

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION
CASE NO. 2:19-CV-1713-RMG**

The Church Insurance Company of Vermont,)
)
Plaintiff,)

-vs-)

Episcopal Church of the Redeemer a/k/a Church of the)
Redeemer; Old St. Andrews Episcopal Church a/r/t/a The)
Vestries and Churchwardens of the Parish of St. Andrews;)
All Saints Protestant Episcopal Church, Inc. a/k/a All)
Saints Episcopal Church; Episcopal Church of our Savior;)
Holy Trinity Episcopal Church a/k/a Trinity Episcopal)
Church; Church of the Cross a/k/a Church of The Cross,)
Inc. and/or Church of the Cross Declaration of Trust; St.)
Philips Episcopal Church a/k/a The Protestant Episcopal)
Church of The Parish of Saint Philip, in Charleston, in the)
State of South Carolina; St. John Episcopal Church; St.)
Bartholomews Episcopal Church; Church of the Holy)
Cross, Stateburg, SC a/k/a The Church of The Holy Cross;)
The Church of the Good Shepherd, Charleston, SC, a/k/a)
Church of the Good Shepherd; The Episcopal Church of)
The Resurrection, Surfside a/k/a The Church of The)
Resurrection a/k/a Epis Ch of the Resurrection; Episcopal)
Church of the Holy Comforter; St. David Episcopal Church)
a/k/a St. David's Church; St Michael's Episcopal Church)
a/k/a The Protestant Episcopal Church, The Parish of Saint)
Michael, in Charleston, in the State of South Carolina and/)
or St. Michael's Church Declaration of Trust; St. Jude's)
Church a/k/a The Vestry and Church Wardens of St. Jude's)
Church of Walterboro a/k/a St. Judes Episcopal Church;)
Christ Church Mt. Pleasant a/k/a Christ Episcopal; and The)
Episcopal Church in South Carolina;)

Defendants.)

**COMPLAINT
(Declaratory Judgment)
(Non-Jury)**

PLAINTIFF, The Church Insurance Company of Vermont, by and through its undersigned attorneys, would respectfully allege and show unto the Court as follows:

1. That Plaintiff, The Church Insurance Company of Vermont (hereinafter referred to as "CICVT"), is a corporation organized and existing pursuant to the laws of the State of Vermont, whose principal place of business is located in Bennington County, Vermont.

2. That, on information and belief, Defendant, Episcopal Church of the Redeemer a/k/a Church of the Redeemer (hereinafter referred to as "Redeemer"), is a South Carolina unincorporated association whose principal place of business is located in Orangeburg County, South Carolina, and is a former congregation of The Episcopal Church a/k/a The Protestant Episcopal Church in the United States of America (hereinafter referred to as "TEC") which disassociated itself from TEC and Defendant, The Episcopal Church in South Carolina (hereinafter referred to as "TECSC") in 2012, and now claims religious affiliation with The Protestant Episcopal Church in the Diocese of South Carolina (hereinafter referred to as "PECSC") and the Anglican Church in North America (hereinafter referred to as "ACNA") and further claims that it is now independent of and from TEC and TECSC .

3. That, on information and belief, Defendant, Old St. Andrews Episcopal Church a/r/t/a The Vestries and Churchwardens of the Parish of St. Andrews (hereinafter referred to as "OSA"), is a South Carolina unincorporated association whose principal place of business is located in Charleston County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC.

4. That, on information and belief, Defendant, All Saints Protestant Episcopal Church, Inc. a/k/a All Saints Episcopal Church (hereinafter referred to as "All Saints"), is an eleemosynary corporation organized and existing pursuant to the laws of the State of South Carolina, whose principal place of business is located in Florence County, South Carolina, and is a former

congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC.

5. That, on information and belief, Defendant, Episcopal Church of our Savior (hereinafter referred to as “Savior”), is a South Carolina unincorporated association whose principal place of business is located in Charleston County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

6. That, on information and belief, Defendant, Holy Trinity Episcopal Church a/k/a Trinity Episcopal Church (hereinafter referred to as “Trinity Episcopal”), is an eleemosynary corporation organized and existing pursuant to the laws of the State of South Carolina whose principal place of business is located in Charleston County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

7. That, on information and belief, Defendant, Church of the Cross a/k/a Church of The Cross, Inc. and/or Church of the Cross Declaration of Trust (hereinafter referred to as “Cross”), is an eleemosynary corporation organized and existing pursuant to the laws of the State of South Carolina whose principal place of business is located in Beaufort County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC

8. That, on information and belief, Defendant, St. Philips Episcopal Church a/k/a The Protestant Episcopal Church of The Parish of Saint Philip, in Charleston, in the State of South Carolina (hereinafter referred to as “St. Philips”), is a South Carolina unincorporated association whose principal place of business is located in Charleston County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

9. That, on information and belief, Defendant, St. Johns Episcopal Church (hereinafter referred to as “St. Johns”), is a South Carolina unincorporated association whose principal place of business is located in Charleston County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

10. That, on information and belief, Defendant, St. Bartholomews Episcopal Church (hereinafter referred to as “St. Bartholomews”), is an eleemosynary corporation organized and existing pursuant to the laws of the State of South Carolina whose principal place of business is located in Beaufort County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

11. That, on information and belief, Defendant, Church of the Holy Cross, Stateburg, SC a/k/a The Church of The Holy Cross (hereinafter referred to as “Holy Cross”), is a South Carolina unincorporated association whose principal place of business is located in Sumter County, South Carolina, and is a former congregation of TEC and TECSC which disassociated

itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

12. That, on information and belief, Defendant, The Church of the Good Shepherd, Charleston, SC, a/k/a Church of the Good Shepherd (hereinafter referred to as “Shepherd”), is an eleemosynary corporation organized and existing pursuant to the laws of the State of South Carolina whose principal place of business is located in Charleston County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC.

13. That, on information and belief, Defendant, The Episcopal Church of The Resurrection, Surfside a/k/a The Church of The Resurrection a/k/a Epis Ch of the Resurrection (hereinafter referred to as “Resurrection”), is an eleemosynary corporation organized and existing pursuant to the laws of the State of South Carolina whose principal place of business is located in Horry County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC).

14. That, on information and belief, Defendant, Episcopal Church of the Holy Comforter (hereinafter referred to as “Comforter”), is a South Carolina unincorporated association whose principal place of business is located in Sumter County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

15. That, on information and belief, Defendant, St. David Episcopal Church a/k/a St. David's Church (hereinafter referred to as "St. David"), is a South Carolina unincorporated association whose principal place of business is located in Chesterfield County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC .

16. That, on information and belief, Defendant, St Michael's Episcopal Church a/k/a The Protestant Episcopal Church, The Parish of Saint Michael, in Charleston, in the State of South Carolina and/or St. Michael's Church Declaration of Trust (hereinafter referred to as "St. Michael's"), is a South Carolina unincorporated association whose principal place of business is located in Charleston County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC.

17. That, on information and belief, Defendant, St. Jude's Church a/k/a The Vestry and Church Wardens of St. Jude's Church of Walterboro a/k/a St. Judes Episcopal Church (hereinafter referred to as "St. Jude's"), is an eleemosynary corporation organized and existing pursuant to the laws of the State of South Carolina whose principal place of business is located in Colleton County, South Carolina, and is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC.

18. That, on information and belief, Defendant, Christ Church Mt. Pleasant a/k/a Christ Episcopal (hereinafter referred to as "Christ Episcopal"), is a South Carolina unincorporated association whose principal place of business is located in Charleston County, South Carolina, and

is a former congregation of TEC and TECSC which disassociated itself from TEC and TECSC in 2012, and now claims religious affiliation with PECSC and ACNA and further claims that it is now independent of and from TEC and TECSC.

19. That, on information and belief, TECSC is a South Carolina unincorporated association whose principal place of business is located in Charleston County, South Carolina, and is one of the dioceses of TEC.

20. That in 2013, TECSC, along with others, initiated an action, as plaintiffs, in which TEC intervened as a plaintiff, against, Redeemer, OSA, All Saints, Savior, Trinity Episcopal, Cross, St. Philips, St. Johns, St. Bartholomews, Holy Cross, Shepherd, Resurrection, Comforter, St. David, St Michael's, St. Jude's and Christ Episcopal (hereinafter collectively referred to as the "Disassociated Parishes"), among others, in which TECSC and TEC allege that:

- a.** starting in 2012, the Disassociated Parishes herein have, without authorization, used various names and marks which, according to TECSC and TEC, are owned by them;
- b.** the Disassociated Parishes have violated the Lanham Act by infringing and diluting the marks owned by TECSC and TEC;
- c.** they are entitled to injunctive relief against the Disassociated Parishes for the alleged trademark infringement and trademark dilution in violation of the Lanham Act;
- d.** they are the owners of State registered trademarks;
- e.** the Disassociated Parishes are guilty of unauthorized, false and misleading advertising;

- f.** they are entitled to declaratory and injunctive relief for the alleged unauthorized, false and misleading advertising; and,
- g.** they are entitled to an award of costs, including reasonable attorneys' fees and disbursements;

which action is currently pending in the United States District Court for the District of South Carolina and which was assigned Case No. 2:13-cv-00587-RMG by the clerk of the United States District Court for the District of South Carolina (hereinafter referred to as the "Underlying Action").

- 21.** That CICV issued a policy of liability insurance to each of the following:
 - a.** Redeemer, Master Policy no. VPP0012879, Certificate no. VPP0003063, effective dates January 1, 2012, through January 1, 2013;
 - b.** OSA, Master Policy no. VPP0012879, Certificate no. VPP0002983, effective dates January 1, 2012, through January 1, 2013;
 - c.** All Saints, Master Policy no. VPP0012879, Certificate no. VPP0003017, effective dates January 1, 2012, through January 1, 2013;
 - d.** Savior, Master Policy no. VPP0012879, Certificate no. VPP0003039, effective dates January 1, 2012, through January 1, 2013
 - e.** Trinity Episcopal, Master Policy no. VPP0012879, Certificate no. VPP0003011, effective dates January 1, 2012, through January 1, 2013;
 - f.** Cross, Master Policy no. VPP0012879, Certificate no. VPP0002965, effective dates January 1, 2012, through January 1, 2013;
 - g.** St. Philips, Master Policy no. VPP0002993, effective dates January 1, 2012, through January 1, 2013;

- h.** St. Johns, Master Policy no. VPP0012879, Certificate no. VPP0003041, effective dates January 1, 2012, through January 1, 2013;
- i.** St. Bartholomews, Master Policy no. VPP0012879, Certificate no. VPP0003031, effective dates January 1, 2012, through January 1, 2013;
- j.** Holy Cross, Master Policy no. VPP0012879, Certificate no. VPP0011917, effective dates January 1, 2012, through January 1, 2013;
- k.** Shepherd, Master Policy no. VPP0012879, Certificate no. VPP0002991, effective dates January 1, 2012, through January 1, 2013;
- l.** Resurrection, Master Policy no. VPP0012879, Certificate no. VPP0010762, effective dates January 1, 2012, through January 1, 2013;
- m.** Comforter, Master Policy no. VPP0012879, Certificate no. VPP0012073, effective dates January 1, 2012, through January 1, 2013;
- n.** St. David, Master Policy no. VPP0012879, Certificate no. VPP0003001, effective dates January 1, 2012, through January 1, 2013;
- o.** St. Michaels, Master Policy no. VPP0002989, effective dates January 1, 2012, through January 1, 2013;
- p.** St. Judes, Master Policy no. VPP0012879, Certificate no. VPP0003092, effective dates January 1, 2012, through January 1, 2013; and
- q.** Christ Episcopal, Master Policy no. VPP0012879, Certificate no. VPP0003053, effective dates January 1, 2012, through January 1, 2013;

(when any one individual policy of insurance above referenced is referred to hereinafter referred to as a “Policy” and when one or more of the policies of insurance is referred to hereinafter collectively referred to as “Policies”).

22. The Commercial Liability Coverage part of the Policies provide, in pertinent part, as follows:

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**COMMERCIAL LIABILITY COVERAGE
(BROAD FORM COVERAGE)**

* * * *

DEFINITIONS

* * * *

3. Advertising injury means injury (other than bodily injury, property damage, or personal injury) arising out of one or more of the following offenses:

* * * *

- b. misappropriation of advertising ideas or style of doing business.
- c. infringement of copyright, title, slogan, trademark, or trade name.

* * * *

8. Damages means compensation in the form of money for a person who claims to have suffered an injury.

* * * *

12. Insured means:

* * * *

c. you and all of your executive officers and directors, but only while acting within the scope of their duties, if shown on the declarations as an organization (other than a partnership or a joint venture). It also includes your stockholders, but only for their liability as such.

* * * *

PRINCIPAL COVERAGES

* * * *

**COVERAGE P – PERSONAL INJURY LIABILITY
ADVERTISING INJURY LIABILITY**

We pay all sums which an insured becomes legally obligated to pay as damages due to personal injury or advertising injury to which this insurance applies.

1. We cover:

* * * *

b. advertising injury arising out of an offense committed in the course of advertising your goods, products, or services.

2. The personal injury or advertising injury offense must be committed:

a. within the coverage territory; and

b. during the policy period.

* * * *

DEFENSE COVERAGE

* * * *

1. We have the right and duty to defend a suit seeking damages which may be covered under the Commercial Liability Coverage. We may make investigations and settle claims or suits we decide are appropriate.

* * * *

EXCLUSIONS

We do not pay for a loss if one or more of the following excluded events apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded event.

EXCLUSIONS THAT APPLY TO BODILY INJURY, PROPERTY DAMAGE, PERSONAL INJURY, AND/OR ADVERTISING INJURY

* * * *

8. We do not pay for bodily injury or property damage:

a. which is expected by, directed by, or intended by the insured; or

- b. that is the result of intentional and malicious acts of the insured.

* * * *

ADDITIONAL EXCLUSIONS THAT APPLY ONLY TO PERSONAL INJURY AND/OR ADVERTISING INJURY

- 1. We do not pay for personal or advertising injury arising out of willful violation of an ordinance, statute, or regulation by an insured or with the insured's consent.
- 2. We do not pay for personal or advertising injury arising out of:
 - a. oral or written publication of material done by or at the direction of an insured who knew it was false; or
 - b. oral or written publication of the same or similar material by or on behalf of an insured that took place prior to the policy.
- 3. We do not pay for advertising injury arising out of breach of contract, other than misappropriation of advertising ideas under an implied contract.

* * * *

HOW MUCH WE PAY

- 1. The limits, shown on the declarations and subject to the following conditions, are the most we pay regardless of the number of:
 - a. insureds under the Commercial Liability Coverage;
 - b. persons or organizations who sustain injury or damage; or
 - c. claims made or suits brought.

* * * *

- 5. The Coverage P Limit, subject to the General Aggregate Limit, is the most we pay due to all personal injury and advertising injury sustained by one person or organization.

* * * *

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PUNITIVE DAMAGES EXCLUSION

* * * *

We do not pay for punitive, exemplary, or vindictive damages.

23. The loss and claims at issue in this case arise out of incidents which are alleged to have occurred in Beaufort County, South Carolina, Charleston County, South Carolina, Chesterfield County, South Carolina, Colleton County, South Carolina, Florence County, South Carolina, Horry County, South Carolina, Orangeburg County, South Carolina, and/or Sumter County, South Carolina.

24. This case involves a policies of insurance issued by CICVT, which insure interests in South Carolina.

25. The law of South Carolina applies to the interpretation of this Policies as provided in Section 38-61-10, CODE OF LAWS OF SOUTH CAROLINA, 1976, as amended.

26. Jurisdiction is proper based upon 28 U.S.C. §1392(a)(1) and (c)(1) because there is complete diversity of citizenship between the plaintiff and all defendants, and the amount in controversy, including the potential costs of defending and indemnifying the defendants herein in the Underlying Action exceeds \$75,000.00.

27. Additionally, venue is proper in this Court and this division pursuant to 28 U.S.C. §1391(a), (b)(1) and (2) and (c)(2) and 28 U.S.C. §121(1) because the alleged incidents giving rise to the Underlying Action allegedly occurred in Beaufort County, South Carolina, Charleston County, South Carolina, Chesterfield County, South Carolina, Colleton County, South Carolina, Florence County, South Carolina, Horry County, South Carolina, Orangeburg County, South Carolina, and/or Sumter County, South Carolina.

28. This action is also brought pursuant to the provisions of the Uniform Declaratory Judgment Act, as codified in 28 U.S.C. §2201.

29. CICVT is and has been providing the Disassociated Parishes a defense in the Underlying Action under a reservation of rights pursuant to the applicable Policy issued to each of them.

30. That questions have arisen as to whether CICVT is required to provide a defense to the Underlying Action and/or indemnity for the Underlying Action for any of the Disassociated Parishes, and, if so, to which of them it is required to provide a defense and/or indemnity and under which Policy or Policies.

31. That CICV is entitled to a declaratory judgment advising it as to its rights and duties under each of the Policies, specifically whether it is required to provide a defense to the Underlying Action to any of the Disassociated Parishes, whether it is required to indemnify any of the Disassociated Parishes for damages they are legally obligated to pay arising out of the Underlying Action, the extent of CICVT's indemnity obligation, if any, to each of the Disassociated Parishes and, if so, to which of the Disassociated Parishes it should be providing a defense and under which Policy or Policies, more particularly:

- a.** Whether any or all of the Disassociated Parishes' claims are covered under the relevant Policies?
- b.** Whether any or all of the Disassociated Parishes are insureds under the respective Policies, and, if not, who is?
- c.** Whether the Disassociated Parishes' claims for coverage are excluded under the intentional acts exclusion of the respective Policies?

- d. Whether the alleged respective occurrences took place outside of the policy period of the applicable Policy?
- e. Whether CICVT's indemnity obligation to each of the Disassociated Parishes, if any, is limited to time on risk?

WHEREFORE, Plaintiff, The Church Insurance Company of Vermont, prays that it be granted a declaratory judgment advising it as to its rights and duties under each of the Policies, specifically whether it is required to provide a defense to the Underlying Action to any of the Disassociated Parishes, whether it is required to indemnify any of the Disassociated Parishes for damages they are legally obligated to pay arising out of the Underlying Action, the extent of CICVT's indemnity obligation, if any, to each of the Disassociated Parishes and, if so, to which of the Disassociated Parishes it is required to provide a providing a defense and under which Policy or Policies and for such other and further relief as this court shall deem just and proper.

Respectfully submitted:

s/Edward K. Pritchard. III
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June 14, 2019
Charleston, South Carolina