appropriate it is for a federal court to intervene and disrupt those proceedings." Id. (citation omitted).

Here, even though the state court action was filed first, the order in which the courts obtained jurisdiction matters little, since the federal court action was filed only sixty days after

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the state court action. See, e.g., New Beckley, 946 F.2d at 1074 (placing little weight on the order the courts obtained jurisdiction because the plaintiff filed the suits in March and December of the same year). Therefore, the Court must compare the state court action with the federal court action to determine which has progressed further.

The state court action, which was filed on January 4, 2013, has made substantial progress.[21] Since its commencement, the parties completed more than one year of discovery,[22] and the court held a two and one-half week trial. On February 3, 2015, Judge Goodstein issued a final order and entered a permanent injunction. On February 13, 2015, TEC filed a motion for reconsideration, which was denied on February 23, 2015. On March 26, 2015, the defendants filed a notice of appeal with the South Carolina Court of Appeals and a motion to certify the case to the South Carolina Supreme Court. On April 15, 2015, the South Carolina Supreme Court granted the motion to certify and scheduled oral argument for September 23, 2015.

As previously stated, Bishop vonRosenberg filed the instant case in federal court on March 5, 2013, some two months after the state court action had been filed in Dorchester County. The case before this Court has not procedurally progressed very far. Although the Court has before it Bishop Lawrence's motions to dismiss, the Court has not yet issued a scheduling order, and this case has yet to have any substantive rulings on the merits. In fact,

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[21] Even at the time the initial motion to dismiss was filed, the state court action had progressed further than the federal court action. At that time, the state court had issued a temporary restraining order, a temporary injunction, and a consent order allowing the amendment of the state court plaintiffs' complaint; discovery requests had been served by the state court plaintiffs and the state court defendants; and two motions—a motion for partial summary judgment on the issue of corporate control of the Diocese and a motion to hold TEC and ECSC in contempt for violation of the injunction—had been filed.

[22] Discovery by deposition was taken in the six weeks before trial, with the exception of one deposition taken on September 10, 2013. (State Ct. Final Order 4). Extensive document production took place between June 10, 2013 and July 8, 2014. (Id.).

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after Bishop vonRosenberg filed his Complaint in federal court, the activity in this Court has been limited to consideration of whether this action should be dismissed or stayed.

Given the amount of time, energy, and resources invested by the state court and the substantial progress made in the state court action, most notably rulings on the merits of the claims, this factor weighs heavily in favor of abstention. See, e.g., Vulcan Chem. Techs., Inc. v. Barker, 297 F.3d 332, 342 (4th Cir. 2002) (holding this factor weighs in favor of abstention because not only was the state case filed first, it progressed to judgment first); Colorado River, 424 U.S. at 820 (finding this factor weighs in favor of abstention because of the "apparent absence of any proceedings in the District Court, other than the filing of the complaint, prior to the motion to dismiss"); United States ex rel. Arrow Concrete Co. v. Ohio Farmers Ins. Co., 981 F. Supp. 443, 445 (S.D. W. Va. 1997) (finding that "[p]roceeding on to the preliminary stages of the federal case while the state litigation approaches trial would waste both the parties' time and expenditures and the resources of the respective fora").

E. CHOICE OF LAW

The fifth factor requires the Court to consider "whether state law or federal law provides the rule of decision on the merits[.]" Great Am. Ins. Co., 468 F.3d at 208. The presence of a federal question strongly encourages the court to exercise jurisdiction. Baseline Sports, Inc. v. Third Base Sports, 341 F. Supp. 2d 605, 611 (E.D. Va. 2004); see, e.g., New Beckley, 946 F.2d at 1074 (citation omitted) (holding "[t]he source of law factor militates in favor of retention of jurisdiction, since federal law provides the rule of decision on the merits of the RICO claim"). However, the United States Supreme Court has recognized that "'in some rare circumstances the presence of state-law issues may weigh in favor of . . . surrender'" of jurisdiction. Moses H.

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Cone, 460 U.S. at 26;[23] see, e.g., Ohio Farmers, 981 F. Supp. at 444-45 (abstaining even though the federal action was brought under the Miller Act).

In the instant action, federal law—the Lanham Act—provides the rule of decision on Bishop vonRosenberg's causes of action. However, South Carolina law provides the rule of decision on the underlying issues. The substance of this action asks the federal court to declare who controls the Diocese, a South Carolina non-profit corporation that owns the Diocese's marks at issue in this case. In Jones v. Wolf, the United States Supreme Court granted state courts the authority to select the method by which to decide cases involving church disputes. 443 U.S. 595, 616 (1979); see also All Saints Parish Waccamaw v. The Protestant Episcopal Church in the Diocese of S.C., 685 S.E.2d 163, 171 (S.C. 2009) ("[W]hen resolving church dispute cases, South Carolina courts are to apply the neutral principles of law approach . . . ."). South Carolina has a strong interest in having this dispute decided in its state court, not only because it will apply its chosen neutral principles of law approach and its corporate law, but also because the Diocese is a South Carolina nonprofit corporation and its marks are registered with the South Carolina Secretary of State. See Riley v. Dozier Internet Law, PC, 371 F. App'x 399, 403 (4th Cir. 2010) (internal quotation marks omitted) (finding "Virginia's interest in adjudicating claims involving a state-registered trademark is both clear and compelling and federal adjudication

[23] In a footnote, the United States Supreme Court described the rare circumstance that warranted abstention in Colorado River—the "affirmative policy in federal law expressly approving litigation of federal water rights in state court" and the fact that most of the litigation involved nonfederal parties' state-law water rights. Moses H. Cone, 460 U.S. at 26 n.29. Similarly, the Fourth Circuit, in Vulcan, provided another example of a rare circumstance—"[e]nforcing the parties' agreement to a California arbitration under the supervision of the California court system is also consistent with the Federal Arbitration Act's primary purpose of ensuring that private agreements to arbitrate are enforced according to their terms." 297 F.3d at 339-40 (citation omitted) (internal quotation marks omitted). In the instant action, even though the policies underlying the Lanham Act do not provide for deference to a state court, this Court finds that the unique facts and underlying issues as to the Diocese's marks, control, and identity create a rare circumstance that warrants abstention.

#19 Cont.

would be disruptive of state efforts to establish a coherent policy with respect to a matter of substantial public concern").

Not until this Court addresses these preliminary issues—who constitutes the Diocese and who is entitled to its intellectual property—can the Court determine the secondary Lanham Act claims. See, e.g., Episcopal Diocese of Fort Worth v. The Rt. Rev. Jack Leo Iker, C/A No. 4:10-CV-700-Y (N.D. Tex. Jan. 6, 2011), ECF No. 36 at 10-11 (finding this factor weighs in favor of abstention because state law provides the rule of decision on the diocese's identity and ownership, making the Lanham Act issues secondary to this resolution).[24] Therefore, this factor weighs in favor of abstention.

F. ADEQUACY OF THE STATE PROCEEDING

The final factor—"the adequacy of the state proceeding to protect the parties' rights" Great Am. Ins. Co., 468 F.3d at 208—"addresses whether the state court will adequately protect the federal plaintiff's rights and provide full relief." Baseline Sports, 341 F. Supp. 2d at 611. The Court has no reason to doubt the adequacy of the state court to protect Bishop vonRosenberg's rights in this matter. The underlying issue in the state court action is the Diocese's identity, ownership, and control. This same issue is at the heart of Bishop vonRosenberg's claims in the federal court action. Furthermore, the parties aligned with his interest litigated the state court action, and Bishop vonRosenberg testified during a deposition and the trial. In addition, Bishop vonRosenberg's attorneys represent TEC and ECSC in the state court action.

Bishop vonRosenberg argues that his "rights do not rise or fall according to what is being adjudicated in state court . . . ." (Pl.'s Mem. in Opp. to Def.'s Suppl. Mot. to Dismiss 15).

[24] Similar to the dispute at hand, Episcopal Diocese of Fort Worth involved a legal dispute that arose when a diocese withdrew from The Episcopal Church.

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However, this Court disagrees. Bishop vonRosenberg's rights hinge on the determination of whether the Diocese validly withdrew. The state court already has found that "[Bishop] Lawrence is the Chief Operating or Chief Executive Officer of the Diocese and is also its Ecclesiastical Authority." (St. Court Final Order 8). Even though Bishop vonRosenberg is not a named party in the state court action, the rights he claims to possess with respect to control of the Diocese's property[25] and his office are already at stake in the state court action. If the South Carolina Supreme Court holds that the Diocese legally withdrew from TEC, then Bishop vonRosenberg will have no grounds to claim that he, not Bishop Lawrence, is the rightful Bishop of the Diocese and possessor of its marks. On the other hand, if the South Carolina Supreme Court determines that the Diocese did not validly withdraw from TEC, then Bishop vonRosenberg may claim that Bishop Lawrence is unlawfully holding himself out as the true Bishop and infringing on the Diocese's marks. Regardless of the ultimate decision, Bishop vonRosenberg's rights will necessarily be addressed and will be adequately protected in the state court action. Therefore, this factor weighs in favor of abstention.

IV. CONCLUSION

After consideration of the Colorado River factors in light of the particular circumstances of this case, the Court concludes that this case presents "exceptional circumstances" that warrant abstention. Therefore, the Court grants Bishop Lawrence's motions (ECF Nos. 13 & 52) and stays[26] this action until the final resolution of the parallel state court action. Bishop

[25] Bishop vonRosenberg cannot claim property in the Diocese's marks if the Diocese validly withdrew. See Coca-Cola Co., 271 F. at 604 ("A trade-mark is property of a limited and qualified kind, [and] . . . cannot exist apart from the business with which it is connected . . . .").

[26] The Court finds that a stay, as opposed to dismissal, is appropriate in this case. If the South Carolina Supreme Court affirms the Circuit Court's opinion, then this action is resolved as well. However, if the South Carolina Supreme Court reverses the Circuit Court's opinion, only the

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vonRosenberg shall notify the Court of that determination once the South Carolina Supreme Court issues its decision.

AND IT IS SO ORDERED.

C. WESTON HOUCK
UNITED STATES DISTRICT JUDGE

September 21, 2015
Charleston, South Carolina

underlying issues in this action will be resolved and Bishop vonRosenberg will then proceed in this Court to receive relief as to his personal claims.

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