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

The Right Reverend Charles G. vonRosenberg, et al., Plaintiffs, The Episcopal Church, Plaintiff in Intervention v. The Right Reverend Mark J. Lawrence, et al., Defendants.	Civil Action No. 2:13-587-RMG **ORDER AND OPINION**

This matter is before the Court on Plaintiffs' Second Motion to Enforce the Injunction (Dkt. No. 699). For the reasons set forth below, Plaintiff's Second Motion to Enforce the Injunction is granted in part and denied in part.

I. Background

This case arises out of a schism in 2012 in the Historic Diocese, originally known as the "Protestant Episcopal Church in the State of South Carolina," in which certain members and parishes sought to dissociate from The Episcopal Church, a nationwide hierarchical church. The parties have litigated property issues related to the schism in the state courts of South Carolina, culminating in a 2017 decision in the South Carolina Supreme Court holding that The Episcopal Church owned most of the property in dispute and finding that twenty-eight of the Disassociated Parishes held real and personal property in trust for TEC. *Protestant Episcopal Church in the Diocese of S.C. v. Episcopal Church*, 421 S.C. 211, 265, 806 S.E.2d 82, 111 (2017); *see also Protestant Episcopal Church in the Diocese of South Carolina, et. al. v. TEC, et. al.*, No. 2013-

CP-18-00013, at *17 (S.C. Cir. Ct. June 19, 2020) (enforcing on remittur the South Carolina Supreme Court's Collective Opinions and finding, *inter alia*, that the Collective Opinions held "[t]he Diocese and Parish churches successfully disassociated from TEC by following the procedures required for disassociation under South Carolina neutral principles of corporate law"). Given the long history of this case and the multiple Parties, it is important at the outset to identify the principal Parties:

1) Plaintiff The Episcopal Church (hereafter "TEC") is the national church and an Intervenor Plaintiff in this action;

2) The Protestant Episcopal Church in the State of South Carolina (hereafter the "Historic Diocese"), which was formed as early as 1785 and was long affiliated with TEC;

3) Plaintiff The Episcopal Church in South Carolina (hereafter "TECSC"), which was headed initially by Plaintiff Bishop Charles G. vonRosenberg and subsequently by Plaintiff Provisional Bishop Gladstone B. Adams, III and is affiliated with TEC;

4) Defendant Disassociated Diocese,[1] headed by Defendant Right Reverend Mark Lawrence and was formed following the schism in 2012 to disassociate from TEC.

5) The Defendant parishes associated with the Disassociated Diocese (hereafter "Disassociated Parishes").

While the state courts addressed property issues, in this action the Parties raised issues surrounding the use of certain trademarks in contest between TEC and its affiliates and the Disassociated Diocese and its affiliates. (Dkt. Nos. 146, 150).

On September 19, 2019, this Court granted summary judgment in favor of TEC and TECSC, finding that TECSC is the lawful successor of the Historic Diocese, granting summary judgment on Plaintiffs' claims for trademark infringement, trademark dilution and false

[1] The term "disassociated diocese" was utilized by Chief Justice Beatty in the controlling decision of the South Carolina Supreme Court in *Protestant Episcopal Church in the Diocese of South Carolina v. The Episcopal Church,* 421 S.C. 211, 250 n. 29 (2017). The Disassociated Diocese has since selected the new name, "The Anglican Diocese of South Carolina." (Dkt. No. 688 at 2.)

advertising and issuing an injunction prohibiting the Disassociated Diocese or the Disassociated Parishes from using any of the following marks or any mark that is confusingly similar:

- The Protestant Episcopal Church in the United States;
- The Episcopal Church;
- The Episcopal Church Welcomes You;
- La Iglesia Episcopal, and;
- The Episcopal Shield.[2]
- Diocese of South Carolina;
- The Episcopal Diocese of South Carolina;
- The Protestant Episcopal Church in the Diocese of South Carolina;
- The Diocesan Seal.[3]

(hereafter, the "enjoined marks") (Dkt. Nos. 667; 668.)

On November 11, 2019, Plaintiffs TEC and TECSC moved to enforce this injunction. (Dkt. No. 686). On December 12, 2019, the Court granted in part and denied in part Plaintiffs' motion. *See vonRosenberg v. Lawrence*, 429 F. Supp. 3d 175, 189 (D.S.C. 2019). The Court enjoined Defendants' use of, *inter alia*, the following marks or any marks confusingly similar: "Founded in 1785," "14th Bishop," "XIV Bishop," and "229th Convention" or any numbered Convention indicating a history dating to 1785.

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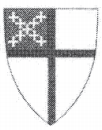
2 

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On September 10, 2020, Plaintiffs TEC and TECSC filed a Second Motion to Enforce the Injunction. (Dkt. No. 699). TEC and TECSC allege twenty-seven (27) violations of the injunction. (*Id.* at 6-10). TEC and TECSC contend that Defendants wrongfully used the following marks: (a) "Diocese of South Carolina" or "Diocese of SC"; (b) "Protestant Episcopal Church in the Diocese of South Carolina"; (c) "1785"; (d) "14th Bishop" or "XIV Bishop"; (e) "2009 convention"; (f) "2008 consecration"; (g) Diocesan Shield; and (h) Episcopal Shield. On September 24, 2020, Defendants filed a response in opposition to TEC and TECSC's motion. (Dkt. No. 700).[4] On October 1, 2020, TEC and TECSC filed a reply. (Dkt. No. 701). TEC and TECSC's motion is fully briefed and ripe for disposition.

II. Legal Standard

A court has continuing jurisdiction over its permanent injunction regardless of a pending appeal. *Hudson v. Pittsylvania Cty., Va.*, 774 F.3d 231, 234 (4th Cir. 2014). While Plaintiffs style their motion a petition to enforce the injunction, a court enforces its injunctions through "a finding of contempt, [which] springs from the court's inherent equitable powers." *Innovation Ventures, LLC v. N2G Distrib., Inc.*, 763 F.3d 524, 544 (6th Cir. 2014*) citing Porter v. Warner Holding Co.*, 328 U.S. 395, 398, 66 S. Ct. 1086 (1946). To make out a claim for civil contempt, the movant must demonstrate, by clear and convincing evidence, four elements:

> (1) the existence of a valid decree of which the alleged contemnor had actual or constructive knowledge; (2) that the decree was in the movant's "favor"; (3) that

[4] The parties agree that alleged act of infringement No. 27 was committed by an entity that is not a party to this lawsuit. *See* (Dkt. No. 700 at 9) ("Exhibit 27 is from the Facebook page for the Church of the Atonement, Walterboro, SC. This entity was named in Plaintiffs' complaint but was never served a summons or complaint."); (Dkt. No. 701 at 2) ("Defendants point out that one of the infringing websites is connected to a dormant mission church that is part of their disassociated diocese, but not a party to this action; and therefore, that although it is still bound by the Injunction and should comply by removing the infraction from the internet, it should not be held in contempt without being joined as a party. Plaintiffs take no issue with this point, which is an anomaly among the 27 examples of infractions.") The Court therefore declines to address alleged act of infringement No. 27.

> the alleged contemnor by its conduct violated the terms of the decree, and had knowledge (at least constructive knowledge) of such violations; and (4) that the movant suffered harm as a result.

Rainbow Sch., Inc. v. Rainbow Early Educ. Holding LLC, 887 F.3d 610, 617 (4th Cir. 2018) (citations omitted). Importantly, intent is irrelevant to a finding of civil contempt. *See McComb v. Jacksonville Paper Co.*, 336 U.S. 187, 191, 69 S. Ct. 497, 499 (1949) ("Since the purpose is remedial, it matters not with what intent the defendant did the prohibited act."). However, the order allegedly violated must be one that had set forth "'in specific detail an unequivocal command' which a party has violated." *In re Gen. Motors Corp.*, 61 F.3d 256, 258 (4th Cir. 1995) (citations omitted).

III. Discussion

As explained by courts of appeal, when faced with parties who have already been found to violate a trademark, "[t]he sole issue before the district court…[is] whether [defendants] violated the injunction, that is, whether the [the new mark] is 'confusingly similar' to the [enjoined mark]." *Wella Corp. v. Wella Graphics, Inc.*, 37 F.3d 46, 48 (2d Cir. 1994) *citing Oral-B Labs. v. Mi-Lor Corp.*, 810 F.2d 20, 22-23 (2d Cir.1987). In making this determination, it is well-settled that "a party subject to a preliminary injunction has a 'duty to keep a safe distance from the line drawn by the district court's injunction.'" *Simone v. VSL Pharm., Inc.*, No. CV TDC-15-1356, 2016 WL 3466033, at *16 (D. Md. June 20, 2016) *citing Oral-B Labs.*, 810 F.2d at 24. *See also Howard Johnson Co., Inc. v. Khimani*, 892 F.2d 1512, 1517 (11th Cir. 1990) ("[T]he legal posture of this case places a heavier burden upon the [alleged infringer] of avoiding a colorable imitation of or diluting [its competitor's] trade and service marks than upon a party not already preliminarily enjoined from engaging in such activity."); 5 McCarthy on Trademarks and Unfair Competition § 30:21 (5th ed.) ("A trademark infringer, once caught, should expect some fencing in. It should have its conduct carefully scrutinized in future use and should not be allowed to claim the same

leniency accorded a good faith user who starts use of the mark which the enjoined defendant has shifted to.")

In reviewing an infringer's later use, the so-called "Safe Distance Rule" is an equitable principle that permits courts to:

> require a business to 'keep a safe distance away from the margin line—even if that requirement involves a handicap as compared with those who have not disqualified themselves.'…The safe distance rule thus 'prevent[s] known infringers from using trademarks whose use by non-infringers would not necessarily be actionable.'

Simone, 2016 WL 3466033, at *26 *quoting John Allan Co. v. Craig Allen Co.*, LLC, 540 F.3d 1133, 1142 (10th Cir. 2008); *Innovation Ventures, LLC v. N2G Distrib., Inc.*, 763 F.3d 524, 544 (6th Cir. 2014). It is a standard that, "reliev[es] the reviewing court of the need to retry the entire range of issues that may be relevant in an infringement action for each small variation the defendant makes to the enjoined mark." *Id. quoting PRL USA Holdings, Inc. v. U.S. Polo Ass'n, Inc.*, 520 F.3d 109, 118 (2d Cir. 2008). While the Fourth Circuit has not formally adopted the rule, it has commented that the rule's reasoning is "persuasive." *Osem Food Indus. Ltd. v. Sherwood Foods, Inc.*, 917 F.2d 161, 164 (4th Cir. 1990) ("we note that some courts have indicated persuasively that once a company commits an unfair business practice it 'should thereafter be required to keep a safe distance away from the margin line.'") (citations omitted).

Having stated the applicable law in determining whether there has been a violation of the injunction, the Court turns to the actions that TEC and TECSC allege violate the Court's injunction.

1. Use of the marks "Diocese of South Carolina" or "Diocese of SC"; "1785"; "14th Bishop" or "XIV Bishop"; and use of the "Diocesan Shield" and the "Episcopal Shield"

TEC and TECSC allege that Defendants continue to wrongfully use the marks: (a) "Diocese of South Carolina" or "Diocese of SC" (Dkt. No. 699 at 6-8) (acts of infringement Nos.

1-14); "1785" (*Id.* at 8) (acts of infringement Nos. 17 and 18); "14th Bishop" and "XIV Bishop" (*Id.* at 8-9) (acts of infringement Nos. 19 and 20); and the Diocesan Shield and the Episcopal Shield. (*Id.* at 10) (acts of infringement Nos. 26 and 27). In their response in opposition, Defendants assert that they have cured these acts of infringement. (Dkt. No. 700 at 7-8). TEC and TECSC do not dispute that these alleged acts of infringement have been cured. (Dkt. No. 701 at 1) ("Defendants admit to violating the Injunction, informing the Court that they removed 25 of the 27 examples of infractions cited by Plaintiffs from the internet.") TEC and TECSC's motion is thus denied as moot to the extent it alleges Defendants are wrongfully using the marks "Diocese of South Carolina" or "Diocese of SC"; "1785"; "14th Bishop" or "XIV Bishop"; and the "Diocesan Shield" or the "Episcopal Shield."

2. Use of the terms "2009 Convention" and "2008 Consecration"

TEC and TECSC allege that Defendants are violating the injunction by using the terms "2009 Convention", (Dkt. No. 699 at 9)[5] (acts of infringement Nos. 21 and 22), and "2008 Consecration", (*Id.* at 9-10)[6] (acts of infringement 23-25).

For their part, Defendants argue that neither "2009 Convention" nor "2008 Consecration" are enjoined marks. (Dkt. No. 700 at 9). Specifically, as it pertains to "2009 Convention," Defendants argue it "in no way indicates that the Convention dates back to 1785, as '229th Convention' does and as this Court held was impermissible." (*Id.*) (citing *vonRosenberg v.*

[5] TEC and TECSC cite the following as an example of Defendants' infringement: "We continue as faithful Anglicans under the leadership of The Rt. Rev. Mark J. Lawrence, the 14th Bishop of the Diocese, pursuing the vision first cast in his message at the *2009 Diocesan Convention*, where he urged us to focus on 'Making Biblical Anglicans for a Global Age.'" (Dkt. No. 699 at 9) (emphasis added).

[6] TEC and TECSC cite the following as an example of Defendants' infringement: "Bishop Mark Joseph Lawrence was *consecrated* the Bishop of the Anglican Diocese of South Carolina on January 26, *2008*, at the Cathedral of St. Luke and St. Paul in Charleston." (*Id.* at 9-10) (emphasis added).

Lawrence, 429 F. Supp. 3d at 183-85 (finding that Defendants' use of the term "229th Convention" coopted SEC and TECSC's goodwill as the Historic Diocese)). As it pertains to the term "2008 Consecration" Defendants argue:

> When referencing the 2008 consecration of Bishop Lawrence, he was consecrated as a Bishop in that year and he was the Bishop of the Diocese of South Carolina. According to this Court's order, he ceased being the Bishop of the Diocese of South Carolina in 2012, but he still remains the Bishop of the Anglican Diocese of South Carolina. The reference to the year of his consecration does not co-opt the goodwill of the Plaintiff and does not reference him as the 14th Bishop of the Diocese of South Carolina (which he historically remains).

(*Id.* at 10). In response, TEC and TECSC argue that this "reading of the Injunction disregards the Court's ruling that Defendants' disassociated diocese was formed in 2012 and is not the successor of the Historic Diocese." (Dkt. No. 701 at 2).

The Court finds that the terms "2009 Convention" and "2008 Consecration" do not violate the injunction. First, neither "2009 Convention" nor "2008 Consecration" is an enjoined mark. Second, these terms do not coopt TECSC's goodwill as the Historic Diocese nor indicate to the public that Defendants *are* the Historic Diocese. *See vonRosenberg v. Lawrence*, 429 F. Supp. 3d at 185 & n.7 (noting the term "229th Diocese Convention" violated the injunction because the term implied the Disassociated Dioceses "was the Historic Diocese at the time of its founding in 1785 or that the Disassociated Diocese, by continuing the Historic Diocese's numbering for bishops and conventions, is the successor to the Historic Diocese"). Third and lastly, Defendants are correct that the term "2008 consecration" is not "an attempt to benefit from the goodwill of the marks subject to these injunctions . . . [as] [t]he words are used to describe an event that occurred in a specific year. The 2008 consecration in no way plays off the terms that the Court found also violated the Court's Order and Injunction." (Dkt. No. 700 at 10).

Accordingly, TEC and TECSC's motion is denied to the extent that it seeks to forbid

Defendants' use of the terms "2009 Convention" and "2008 Consecration."

3. Use of the mark "Protestant Episcopal Church in the Diocese of South Carolina"

TEC and TECSC contend that Defendants wrongfully used the mark "Protestant Episcopal Church in the Diocese of South Carolina" while applying for and obtaining a Paycheck Protection Program ("PPP") loan from the Small Business Administration. (Dkt. No. 699 at 8) (act of infringement No. 16). Defendants admit to this usage and do not dispute that "Protestant Episcopal Church in the Diocese of South Carolina" is an enjoined mark. (Dkt. No. 700 at 10-11). Defendants argue this use is permitted, however, by *Protestant Episcopal Church in the Diocese of South Carolina, et. al. v. TEC, et. al.*, No. 2013-CP-18-00013, at *17 (S.C. Cir. Ct. June 19, 2020) (enforcing on remittur the South Carolina Supreme Court's Collective Opinions and finding, *inter alia*, that the Collective Opinions held "[t]he Diocese and Parish churches successfully disassociated from TEC by following the procedures required for disassociation under South Carolina neutral principles of corporate law").

The Court finds Defendants in civil contempt for their use of this mark.

As this Court previously held while granting in part and denying in part Plaintiffs' first motion to enforce the injunction, the first and second factors for civil contempt are both satisfied here. Specifically, this Court has previously issued a valid decree in TEC and TECSC's favor finding that TECSC is the successor to the Historic Diocese. *See vonRosenberg v. Lawrence*, 429 F. Supp. 3d at 183 ("Turning to the first factor for civil contempt, whether there was a valid decree . . . this Court held clearly that the Disassociated Diocese is not a successor of the Historic Diocese, and instead is an organization that was formed in 2012.); *Id.* ("Second, regarding whether the decree was in the movant's favor, the Court's Orders (Dkt. Nos. 667, 668) were in favor of Plaintiffs, and therefore they may move to enforce the Injunction."). The first two factors for a

finding of civil contempt are thus satisfied.

Next, the Court must assess whether the Defendants violated the terms detailed above and had knowledge of the violations. The Court finds a violation of the express terms of the Court's Order and Injunction. As noted above, "Protestant Episcopal Church in the Diocese of South Carolina" is an enjoined mark. Defendants admit as much and acknowledge using the term. *See* (Dkt. No. 700 at 11). While Defendants argue that *Protestant Episcopal Church in the Diocese of South Carolina, et. al. v. TEC, et. al.*, No. 2013-CP-18-00013 (S.C. Cir. Ct. June 19, 2020) permits such usage, this decision does no such thing, stating in relevant part that that "the Federal Court has exclusive authority to decide all issues relating to the trademarks, service marks, and intellectual property." *Id.* at *1, 43 (noting that "[a]lmost uniformly, the Supreme Court determined that TEC and TECSC owned all service marks, trademarks, and intellectual property or deferred to the Federal courts on these issues" and reiterating that "the Federal Court has jurisdiction over matters related to the trademarks, intellectual property, and service marks issues"). In sum, Defendant's above use violates the Court's Order and Injunction.

Finally, the Court must determine whether the movants, TEC and TECSC here, suffered harm from the violation. As this Court already found in its summary judgment Order and in its prior Order granting in part and denying in part TEC and TECSC's first motion to enforce the injunction, co-opting the goodwill of the Plaintiffs' marks causes harm to the Plaintiffs' goodwill and business. (*See* Dkt. No. 667 at 65 – 67). *See Purcell v. Summers*, 145 F.2d 979, 983 (4th Cir. 1944) (recognizing that using name of religious organization by seceding faction "will result in injury and damage" is "so clear to our minds as hardly to admit of argument."). As Defendants continue to attempt to claim the goodwill and history of the TECSC's organization, TEC and TECSC have demonstrated harm from the violation.

Based on the foregoing, the Court finds that Defendants violated the Court's Order and Injunction by continuing to use the term "Protestant Episcopal Church in the Diocese of South Carolina."

Since TEC and TECSC have not requested sanctions or identified any monetary losses, the Court will enforce its finding of civil contempt through an order enjoining the noncompliant act described above.

IV. Conclusion

For the foregoing reasons, the Court **GRANTS IN PART** and **DENIES IN PART** Plaintiffs' Second Motion to Enforce the Injunction (Dkt. No. 699). The Motion is **GRANTED** regarding Defendants' use of "Protestant Episcopal Church in the Diocese of South Carolina." To remedy this violation, the Court hereby issues the following **PERMANENT INJUNCTION** and **ENJOINS** all Defendants, their officers, agents, servants, employees, associates, subsidiaries and affiliates from using the following mark or any mark confusingly similar: "Protestant Episcopal Church in the Diocese of South Carolina." The Motion is otherwise **DENIED**.

AND IT IS SO ORDERED.

s/ Richard Mark Gergel
United States District Court Judge

October 27, 2020
Charleston, South Carolina