

BACKGROUND FACTS

STATE COURT ACTION

In January 2013, TEC was sued in a South Carolina State Court by fifteen South Carolina nonprofit corporations.¹ The State Court Plaintiffs included a South Carolina corporation, the Protestant Episcopal Church in the Diocese of South Carolina (hereinafter, “Diocese of South Carolina”). The State Court Complaint was attached to Plaintiff Bishop vonRosenberg’s Motion for Preliminary Injunction in this federal action. **(Entry # 6-6.)**

On January 23, 2013, the State Court Judge granted a Temporary Restraining Order prohibiting TEC, and any one acting on its behalf, from using the registered names, the seal, or mark of the Diocese of South Carolina. Prior to the hearing set by the Restraining Order to consider the issuance of a preliminary injunction, TEC appeared through its counsel, Thomas S. Tisdale, Jr. and consented to the entry of a Temporary Injunction that incorporated the January 23, 2013 Temporary Restraining Order. The Order, titled Temporary Injunction (Consent), was filed with this Court in conjunction with Defendant’s Motion to Dismiss or in the Alternative to Abate or Stay Proceedings. **(Entry #13-9.)** TEC’s consent is on Page 13 of **(Entry #13-9.)** The Temporary Injunction (Consent) **(Entry #13-9)** prohibited all, except officers, directors, trustees and employees of the Diocese of South Carolina which includes the Defendant Bishop Mark Lawrence, from using registered names and marks of the Diocese of South Carolina.

In the Diocese of South Carolina’s Second Amended Complaint, it asserted three causes of action: (1) Declaratory Judgement for Interest in Real and Personal Property, pursuant to S.C. Code §§ 15-53-10, et seq (Second Am. Compl ¶¶ 490-94); (2) Service Mark Infringement, pursuant to S.C. Code §§39-15-1105 et seq. (Second Am. Compl. ¶¶ 495-99); and (3) Improper

¹ The number of Plaintiffs in the state action, after additional amendments, is thirty-eight nonprofit corporations

Use of Names, Styles, and Emblems, pursuant to S.C. Code §§ 16-17-310 & 320 (Second Am. Compl. ¶¶ 500-05) **The Second Amended Complaint is attached as Exhibit 1.** TEC answered and counterclaimed, asserting among many other defenses/claims, a claim under the Lanham Act (Count II, pages 51-53), a claim alleging Trademark Dilution under 15 USC §§1125(c) (Count III, pages 53-54), and a claim alleging Common Law Trade Infringement (Count III, page 53). **TEC's Answer and Counterclaims, dated March 27, 2013, is attached as Exhibit 2.**

The Temporary Injunction Consent became a Permanent Injunction when Judge Goodstein issued her Final Order on February 3, 2015. **Final Order is attached as Exhibit 3.** The Final Order holds that the names and marks of the Diocese of South Carolina are owned by the Diocese of South Carolina and were not derived from TEC's marks. Further it holds that the word "episcopal" is not unique to TEC nor was TEC the first to use this word. Accordingly, the Final Order prohibits TEC, along with the Defendant The Episcopal Church in South Carolina and their officers, from using, assuming, or adopting in any way, the names, styles, emblems, and marks of the Diocese of South Carolina.

Subsequently, the South Carolina Supreme Court, in an equally divided opinion, let stand the Permanent Injunction and the intellectual property rulings in the Final Order. On the State Supreme Court's website it states the following: "The trial court's intellectual property ruling is affirmed by a vote of 2-2, with one judge declining to reach the issue."² The Permanent Injunction issued against TEC specifically mandates that TEC is "...permanently enjoined from using, assuming, or adopting in any way, directly or indirectly the names, styles, emblems or marks..."

² Acting Justice Toal held: "With regard to the question of whether the defendants infringed on the plaintiffs' service marks, I would narrowly affirm the trial court under state law and defer to the federal court to answer any issues in this matter in which federal copyright and trademark law may be applicable." TEC's interpretation in its Memorandum in Support of Its Motion to Intervene cuts off the first sentence in which Justice Toal held that she would affirm under state law. (Slip Op. at 48)

of the Diocese of South Carolina including the following marks: “The Protestant Episcopal Church in the Diocese of South Carolina”, “ The Episcopal Diocese of South Carolina,” and “The Diocese of South Carolina.”

FEDERAL COURT ACTION

In TEC’s Motion to Intervene, it attached its proposed Complaint-in-Intervention. **(Entry #83-2.)** In Paragraphs 22, 23, and 24, in its proposed Complaint, TEC specifically refers to the “marks” that Bishop Lawrence is utilizing. These “marks” are the identical “marks” subject to the Permanent Injunction. By seeking to intervene, TEC is currently ignoring the existing State court Permanent Injunction which bars it from using, assuming or adopting in any way the marks it alleges that Bishop Lawrence is wrongfully using.

At the same time the State Action was proceeding in 2013, this federal action, ostensibly commenced by Bishop vonRosenberg, was commenced March 5, 2013. On March 7, 2013, Bishop vonRosenberg filed a Motion for Preliminary Injunction. **(Entry #6.)** The Defendant responded to Plaintiff’s Motion for preliminary injunction on April 11, 2013. **(Entry #20.)** In Bishop vonRosenberg’s Reply, dated April 22, 2013, he submitted the Affidavit of Mark J. Duffy, Canonical Archivist and the Archives of the Episcopal Church. **(Entry #25-6.)** Also, he attached documents which clearly could only have been within the custody of TEC. **(Entry #'s 25-2, 25-3, and 25-4.)** Obviously, TEC has participated, behind the scenes, in this federal action since its commencement over four (4) years ago.

Another motion in this case heard by Judge Houck whose order was reviewed by the Fourth Circuit Court of Appeals, was the Defendant’s Motion to Dismiss or in the alternative, to Abstain or Stay. **(Entry #13.)** Ironically, the Plaintiff, in his Response to this Motion and then in his appellate brief, took the position that because TEC was not a party to the Plaintiff’s federal false

advertising case, this weighted strongly against abstention. (**Entry #24.**) For more than four years of the pendency of this federal action and up until TEC filed this Motion to Intervene, Plaintiff Bishops – and TEC – specifically argued that this lawsuit was only about the Bishop vonRosenberg’s rights in his individual capacity, and the fact that he was not asserting the rights of the TEC – and TEC was not a party to the case – were facts weighing strongly against abstention and dismissal of this lawsuit. So, for more than four years, Plaintiff vonRosenberg and TEC made the purposeful and tactical decision to not have TEC intervene or otherwise be a party to this lawsuit and did so to oppose the Defendant’s Motion to Dismiss or Stay.

TEC’s proposed **Complaint In Intervention (Entry #83-2)** filed last week and almost 4.5 years after this litigation commenced, contains two claims: Count 1 for trademark infringement and Count 2 for trademark dilution. TEC’s claim for trademark infringement under 15 U.S.C. § 1114 is the same claim with the same factual basis it asserted as a counterclaim for trademark infringement in the State Court Action (TEC’s counterclaim Count II in the State Court Action asserting trademark infringement under 15 U.S.C. § 1114). TEC’s claim for trademark dilution under 15 U.S.C. § 1125(c) also is the same claim with the same factual basis it asserted as a counterclaim in the State Court Action (TEC’s Count III in the State Court Action asserting counterclaim for trademark dilution under 15 U.S.C. § 1125(c)). **See Exhibit 2, TEC’s Answer and Counterclaims** in the State Court action.

As to the current status of this federal action, since April, 2017, extensive discovery has been conducted between the Parties. Plaintiff Bishops’ expert reports are due on October 6, 2017, Defendant’s expert reports are due November 6, 2017 and fact discovery closes on December 5, 2017. In addition to extensive written discovery having been conducted, eleven depositions have been taken, six by the Defendant. All of these depositions were premised upon the individual

claims of the Plaintiff Bishops. Information as to any alleged confusion applicable to the Bishops, their alleged injuries and damages has been the basis for the depositions. If TEC is permitted to join this action, the action will essentially transform into a completely new case that will dwarf the current case and claims and defenses of the individual Bishops. TEC asserts two new and separate claims, and TEC's allegations are premised upon TEC's alleged rights, TEC's injuries and damages, and TEC's amorphous claim of trademark dilution.

LEGAL STANDARD

“Federal Rules of Civil Procedure Rule 24(a)(2), ‘Intervention of Right,’ requires the court to allow intervention when, upon timely application,

. . . the applicant claims an interest relating to the property or transaction which is the subject of the action and the applicant is so situated that the disposition of the action may as a practical matter impair or impede the applicant's ability to protect that interest unless the applicant's interest is adequately represented by existing parties.

Gould v. Alleco, Inc. 883 F. 2d 281, 282 (4th Cir. 1989) (emphasis added). “Thus, in addition to timeliness, intervention of right is dependent on the moving party's fulfillment of three requirements: interest, impairment of interest, and inadequate representation.” *Id.* at 284.

Federal Rules of Civil Procedure Rule 24(b)(2), Permissive Intervention, provides that, on a timely motion, “the court may permit anyone to intervene who . . . has a claim or defense that shares with the main action a common question of law or fact.” (emphasis added). “Thus, although permissive intervention ‘plainly dispenses with any requirement that the intervenor shall have a direct personal or pecuniary interest in the subject of the litigation,’ it plainly does require an interest sufficient to support a legal claim or defense which is ‘founded upon [that] interest’ and which satisfies the Rule's commonality requirement.” *Diamond v. Charles*, 476 U.S. 54, 74, 106

S. Ct. 1681 (1986) (quoting *SEC v. United States Realty & Improvement Co.*, 310 U.S. 434, 459 (1940)).

Whether the intervention request is premised upon a matter of right or seeks permissive intervention, the first requirement is that the request must be timely.

ARGUMENT

I. TEC'S FEDERAL TRADEMARK CLAIMS DO NOT PREEMPT THE DIOCESE OF SOUTH CAROLINA'S COMMON LAW TRADEMARK RIGHTS

"The Lanham Act d[oes] not supplant the state common law of trademarks." *Dorpan, S.L. v. Hotel Melia, Inc.*, 728 F.3d 55, 62 (1st Cir. 2013); see *In re Spirits Int'l, N.V.*, 563 F.3d 1347, 1354 (Fed. Cir. 2009) (noting that "[t]he Lanham Act was designed to codify, not change, the common law in this area"). Trademark users may still gain state law rights to use a trademark either through registration with a state government or through use in that state. *Id.*³ In fact, Section 15 of the Lanham Act grants federally registered marks the right to exclusive use of the mark only

³ See *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 267-68 (4th Cir. 2003) ("To acquire ownership of a trademark it is not enough to have invented the mark first or even to have registered it first; the party claiming ownership must have been the first to actually use the mark in the sale of goods or services."), quoting *Sengoku Works Ltd. v. RMC Int'l, Ltd.*, 96 F.3d 1217, 1219 (9th Cir. 1996) (emphasis added) and citing *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1105 (6th Cir. 1991) ("Ownership rights flow only from prior appropriation and actual use in the market.") and 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, §§ 16:1, 16:18 (4th Ed. 2003)). The Fourth Circuit reiterated that "the senior user of a mark acquires priority over a subsequent user." *Emergency One*, 332 F.3d at 270-71.

See also *MicroStrategy Inc. v. Motorola, Inc.*, 245 F.3d 335, 341 (4th Cir. 2001) ("a mark need not be registered to garner federal trademark protection. Rather, 'it is common ground that § 43(a) [of the Lanham Act, 15 U.S.C. § 1125 (1994 & Supp. V 1999)] protects qualifying unregistered trademarks." quoting *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768, 120 L. Ed. 2d 615, 112 S. Ct. 2753 (1992)); *Monster Daddy, LLC v. Monster Cable Prods.*, 2013 U.S. Dist. LEXIS 140653 (D.S.C. Sep. 30, 2013) (it is "a fundamental trademark law principle that ownership rights flow from actual use of the mark in commerce") (citing *Emergency One, Inc. v. American Fire Eagle Engine Co.*, 332 F.3d 264, 267 (4th Cir.2003)); *Superior Performers, Inc. v. Family First Life, LLC*, 2014 U.S. Dist. LEXIS 176028 (M.D.N.C. Dec. 22, 2014) (citing *Emergency One, Inc. v. American Fire Eagle Engine Co.*, 332 F.3d 264, 267 (4th Cir.2003)). **(Exhibit 4 Unpublished Opinions).**

insofar as they do not conflict with any pre-existing rights acquired under state law. *See* 15 U.S.C. § 1065. *Dorpan*, 728 F.3d at 55.

In review of the relevant facts, Dorpan held incontestable U.S. registrations to the term “melia” in connection with hotel services, conveying to Dorpan the presumptions of ownership and validity of the mark nationwide. *Id.* The Defendant Hotel Melia, Inc. (hereinafter, HMI), however, had used the mark “Hotel Melia” in conjunction with a single hotel in Puerto Rico since the 1890s, and had never registered the mark in Puerto Rico or elsewhere. *Id.* After Dorpan opened a resort in Puerto Rico under the name *GRAN MELIA*, HMI sued in the territorial Superior Court of Puerto Rico, asserting that it was the senior user of the “melia” mark, and that it had the sole right to use the “melia” mark in connection with hotel and restaurant services throughout Puerto Rico. *Id.*

Shortly thereafter, Dorpan filed a complaint against HMI in the United States District Court for the District of Puerto Rico. *Id.* Dorpan sought a declaration, under the Lanham Act, for the right to use the mark “melia” throughout Puerto Rico. *Id.* Dorpan contended that, to the extent that HMI had the right to use the “melia” mark, such right existed only in the city of Ponce, where HMI’s single hotel had been located for over 100 years. *Id.* Almost simultaneously, Dorpan removed HMI’s commonwealth court complaint to federal court, and the district court consolidated the two cases. *Id.* at 59–60.

The District Court considered the trademark infringement likelihood of confusion factors and determined on summary judgment that the two hotel owners could co-exist peacefully. *Id.* However, HMI was “frozen” into its single location in Ponce and Dorpan could not expand into Ponce. *Dorpan, S.L. v. Hotel Meliá, Inc.*, 851 F.Supp.2d 398, 410–11 (D.P.R.2012). Dorpan

appealed, arguing that its federal registration provided it with the exclusive right to use the “melia” mark nationwide (including in Puerto Rico, a U.S. territory). *Id.*

On appeal, the First Circuit noted that while Dorpan’s incontestable trademark “creates a presumption that the holder of the mark is entitled to exclusive use of the mark throughout the United States,” citing *Thrifty Rent-A-Car Sys.*, 831 F.2d 1177, at 1180 (1st Cir. 1987) and *Giant Food, Inc. v. Nation’s Foodservice, Inc.*, 710 F.2d 1565, 1568 (Fed. Cir. 1983); see also 15 U.S.C. § 1065, and that “a plaintiff who holds an incontestable registered mark is generally entitled to a preliminary injunction enjoining an allegedly infringing party,” citing *Pyrodyne Corp. v. Pyrotronics Corp.*, 847 F.2d 1398, 1402 (9th Cir. 1988), “Dorpan’s reliance on the undisputed incontestability of its marks is misplaced.” *Dorpan, S.L. v. Hotel Melia, Inc.*, 728 F.3d 55, 62 (1st Cir. 2013). This was because, pursuant to Section 15 of the Lanham Act (the section creating incontestability rights), the federal trademark holder’s incontestability right is limited, and does not grant priority against “a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark.” 15 U.S.C. § 1065; see also *General Healthcare Ltd. v. Qashat*, 364 F.3d 332, 334 n. 4 (1st Cir. 2004) (noting that the incontestability of a federally registered mark is limited in “situations in which a valid common law owner has established a date of use prior to that of the registered mark”). In other words, “[t]he territorial rights of a holder of a federally registered trademark are always subject to any superior common law rights acquired by another party through actual use prior to the registrant’s constructive use.” *Allard Enter., Inc. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 572 (6th Cir. 2001). *Dorpan*, 728 F.3d at 62–63.

The First Circuit ruled that HMI was entitled to the use of the “melia” mark in the territorial areas where it “does business” using the mark. “The geographic area in which an unregistered

trademark is “in use” is defined as the area in which the use of a similar mark would create a likelihood of confusion. *Dorpan*, 728 F.3d at 63-64, citing 5 J. McCarthy, *McCarthy on Trademarks & Unfair Competition* § 26:27 (4th ed. 2011) (“The touchstone of the determination of a trade area is likelihood of confusion.”) (internal quotation marks omitted); William Jay Gross, Comment, *The Territorial Scope of Trademark Rights*, 44 U. Miami L. Rev. 1075, 1078 (1990) (“Th[e] inquiry into the territorial scope of trademark rights is primarily a determination of the geographical area in which there exists a likelihood of confusion between the trademarks of the legitimate user and the infringing user.” (citation omitted) (quotation marks omitted)).

Accordingly, the First Circuit vacated the summary judgment ruling favoring Dorpan and remanded the case for further consideration of the likelihood of confusion factors and appropriate territorial division to be made to avoid future confusion. *Dorpan*, 728 F.3d at 70.

Similarly, in the case at hand, TEC’s reliance on the “incontestability of its marks” is misplaced. TEC’s federal trademark incontestability right is limited, and does not grant priority against “a valid right acquired under the law of any State or Territory by use of a mark or trade name continuing from a date prior to the date of registration under this chapter of such registered mark.” The State Court’s **Final Order (Exhibit 3)** found that the names and marks of the Diocese of South Carolina were used as early as 1785 and prior to the formation of TEC; are owned by the Diocese of South Carolina; and, were not derived from TEC’s marks. Accordingly, as the Diocese of South Carolina has a valid common law trademark ownership over the names and marks, TEC’s federally registered mark is limited and subject to the Diocese of South Carolina’s superior common law rights. Therefore, as held in *Dorpan*, TEC’s federal trademark claims do not preempt the Diocese of South Carolina’s common law trademark rights which have been adjudicated in the SC state court.

II. TEC CANNOT IGNORE THE STATE COURT’S PERMANENT INJUNCTION WHICH PROHIBITS IT FROM USING, ASSUMING, OR ADOPTING THE MARKS BEING USED BY BISHOP LAWRENCE

“A federal court must give to a state-court judgment the same preclusive effect as would be given that judgment under the law of the state in which the judgment was rendered.” *Migra v. Warren City School Dist. Bd. Of Education*, 465 U.S. 75, 81, 104 S. Ct. 892, 896, 78 L. Ed. 2d 56, 61 (1984). “If the decision was wrong, that did not make the judgment void, but merely left it open to reversal or modification in an appropriate and timely appellate proceeding. Unless and until so reversed or modified, it would be effective and conclusive adjudication.” *Rooker v. Fid. Trust Co.*, 263 U.S. 413, 415, 44 S. Ct. 149, 150, 68 L. Ed. 362, 365 (1923). “[Issue preclusion] operates to bar subsequent litigation of those legal and factual issues common to both actions that were ‘actually and necessarily determined by a court of competent jurisdiction’ in the first litigation.” *First Union Commer. Corp. v. Nelson, Mullins, Riley, & Scarborough (In re Varat Enters.)*, 81 F.3d 1310, 1315 (4th Cir. 1996) (citing *Montana v. United States*, 440 U.S. 147, 153, 59 L. Ed. 2d 210, 99 S. Ct. 970 (1977)).

The South Carolina Supreme Court affirmed the lower court’s intellectual property rights ruling and its issuance of the Permanent Injunction.⁴ The Permanent Injunction issued against TEC specifically mandates that TEC is “...permanently enjoined from using, assuming, or adopting in any way, directly or indirectly the names, styles, emblems or marks...” of the Diocese of South Carolina including the following names (marks): “The Protestant Episcopal Church in the Diocese of South Carolina”, “ The Episcopal Diocese of South Carolina,” and “The Diocese of South Carolina.”

⁴ “If the judges are divided, the reversal cannot be had, for no order can be made. The judgment of the court below, therefore, stands in full force. It is, indeed the settled practice in such case to enter a judgment of affirmance.” *Durant v. Essex Co.*, 74 U.S. (7 Wall.) 107, 112, 19 L. Ed. 154, 157 (1869). See *Exxon Shipping Co. v. Baker*, 554 U.S. 471, 128 S. Ct. 2605 (2008); *Neil v. Biggers*, 409 U.S. 188, 192, 93 S. Ct. 375, 34 L. Ed 401 (1972).

While TEC alleges that its marks are being violated, the State trial judge's Final Order specifically holds that the Diocese of South Carolina's marks are not derived from TEC's marks. Further the Final Order holds that the word "episcopal" is not unique to TEC nor was it first used by TEC. These holdings completely undercut TEC's allegations in its draft Intervenor Complaint. (**Entry #83-2**). Accordingly, TEC is "barred from successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment, even if the issue recurs in the context of a different claim." *Taylor v. Sturgell*, 553 U.S. 880, 892, 128 S. Ct. 2161, 2171, 171 L. Ed. 2d 155, 168 (2008)⁵

III. THE EPISCOPAL CHURCH DOES NOT HAVE A RIGHT TO INTERVENE UNDER FEDERAL RULES OF CIVIL PROCEDURE RULE 24(a).

a. TEC did not timely file an application to intervene.

"Intervention, whether of right or permissive, must be timely. If untimely, it must be denied." *Moten v. Bricklayers, Masons & Plasterers International Union*, 177 U.S. App. D.C. 77, 543 F.2d 224, 228 (1976) (emphasis added). "This Circuit has stressed the importance of timeliness and the wide discretion afforded the district courts." *Gould*, 883 F. 2d at 286. (denying motion to intervene as untimely and citing *Brink v. DaLesio*, 667 F.2d 420, 428 (4th Cir. 1981)). In *Gould*, the party attempting to intervene waited more than two years, after the complaint was filed, to file their motion for intervention. (emphasis added).

In determining whether the motion was timely, *Gould* noted, "the courts are in general agreement regarding the considerations relevant to determinations of the timeliness of an

⁵ As Defendant Lawrence has maintained at the outset of this federal action and continues to maintain, Plaintiff Bishops' claims also are precluded from proceeding on the grounds of issue preclusion because the Plaintiff Bishops here assert claims involving the same issues litigated and subject to a final judgment in the State Court Action. *See, e.g.,* Defendant Lawrence's Memorandum in Support of Motion to Dismiss (**Entry #13-1**) and Defendant Lawrence's Answer (**Entry # 68**) (asserting affirmative defenses of Res Judicata (Eleventh Defense) and Collateral Estoppel (Twelfth Defense)). Defendant Lawrence will move for summary judgment on at least these two defenses at the appropriate time under the Court's Scheduling Order.

intervention motion.” *Gould* held that “[a] reviewing court should look at how far the suit has progressed, the prejudice which delay might cause other parties, and the reason for the tardiness in moving to intervene.” (citing *Commonwealth of Pa. v. Rizzo*, 530 F. 2d 501, 506 (3rd Cir. 1976)). Ultimately, *Gould* held “[t]he tardiness of the motion [was] the strongest reason supporting its denial.”

In a recent case, *Alt v. United States EPA*, 758 F.3d 588 (4th Cir. 2014), the Court of Appeals for the Fourth Circuit analyzed whether a party’s motion for intervention satisfied the threshold timeliness requirement under *Gould*. In review of the facts, *Alt* noted when a party attempted to intervene, the proceedings had already reached a relatively advanced stage. *Id.* at 591. “The case had been stayed once, and the court’s scheduling order had been extended twice.” *Id.* In addition, “[a party’s] motion to dismiss [the] case had been fully briefed, argued, and denied.” *Id.* Regarding how far the suit had already progressed, the court noted that it was “reasonably reluctant to arrest the momentum of the lawsuit so near to its final resolution.” *Id.*

Alt then weighed the prejudice against the other parties. *Id.* *Alt* found that the intervening party’s “belated intervention would have caused delay, and would have required the plaintiffs to expend ‘extra effort.’” *Id.* The party attempting to intervene proposed “to allow the plaintiffs extra time and enlarged page limits in their written submissions, thereby mitigating the prejudice it might have otherwise visited.” *Id.* However, “the district court, having its finger on the pulse of the proceedings, characterized the intervening party as ‘too little, and too late’”. *Id.*

Lastly, *Alt* weighed the reason for the party attempting to intervene’s tardiness in moving to intervene. *Id.* The court noted,

“[b]elying its late entry, [the intervening party] was not at all unaware of what was transpiring in the district court. Instead [the intervening party] candidly acknowledges that it had closely monitored the proceedings in Alt’s lawsuit and

made a strategic decision not to devote its “limited resources” to the matter at an earlier stage, believing the court would grant [another party’s] motion to dismiss.

Id. The court found that “[s]uch deliberate forbearance understandably engenders little sympathy.” *Id.* at 591, 592 (citing *Moten v. Bricklayers, Masons & Plasterers International Union*, 543 F.2d 224, 228, 177 U.S. App. D.C. 77 (D.C. Cir. 1976) (deeming motion to intervene untimely where decision not to seek earlier intervention was informed and tactical choice)). Ultimately, the court concluded that the party should not be allowed to intervene. *Id.*

In reviewing whether TEC’s motion to intervene was made timely, this Court should look to the three requirements of *Gould*: a) how far the suit has progressed; b) the prejudice any resulting delay might cause the other parties; and, c) the reason for the tardiness in moving to intervene. In the case at hand, the Complaint was filed on March 19, 2013. This case has twice been to the Fourth Circuit Court of Appeals. Since April 2017, extensive discovery has been conducted between the Parties. In addition to written discovery, eleven depositions have been taken. All of these depositions were premised upon the individual claims of the Plaintiff Bishops.

In review of *Gould*’s second requirement, prejudice against the party attempting to intervene, TEC’s “belated intervention” will cause extreme delay, undue hardship and require Bishop Lawrence to spend copious amounts of time and money in bringing TEC to the forefront of this lawsuit. The pending lawsuit has been premised upon the Plaintiff Bishops’ claims for relief. If TEC is permitted to join this action, the action will be transformed into a completely new action for TEC’s allegations are premised upon TEC alleged rights, TEC injuries and damages and its amorphous claim of trademark dilution.

In analyzing *Gould*’s last requirement, the reason for the tardiness in moving to intervene, TEC failed to provide any reasons. In fact, TEC was fully engaged in this federal action from the commencement as is evident by the affidavit of TEC’s Canonical Archivist and Director of the

Archives, Mark J. Duffy filed with this Court on April 22, 2013 (Entry #25-6) As noted above, for more than four years Plaintiffs and TEC made the purposeful and tactical decision to not have TEC intervene or otherwise be a party to this lawsuit. Plaintiff Bishops and TEC did so with the specific purpose to oppose the Defendant's Motion to Dismiss or Stay and to oppose this Court's rulings on abstention under the *Brillhart/Wilton* and *Colorado River* doctrines. TEC's decision not to seek earlier intervention was an informed and tactical one over a four-year period and "such deliberate forbearance" for more than four years. TEC's motion to intervene is untimely and should be dismissed.

b. Whether TEC has interest in the pending litigation is trivial in determining whether TEC's motion to intervene is proper

"While Rule 24(a) does not specify the nature of the interest required for a party to intervene as a matter of right, the Supreme Court has recognized that 'what is obviously meant . . . is a significantly protectable interest.'" *Teague v. Bakker*, 931 F.2d 259 (4th Cir. 1991) (citing *Donaldson v. United States*, 400 U.S. 517, 531, 27 L. Ed. 580, 91 S. Ct. 534 (1971)). "Whether an interest contingent upon the outcome of other pending litigation constitutes a 'significantly protectable interest' has been the source of much disagreement." *Id.* "The 'true inquiry' in the context of a motion to intervene 'is not whether a lawsuit should be begun, but whether already initiated litigation should be extended to include additional parties.'" *Independent Petrochemical Corp. v. Aetna Casualty & Surety Co.*, 105 F.R.D. 106 (D.D.C. 1985) (citing *Smuck v. Hobson*, 132 U.S. App. D.C. 372, 408 F.2d 175, 178 (D.C. Cir. 1981)). "Thus, the determination of whether or not a party should be allowed to intervene as of right should be guided not by 'a myopic fixation upon interest,' but by the policies behind the interest requirement." *Id.*

"The court's inquiry, then, is to determine whether circumstances are such that 'the goal of disposing of lawsuits by involving as many apparently concerned persons as is compatible with

efficiency and due process may . . . be met' by allowing intervention.” *Id.* “In making this determination, the *Smuck* court pointed out that the first requirement of rule 24(a)(2), that of an ‘interest’ in the transaction, ‘may be a less useful point of departure than the second and third requirements, that the applicant may be impeded in protecting his interest by the action and that his interest is not adequately represented by others.’ *Id.* An “interest” in the subject of the action is thus a threshold requirement, rather than the determinative criterion for intervention. *Id.*

As stated above, TEC’s intervention as an additional Plaintiff would transform this case significantly and with great prejudice to Defendant.

c. TEC’s interest is not impaired.

If an interest sufficient to satisfy Rule 24(a)(2) is presented, the court then must ask if the attempting intervener “is so situated that disposing of the action may, as a practical matter, impair or impede the [applicant’s] ability to protect its interest. Fed. R. Civ. P. 24(a)(2). “The question presented by 24(a)(2)’s impairment prong requires a practical analysis, rather than a legal one.” *Ohio Valley Env’tl. Coalition, Inc. v. McCarthy*, 313 F.R.D. 10 (S.D. W. Va. 2015) (citing 7C Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 1904 (3d ed.), Westlaw (database updated April 2015)). “The impairment prong is satisfied where: (1) disposition of the action would put the movant at a ‘practical disadvantage’ in protecting its interest, or (2) the *stare decisis* effect of a judgment would legally preclude the would be intervenor from protecting its interest later.” *Id.* (citing *Francis v. Chamber of Commerce of U.S.* 481 F.2d 192, 195 n.8 (4th Cir. 1973)). “The practical disadvantage of filing a separate suit and perhaps duplicating efforts is not sufficient to satisfy the impairment prong” *Id.* (citing *Francis*, 481 F.2d at 196).

In the case at hand, the disposition of this pending litigation would not put TEC at a practical disadvantage in protecting any of its alleged interests. TEC has the right to initiate

litigation and the final disposition of this case would not impair or impede TEC's right as any prevailing judgment would apply to the Plaintiff Bishops injuries and damages, not TEC. As stated in TEC's motion to intervene, TEC is a national church and whether these Bishops were harmed by any alleged wrongful acts of the Defendant is unrelated to TEC's use of its alleged Episcopal Marks. Accordingly, TEC's interest will not be impeded or impaired.

d. TEC will be adequately represented.

Virginia v. Westinghouse Electric Corp., 542 F.2d 214 (4th Cir. 1976) held, "when the party seeking intervention has the same ultimate objective as a party to the suit, a presumption arises that its interests are adequately represented, against which the petitioner must demonstrate adversity of interest, collusion, or nonfeasance." (citing *Ordnance Container Corp. v. Sperry Rand Corp.*, 478 F.2d 844 (5th Cir. 1973).

Here, assuming *arguendo* that TEC's interests are impaired, TEC's interests are adequately represented by the Plaintiff Bishops. The Plaintiff Bishops are affiliated with TEC and have a similar but different claim, as TEC claims in its Complaint-In-Intervention: violations of the Lanham Act. The Plaintiff Bishops advertise themselves as the former Provisional Bishop of the Episcopalian Church in South Carolina and as the Provisional Bishop of the Episcopalian Church in South Carolina. In the Bishops' Amended Complaint, Bishop Adams alleges that "he is authorized and empowered by the Episcopal Church to represent and advertise himself as such"; "Bishop vonRosenberg and Bishop Adam's advertisement as indicators of his authority and affiliation as a bishop of a diocese of the Episcopal Church; and likewise that the nature, characteristics, and qualities of the services he provides are consistent with those prescribed and sanctioned by the The Episcopal Church." (**Amended Complaint ¶¶ 1, 3 Entry #65**) Just as TEC alleges in its Complaint-In-Intervention, the Bishops allege "the Episcopal Church owns and

controls a proliferation of federal trademark registrations.” (Entry #83-2 Complaint-In-Intervention ¶ 28) Accordingly, the Plaintiff Bishops allege similar allegations under the Lanham Act and a presumption arises that TEC’s interest will be adequately represented. TEC has not shown adversity of interest, collusion, or nonfeasance.

IV. THE EPISCOPAL CHURCH CANNOT PERMISSIVELY INTERVENE UNDER FEDERAL RULES OF CIVIL PROCEDURE RULE 24(b).

a. TEC did not timely file an application to intervene.

As discussed above, TEC’s motion to intervene was not filed timely. TEC has no excuse for waiting four years and five months. Accordingly, TEC’s motion to intervene under Rule 24(b)(2) should be denied.

b. TEC’s intervention will unduly delay or prejudice the adjudication of the original parties’ rights.

“In exercising its discretion [concerning permissive intervention] the court shall consider whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.” Fed. R. Civ. P. 24(b)(3). “Particularly in complex cases . . . a district judge’s decision on how best to balance the rights of the parties against the need to keep the litigation from becoming unmanageable is entitled to great deference.” *Stringfellow v. Concerned Neighbors in Action*, 480 U.S. 370, 107 S. Ct. 1177 (1987). *Stuart v. Huff*, 706 F.2d 345, 355 (4th Cir. 2013) affirmed the lower court’s decision denying permissive intervention on the ground that adding the intervenors would “complicate the discovery process and consume additional resources of the court and the parties.”

TEC’s intervention will cause unduly delay and prejudice the adjudication of the rights of Bishop Lawrence. TEC’s intervention will require further costly litigation including additional

pleadings, additional written discovery requests and depositions. TEC's intervention will significantly and unduly increase the complexity of this case.

CONCLUSION

TEC should not be permitted entry, as a Plaintiff, in the action for it:

1. Knowingly waited four years and five months before seeking to intervene,
2. Consented to a temporary injunction in the State Court action as to the "marks" it now contends that Defendant is wrongfully using; and,
3. Is subject to the State Court's Permanent Injunction, affirmed by the South Carolina Supreme Court, barring it from using in any manner the "marks" which it alleges the Defendant is wrongfully utilizing.

Respectfully submitted,

McNair Law Firm, P.A.

/s/Henrietta U. Golding

Henrietta U. Golding, Esq.

McNair Law Firm, PA

2411 N. Oak Street, Suite 206 (29577)

Myrtle Beach, SC 29577

Ph:(843) 444-1107; Fax:(843) 443-9137

Email: hgolding@mcnair.net

SPEIGHTS & RUNYAN

C. Alan Runyan, Esq.

Andrew S. Platte, Esq.

SPEIGHTS & RUNYAN

2015 Boundary Street, Suite 239

Beaufort, SC 29902

(803) 943-4444

Email: arunyan@speightsrunyan.com

aplatte@speightsrunyan.com

Counsel for the

Right Reverend Mark J. Lawrence

August 22, 2017
Myrtle Beach, South Carolina