

**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 the former
Provisional Bishop of The Episcopal Church
in South Carolina and The Right Reverend
Gladstone B. Adams, III, individually and in
his capacity as the Provisional Bishop of The
Episcopal Church in South Carolina,

Plaintiffs,

The Episcopal Church,

Plaintiff in Intervention

vs.

The Right Reverend Mark J. Lawrence and John
Does numbers 1-10, being fictitious defendants
whose names presently are unknown to Plaintiffs
and will be added by amendment when
ascertained.

Defendants.

CIVIL ACTION NUMBER:

2:13-CV-00587-RMG

**MEMORANDUM IN SUPPORT OF DEFENDANT THE RIGHT REVEREND
MARK J. LAWRENCE’S MOTION TO DISMISS COUNT II OF THE PLAINTIFF
BISHOPS’ SECOND AMENDED COMPLAINT FOR LACK OF STANDING
PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 12(B)(1)**

I. INTRODUCTION

Defendant The Right Reverend Mark J. Lawrence ("Bishop Lawrence") respectfully moves this Court for an *Order* dismissing Count II of the *Second Amended Complaint* (DE 108) filed by Plaintiffs The Right Reverend VonRosenberg and The Right Reverend Adams (collectively, the "Plaintiff Bishops") pursuant to Rule 12(b)(1) of the Federal Rules of Civil Procedure. The Plaintiff Bishops are not the owners or exclusive licensees of the South Carolina State Trademarks. Therefore, the Plaintiff Bishops lack standing to bring the federal trademark infringement claim concerning the South Carolina State Trademarks under Section 43(a) of the Lanham Act/15 U.S.C. § 1125(a) as alleged in Count II of the *Second Amended Complaint*.

II. RELEVANT FACTUAL BACKGROUND AND PROCEDURAL HISTORY

On March 27, 2017, the Plaintiff Bishops filed their Amended Complaint (DE 65) asserting only one Count: false and misleading advertising under § 43(a) of the Lanham Act/15 U.S.C. § 1125(a). The Plaintiff Bishops false and misleading advertising under Count I relates to The Episcopal Church's ("TEC") federally-registered marks that include various uses of the dominant word "Episcopal." *See Amended Complaint*, ¶¶ 21 to 25.¹

The Plaintiff Bishops filed the *Second Amended Complaint* (DE 108) on September 27, 2017.² In their *Second Amended Complaint*, the Plaintiff Bishops added Count II, alleging that Bishop Lawrence's use of the South Carolina State Trademarks constitutes trademark infringement in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). *Second Amended Complaint* at ¶¶ 83 to 92. The South Carolina State Trademarks at issue are not federally-registered. Instead,

¹ The Plaintiff Bishops also assert that TEC "owns and controls additional unregistered marks under the common law" but did not specify such marks in the *Amended Complaint*. *See Amended Complaint* (DE 65) at ¶ 24.

² On October 6, 2017, and prior to the date any response to the *Second Amended Complaint* would be due, the parties filed a *Joint Motion to Stay* (DE 111) the matter. On October 10, 2017, the Court granted the Motion to Stay (DE 113) to allow the parties to participate in mediation. On February 14, 2018, the Court lifted the stay on discovery in this matter (DE 118).

the South Carolina State Trademarks were registered with the State of South Carolina in 2010 at the direction of Defendant Bishop Lawrence and for The Protestant Episcopal Church in the Diocese of South Carolina (“The Diocese”). The South Carolina State Trademarks include the following marks:

- “The Protestant Episcopal Church in the Diocese of South Carolina”;
- “The Diocese of South Carolina”;
- “The Episcopal Diocese of South Carolina”; and
- A seal for the Diocese of South Carolina.

See *Second Amended Complaint* at ¶ 84.

III. ARGUMENT

A. Standing Is A Threshold Jurisdictional Issue And May Be Raised Sua Sponte Or By A Rule 12(B)(1) Motion to Dismiss.

(1) When a party lacks standing to sue, its claims must be dismissed.

“Standing is a threshold jurisdictional question which ensures that a suit is a case or controversy appropriate for the exercise of the courts' judicial powers under the Constitution of the United States.” *Pye v. U.S.*, 269 F.3d 459, 466 (4th Cir. 2001)(citing *Steel Co. v. Citizens for a Better Env.*, 523 U.S. 83, 102 (1998)). Standing to sue is necessary in order for a court to exercise subject matter jurisdiction. *Allen v. Wright*, 468 U.S. 737, 751, 104 S. Ct. 3315, 3324-25, 82 L. Ed. 2d 556 (1984).

Lack of standing may be raised by the court, *sua sponte*, or by a party by way of a motion to dismiss pursuant to Federal Rule of Civil Procedure 12(b)(1).³

³ In *Dan River, Inc. v. Unitex Ltd.*, the Fourth Circuit stated “whether raised or not, jurisdictional standing is an issue to be considered sua sponte by the court.” 624 F.2d 1216, 1223 (4th Cir. 1980); *see also National Licensing Ass'n, LLC v. Inland Joseph Fruit Co.*, 361 F. Supp. 2d 1244 (E.D. Wash. 2004) (“[I] t

There are two critically different ways in which to present a motion to dismiss for lack of subject matter jurisdiction. First, it may be contended that a complaint simply fails to allege facts upon which subject matter jurisdiction can be based. In that event, all the facts alleged in the complaint are assumed to be true and the plaintiff, in effect, is afforded the same procedural protection as he would receive under a Rule 12(b)(6) consideration. Second, it may be contended that the jurisdictional allegations of the complaint were not true. A trial court may then go beyond the allegations of the complaint and in an evidentiary hearing determine if there are facts to support the jurisdictional allegations.

Adams v. Bain, 697 F.2d 1213, 1219 (4th Cir. 1982).

2. *The burden to establish standing is on the party making the claim.*

The party claiming standing bears the burden of establishing it. *Marshall v. Meadows*, 105 F.3d 904, 906 (4th Cir. 1997). In order to meet this burden, the claimant must first allege facts sufficient to support standing on the face of the pleading.⁴ However, “[s]ince [the elements of standing] are not mere pleading requirements but rather an indispensable part of the plaintiff’s case” the claimant also bears the burden of establishing “each element . . . in the same way as any other matter on which the plaintiff bears the burden of proof, i.e., with the manner and degree of evidence required at the successive stages of the litigation.” *Lujan*, 504 U.S. at 561. Standing may not be “inferred argumentatively from averments in the pleadings,” *Grace v. Am. Cent. Ins. Co.*, 109 U.S. 278, 284 (1883), but “must affirmatively appear in the record.” *Mansfield, C. & L.M.R. Co. v. Swan*, 111 U.S. 379, 382 (1884).

is appropriate to address the question of standing in deciding a motion to dismiss because ‘[t]he elements of standing are an indispensable part of the plaintiff’s case,’ and accordingly must be supported at each stage of litigation in the same manner as any other essential element of the case.’) (quoting *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 561 (1992)).

⁴ In *Kachmar v. Varone*, the court dismissed an individual’s claims purportedly made on behalf of a corporation for lack of standing where the individual did not allege in his complaint or attach evidence showing that he was authorized to sue on the corporation’s behalf. 55 Fed. Appx. 3, 4 (1st Cir. 2002) (citing *Lujan*, 504 U.S. at 560); see also *Warth v. Seldin*, 422 U.S. 490, 518 (1975) (“It is the responsibility of the complainant clearly to allege facts demonstrating that he is a proper party to invoke judicial resolution of the dispute and the exercise of the court’s remedial powers.”).

B. The Plaintiff Bishops Lack Standing To Assert A Claim For Trademark Infringement Of The South Carolina State Trademarks Under § 43(a) Of The Lanham Act, 15 U.S.C. §1125(A), As Alleged In Count II.

Under federal law, a trademark owner of a federally-registered trademark may assert a claim for trademark infringement under 15 U.S.C. § 1114.⁵ For example, in this case, the Plaintiff in Intervention – The Episcopal Church (“TEC”) – asserts (1) that it owns federally-registered marks (Complaint in Intervention (DE 83-2) at ¶¶ 7 to 16), and (2) a claim for infringement of its federally-registered trademarks under 15 U.S.C. § 1114 (Complaint in Intervention, Count I, at ¶¶ 28-29).

Unlike a trademark infringement claim under § 1114(1), a claim under Section 43(a)/15 U.S.C. § 1125(a), does *not* require the existence of a federally-registered mark. But these claims under § 1125(a)(1) are for (A) false association, or (B) false advertising.⁶ So if a party attempts to assert a claim for trademark *infringement* under § 1125(a)(1) of a mark that is not federally registered (as opposed to a claim for *false association* or *false advertising* under § 1125(a)(1)), it is akin to asserting a claim for infringement of a common law trademark that is not federally registered.⁷ Under established law, only the owner or exclusive licensee of a mark has standing to assert a claim for common law trademark infringement.⁸

⁵ Section 1114(1) of the Lanham Act provides in relevant part that “Any person who shall, without the consent of the **registrant** – (a) use in commerce . . . any **registered** mark . . . shall be liable in a civil action **by the registrant** . . .” 15 U.S.C. § 1114(1) (emphasis added).

⁶ See *Belmora LLC v. Bayer Consumer Care AG*, 819 F.3d 697, 706 (4th Cir. 2016) (noting difference between trademark infringement claim of federally-registered mark under § 1114(a), on the one hand, and false association or false advertising claims under § 1125(a)(1), on the other hand).

⁷ To the extent the Plaintiff Bishops argue that their Count II for trademark infringement under § 1125(a) is actually a claim for false advertising or false designation of origin under § 1125(a), Count II should be dismissed as superfluous because it would be essentially the same claim the Plaintiff Bishops assert in Count I.

⁸ See, e.g., *Quabaug Rubber Co. v. Fabiano Shoe Co.*, 567 F.2d 154, 160 (1st Cir. 1977) (holding that because plaintiff was not the owner of the trademark, it did not have standing to sue for common law trademark infringement; but plaintiff could bring a claim under § 1125(a) for false designation of origin or false advertising); *Vantage, Inc. v. Vantage Travel Services, Inc.*, 2010 WL 1427965 (D.S.C. Apr. 8, 2010) (holding that ownership is required to assert claim for common law trademark infringement, and is not required to assert unfair competition claim under § 1125(a); *Hot Stuff Foods, LLC v. Mean Gene’s Enterprises, Inc.*, 468 F. Supp. 2d 1078, 1094 (D.S.D. 2006).

The analysis here is straightforward. In this case, the Plaintiff Bishops assert in Count II a claim for trademark *infringement* of the South Carolina State Trademarks under § 1125(a), which is substantively different from the Plaintiff Bishop’s claim in Count I for *false and misleading advertising* under § 1125(a). Because the South Carolina State Trademarks are not federally-registered, the Plaintiff Bishops’ claim for trademark infringement under § 1125(a) is akin to a claim for common law trademark infringement. Because the Plaintiff Bishops are neither the owners nor the exclusive licensees, they do not have standing to bring the claim for trademark infringement of the South Carolina State Trademarks. Indeed, the *Second Amended Complaint* shows the Plaintiff Bishops are not owners or exclusive licensees regarding the South Carolina State Trademarks.⁹ Accordingly, because the Plaintiff Bishops lack standing, Count II of the Plaintiff Bishops’ *Second Amended Complaint* should be dismissed.

IV. CONCLUSION

Defendant Bishop Lawrence’s Motion to Dismiss Count II of the *Second Amended Complaint* regarding allegations of infringement under § 1125(a) of the South Carolina State Trademarks should be granted because the Plaintiff Bishops are neither the owners nor the exclusive licensees of the South Carolina State Trademarks and therefore lack standing to assert the infringement claim.

Respectfully submitted,

Dated: February 20, 2018

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By: /s/ Henrietta U. Golding
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⁹ For example, in paragraph 26 of the Second Amended Complaint, the Plaintiff Bishops assert that the TEC authorizes nearly everyone affiliated with TEC to use its marks – federally-registered and unregistered – including its “dioceses, bishops, clergy, parishes, and parishioners” to “advertise their . . . affiliation with the Episcopal Church.” *Second Amended Complaint* at ¶26.

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CERTIFICATE OF SERVICE

I, Andrew S. Platte, hereby certify that on February 20, 2018, I electronically filed *Defendant The Right Reverend Mark J. Lawrence's Memorandum In Support of Motion To Dismiss Count II Of The Plaintiff Bishop's Second Amended Complaint For Lack of Standing Pursuant To Federal Rule of Civil Procedure 12(B)(1)* using the CM/ECF System, which will automatically send email notification of such filing to the attorneys of record in this case.

This the 20th day of February, 2018.

By: /s/ Andrew S. Platte, Esq.

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