

**IN THE UNITED STATES DISTRICT COURT
FOR THE 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.)
_____)

No. 2:13-cv-00587-RMG

**OPPOSITION OF PLAINTIFF-IN-INTERVENTION THE EPISCOPAL CHURCH TO
THE SECOND MOTION FOR SUMMARY JUDGMENT OF DEFENDANTS
THE RIGHT REVEREND MARK J. LAWRENCE, THE PROTESTANT EPISCOPAL
CHURCH IN THE DIOCESE OF SOUTH CAROLINA, AND THE TRUSTEES
OF THE PROTESTANT EPISCOPAL CHURCH IN SOUTH CAROLINA**

TABLE OF CONTENTS

	Page
I. THE EPISCOPAL CHURCH HAS PRIORITY IN ITS MARKS.....	1
A. The “Prior Use” Defense is Unavailable to the Lawrence Diocese Because it is Not the Historic Diocese That Used the Marks in 1785.....	1
B. The Undisputed Evidence Shows That the Historic Diocese Did Not Exercise Priority of Use Over The Episcopal Church’s Names.	3
C. The Doctrine of Merger Bars the Prior Use Defense in Any Event.	6
II. THE UNDISPUTED EVIDENCE CONCLUSIVELY DEMONSTRATES A LIKELIHOOD OF CONFUSION.	8
A. The Episcopal Church’s Marks Are Strong.	9
B. The Sophistication of the Relevant Public Underscores the Weight of the Evidence of Actual Confusion.	12
C. There is Substantial Evidence of Actual Confusion.	12
D. The Lawrence Diocese Has Demonstrated an Intent to Confuse the Public.	15
E. The Marks Are Similar.	16
F. The Lawrence Diocese’s Services Are of a Similar Nature to But an Undisputedly Different Quality Than the Services Offered by the Church.	18
G. The Services Offered by The Lawrence Diocese Are Similar in Kind to Those Offered by the Church.....	19
H. The Lawrence Diocese is Providing Its Services in the Same Facilities That Were Being Used by the Historic Diocese Before the Rupture.....	20
I. The Lawrence Diocese Engages in Advertising That is Similar to That Engaged in by the Church.	21
III. THE UNDISPUTED EVIDENCE CONCLUSIVELY DEMONSTRATES DILUTION BY BLURRING.	21
A. The Church’s Marks Were “Famous” When the Lawrence Diocese Began Using Them, and Are “Famous” Today.	21

B. The Evidence Shows Dilution by Blurring.....23

IV. THE CHURCH’S CLAIMS ARE NOT BARRED BY LACHES..... 26

CONCLUSION..... 29

Defendants the Rt. Rev. Mark J. Lawrence, The Protestant Episcopal Church in the Diocese of South Carolina, and the Trustees of the Protestant Episcopal Church in South Carolina (collectively, the “Lawrence Diocese” or “Defendants”) have asked this Court to grant summary judgment in their favor on The Episcopal Church’s claims for trademark infringement and dilution. *See* Dkt. No. 603. They assert four grounds for their Motion, including that (1) the Lawrence Diocese has priority over the marks in question by virtue of having been the first user of the marks; (2) the evidence does not support a finding of a likelihood of confusion; (3) the evidence does not support a finding of trademark dilution; and (4) the Church’s claims are barred by laches. Because each argument lacks merit, the Court should deny the Lawrence Diocese’s Motion. We address these arguments in turn.

I. THE EPISCOPAL CHURCH HAS PRIORITY IN ITS MARKS.

The Lawrence Diocese argues that it has priority over the use of The Episcopal Church’s marks THE EPISCOPAL CHURCH and THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA because the Diocese of South Carolina began using a similar name, THE PROTESTANT EPISCOPAL CHURCH IN THE STATE OF SOUTH CAROLINA, in 1785, before The Episcopal Church first used its marks. *See* Dkt. No. 603 at pp. 20-23 of 65. This argument fails for three independent reasons.¹

A. The “Prior Use” Defense is Unavailable to the Lawrence Diocese Because it is Not the Historic Diocese That Used the Marks in 1785.

The Fourth Circuit has recognized “prior use” as a defense to a claim of trademark infringement. *See Armand’s Subway, Inc. v. Doctor’s Assocs., Inc.*, 604 F.2d 849, 849-50 (4th Cir. 1979). The defense applies, however, only to defendants who in fact have *used* the mark at

¹ The Lawrence Diocese concedes that it has no priority over The Episcopal Church for use of the mark THE EPISCOPAL DIOCESE OF SOUTH CAROLINA. *See* Dkt. No. 603 at p. 20 of 65 n.4.

issue before the registrant used it. *See id.*; 15 U.S.C. § 1065 (exception to incontestability for “use of a mark ... prior to the date of registration”); *id.* at § 1115(b)(5) and (6) (defenses to incontestability for prior use by alleged infringer).

Here, the Lawrence Diocese did not begin using the marks at issue until 2012, well after the earliest date they concede the Church began using its marks. *See, e.g.*, Dkt. Nos. 595-5, 595-7, 595-8, 595-9 (trademark registrations showing THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA being used by 1836 and THE EPISCOPAL CHURCH by 1967).² The Lawrence Diocese’s argument that it engaged in prior use of the names at issue is based on the faulty premise that it is *the same historic Diocese* that in 1785 began using the name THE PROTESTANT EPISCOPAL CHURCH IN THE STATE OF SOUTH CAROLINA (which name was later updated to THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA). *See* Dkt. No. 603 at pp. 21-22 of 65. The question of whether the Lawrence Diocese is the historic Diocese has already been decided by the Supreme Court of South Carolina, however. And a majority of that Court has said that the Lawrence Diocese is *not* the historic Diocese. *See Protestant Episcopal Church in the Diocese of South Carolina v. The Episcopal Church*, 806 S.E.2d 82, 91, 93 (S.C. 2017) (Pleicones, J.) (“Because TEC has recognized [TECSC] to be the true ... Diocese of South Carolina ... a civil court cannot inject itself into this church governance dispute ... I would therefore reverse the circuit court’s order ... to the extent it declined to accept TEC’s recognition of [TECSC] as the true ... Diocese of South Carolina.”); *id.* at 95 (Hearn, J.) (“Because the National Church has recognized [TECSC] to be the true ... Diocese of South Carolina ... we cannot inject ourselves

² We explain in the next section that the historical evidence shows that the Church used its marks earlier than the dates listed in its registrations, and therefore the Church is not bound by the dates in the registrations.

into this dispute in such a manner as to overrule that determination. ... On this basis alone, I would reverse the decision of the trial court.”); *id.* at 103 n.29 (Beatty, C.J.) (“In my view, the [Lawrence Diocese] can make no claim to being the successor to the Protestant Episcopal Church in the Diocese of South Carolina.”).

Under the South Carolina Supreme Court’s decision, the diocese that used the name THE PROTESTANT EPISCOPAL CHURCH IN THE STATE OF SOUTH CAROLINA in 1785 was TECSC, *not* the Lawrence Diocese.³ Because the Lawrence Diocese is not the historic Diocese, the earliest it can claim to have used the marks at issue is 2012, when the Lawrence Diocese began operating as though it were the historic Diocese, although separated from The Episcopal Church. The Lawrence Diocese’s use of the marks therefore began long after the Church began using its marks. The defense of prior use is thus unavailable to the Lawrence Diocese.

B. The Undisputed Evidence Shows That the Historic Diocese Did Not Exercise Priority of Use Over The Episcopal Church’s Names.

Even if the Lawrence Diocese were the historic Diocese (which it is not), the Court should consider its argument that the historic Diocese has priority of use over The Episcopal Church in the marks at issue in light of the undisputed historical facts, and reject its argument. *See* 2 McCarthy on Trademarks and Unfair Competition § 16:13 (2018) (“When the contesting parties are neck-and-neck in a race to the marketplace under a mark, resolution of such a priority dispute can only be made on an informed balancing of the totality of the facts.”); *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 534 (2d Cir. 1964) (“[T]he concept

³ The conclusion that TECSC is the historic Diocese is also required by the First Amendment. *See* Dkt. 584 at 4-7.

of priority in the law of trade-marks is applied not in its calendar sense but on the basis of the equities involved.”) (quotations omitted).⁴

It is undisputed that after the American Revolution, the Church of England no longer operated within the territory that had become the United States of America.⁵ In that vacuum, Anglicans, who had formerly worshipped in the Church of England, took steps to organize themselves.⁶ The undisputed evidence shows that in May and October 1784, Anglicans gathered and “issu[ed] a recommendation to the churches in the several States, to unite under a few articles to be considered as fundamental,” the first of which was “[t]hat there shall be a General Convention of the Episcopal Church in the United States of America.”⁷ The undisputed evidence further shows that the efforts to organize a national church that would be the successor to the Church of England in the new United States continued from 1785 through 1789, when a Constitution for “The Protestant Episcopal Church in the United States of America” was adopted.⁸ The organizers included clergy and lay people from the State of South Carolina.⁹ As

⁴ As the Lawrence Diocese notes, The Episcopal Church’s applications to the USPTO claim a first use date of January 1, 1836 for THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA, and January 1, 1967 for THE EPISCOPAL CHURCH. See Dkt. No. 603 at p. 21 of 65. The Church is “not bound by” those dates because, as we show here, the undisputed historical evidence in this case “clear[ly] and convinc[ing]” shows otherwise. *Elder Mfg. Co. v. Intl. Shoe Co.*, 194 F.2d 114, 118 (C.C.P.A. 1952).

⁵ See, e.g., Dkt. No. 439 at ¶ 56 (Defendant the Protestant Episcopal Church in the Diocese of South Carolina’s First Amended Answer and Counterclaims to Second Amended Complaint-in-Intervention); Expert Report of Dr. Jeremy Bonner at 1 (“Bonner Rept.”) (“North American Anglicans [were] dissevered from their mother church in the aftermath of the American Revolution”) (Dkt. No. 609-7).

⁶ See, e.g., Bonner Rept. at 13-16; Declaration of Mark J. Duffy (“Duffy Decl.”), Att. 1 at 11-130 (describing efforts in 1784-89 to organize) (Dkt. No. 595-3).

⁷ Duffy Decl., Att. 1 at 12.

⁸ See Duffy Decl. at Att. 1 at 14-130 (describing efforts in 1785-89 to organize the national church); *id.* at 99-102 (text of 1789 Constitution).

early as September 1785, these efforts were described as efforts to organize “The Protestant Episcopal Church in the United States of America.”¹⁰

These efforts to organize the national Church occurred concurrently with the organization of “state churches,” later called “dioceses.” The Lawrence Diocese asserts that the historic Diocese of South Carolina was formed in 1785 under the name THE PROTESTANT EPISCOPAL CHURCH IN THE STATE OF SOUTH CAROLINA. *See* Dkt. No. 603 at pp. 20-22 of 65. According to Defendants’ expert Dr. Bonner, the “first official Convention of the Protestant Episcopal Church in the State of South Carolina took place in May 1785.” Bonner Rept. at 14. The fact that both names at issue here—THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA and THE PROTESTANT EPISCOPAL CHURCH IN THE STATE OF SOUTH CAROLINA—were being developed simultaneously requires the conclusion that priority of use is not a valid defense here.

Equally important is the fact that, without the organization of a national church, there would be no bishops in the new United States, which is a critical factor for a church hoping to be “episcopal.” According to Dr. Bonner, “the English archbishops and bishops *required* ... that episcopal candidates be endorsed by the General Convention [of the national church]” as well as endorsement of the state churches. Bonner Rept. at 15-16 (emphasis added); *id.* at 16 (requiring “national endorsement”). Indeed, in Dr. Bonner’s view, “[t]he principal object in establishing a General Convention was to secure from the Church of England the consecration of American bishops in apostolic succession.” *Id.* at 15. Thus, in the fall of 1785, a group calling itself “the Clerical and Lay Deputies of the Protestant Episcopal Church in the United States of America”

⁹ *See, e.g.*, Duffy Decl., Att. 1 at 16 (listing persons from South Carolina among the organizers in 1785); *id.* at 34 (1786); *id.* at 49 (1786); *id.* at 66 (1789).

¹⁰ Duffy Decl., Att. 1 at 18.

wrote to the Archbishops and Bishops of the Church of England, petitioning them to “confer the Episcopal character on such persons as shall be recommended by this Church in the several States here represented,” “it[] being the intention of the general body of Episcopalians in the said States respectively to receive them in the quality of Bishops.” Duffy Decl., Att. 1 at 26.

Accordingly, the undisputed evidence shows that the historic Diocese *could not have been an “episcopal” church*—that is, a church governed by bishops—without being part of a national church. The undisputed historical documents clearly demonstrate that the persons involved in those early efforts to organize the national church understood that reality. Those persons wanted a national church called “The Protestant Episcopal Church in the United States of America,” and they wanted to be part of it. This is not the typical “race to the starting line” between two competitors to establish first use of a mark. Rather, the early organizers of the Church surely would have recoiled at the idea that their efforts to organize into State churches would someday preempt the national Church’s efforts to protect its name! In the light of these facts, the Lawrence Diocese’s argument that the historic Diocese has priority of use over The Episcopal Church in the names at issue defies historical realities and should be rejected.

C. The Doctrine of Merger Bars the Prior Use Defense in Any Event.

Even if the Lawrence Diocese were the historic Diocese (again, it is not), and even if the historic Diocese were the prior user of the marks at issue (again, it is not), the Lawrence Diocese could not rely on the prior use defense here, because any prior rights it may have had in the marks were lost when the historic Diocese became part of The Episcopal Church under the well-established trademark “merger” doctrine.

“[A] religious, benevolent or fraternal organization is entitled to protect the use of its name against those who secede.” *Nat’l Bd. of the Young Women’s Christian Ass’n of the U.S.A. v. Young Women’s Christian Ass’n of Charleston, South Carolina*, 335 F. Supp. 615, 621 (D.S.C.

1971) (“YWCA”); *see also Nat’l Council of Young Men’s Christian Assns. of the United States of Am. v. Columbia Young Men’s Christian Ass’n of Columbia, South Carolina*, 8 U.S.P.Q.2d 1682 (D.S.C. 1988) (“YMCA”) (“As the Fourth Circuit has observed in applying the doctrine of merger, ‘use [of a mark] by seceding members, over whom [a national organization] has no further control, has obviously every element of unfairness that would arise from use by strangers.’”) (quoting and citing *Grand Lodge v. Eureka Lodge No. 5*, 114 F.2d 46, 48 (4th Cir. 1940)). This is true even where the seceding local unit contends that it used the mark at issue before the national organization did. By virtue of having joined the national organization, any rights the local organization had in the mark were “merged” into the national organization. *See Grand Lodge*, 114 F.2d at 48 (rejecting prior-use argument because “any separate existence which [local lodge] may have had prior to [its affiliation with national organization] was merged with that of [national organization] upon acceptance of the [national organization’s] charter”).

In YWCA, the Charleston YWCA had been organized in 1903. *See* 335 F. Supp. at 618. Three years later, in 1906, the National YWCA was formed, at which point the Charleston YWCA “applied for charter membership and became affiliated” with the national organization. *Id.* “Permission to use the name, ‘Young Women’s Christian Association,’ and the [associated] marks [was] automatically extended [by the National YMCA] to the local affiliated associations which fulfil[led] and maintain[ed] the constitutional requirements for member associations.” *Id.* at 619. In 1969, the Charleston YWCA disaffiliated from the National YWCA, but continued to use the name “Young Women’s Christian Association” and other associated marks of the National YWCA, and the National YWCA sued. *Id.* at 619. This Court barred the Charleston YWCA from asserting a prior-use defense, stating that “any separate existence that the Charleston YWCA might have had prior to [the National YWCA’s] formation in 1906, was

merged with that of [the National YWCA] when the Charleston YWCA became a charter member of the national association.” *Id.* at 622.

Similarly, in *YMCA*, the Columbia YMCA of Columbia, S.C. was barred from asserting a prior-use defense against the national YMCA: “[The Columbia YMCA] should not be permitted to assert a defense of prior use based on its use of the [national YMCA’s] name before it ratified the [national organization’s] constitution and became a charter member of the national organization.” *YMCA*, 8 U.S.P.Q.2d 1682. Accordingly, “the doctrine of merger bars the prior use defense.” *Id.*¹¹

Here, it is undisputed that the historic Diocese was part of The Episcopal Church since the denomination’s founding. As such, any claim that the historic Diocese trumped the Church’s rights to its marks by virtue of the historic Diocese’s prior use of its marks is barred under the merger doctrine as a result of that Diocese’s original affiliation with the Church. For this additional reason, the Court should reject Lawrence Diocese’s prior-use defense.¹²

II. THE UNDISPUTED EVIDENCE CONCLUSIVELY DEMONSTRATES A LIKELIHOOD OF CONFUSION.

The Lawrence Diocese argues that the nine factors courts typically consider in assessing likelihood of confusion (*see, e.g., Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 153 (4th Cir.

¹¹ *See also Dress for Success Worldwide v. Dress 4 Success*, 589 F. Supp. 2d 351, 363 (S.D.N.Y. 2008) (“follow[ing] the lead of the Fourth Circuit ... in applying the merger rule” to bar a prior-use defense); *United States Jaycees v. San Francisco Jr. Chamber of Commerce*, 354 F. Supp. 61, 72 (N.D. Cal. 1972) (rejecting prior-use defense because “any separate existence [the seceding local affiliate] might have had prior to its affiliation with [the state and national organizations] was merged with [those organizations] upon [the local organization’s] affiliation with and charter membership in these organizations”).

¹² This same rationale applies to the arguments by the Lawrence Parishes who claim they (a) used certain marks before the Church was founded or before the Church began using its marks and (b) then had priority-in-time over the Church when they purported to leave the Church.

2012)) weigh against finding trademark infringement here. *See* Dkt. No. 603 at pp. 25-40 of 65. As we show below, that argument is wrong as to each factor.

Two initial points are critical as the Court considers these issues. As an initial matter, in the cases relied on by the Lawrence Diocese, there was no significant evidence of actual confusion, as there is here. According to the Fourth Circuit, such evidence is conclusive. *See Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 467 (4th Cir. 1996) (where there is evidence of actual confusion, “our inquiry ends almost as soon as it begins”). In addition, none of the cases cited by the Lawrence Diocese involved the use of an organizational name by former affiliates who had seceded. The Fourth Circuit has said that confusion in that instance “seems so clear to our minds as hardly to admit of argument.” *Purcell v. Summers*, 145 F.2d 979, 983 (4th Cir. 1944). The Lawrence Diocese’s utter failure to acknowledge these critical aspects of the present case amounts to an invitation to this Court to put its head in the sand and avoid the obvious. The Court should reject that invitation.

A. The Episcopal Church’s Marks Are Strong.

The Lawrence Diocese argues that the Church’s marks are weak. *See* Dkt. No. 603 at pp. 26-30 of 65. The law and evidence show otherwise.

“The strength of a mark is the degree to which a consumer in the relevant population, upon encountering the mark, would associate the mark with a unique source.” *CareFirst of Maryland v. First Care, P.C.*, 434 F.3d 263, 269 (4th Cir. 2006). The strength of a mark “is evaluated in terms of its conceptual strength and commercial strength.” *Id.* (internal quotations and citation omitted). Further,

“the commercial strength of a mark can be more important than the conceptual strength. ... For example, marks such as American Airlines or Kentucky Fried Chicken may be conceptually weak, but these marks have formed a strong association with a particular source or product in consumers’ minds. ... In sum, if a mark has sufficient commercial

strength such that consumers would ‘associate the mark with a unique source,’ ... it may be considered strong despite its conceptual weakness.” *Variety Stores, Inc. v. Wal-Mart Stores, Inc.*, 888 F.3d 651, 663 (4th Cir. 2018) (internal citations omitted).

Although The Episcopal Church acknowledged to the PTO when it was seeking to register its marks that the marks were descriptive (*see* Dkt. No. 595-1 at p. 25 of 50), “because the PTO registered [the Church’s marks] pursuant to 15 U.S.C. § 1052(f),” the marks have “presumptively acquired secondary meaning.” *Shakespeare Co. v. Silstar Corp. of Am.*, 906 F. Supp. 997, 101 (D.S.C. 1996), *aff’d* 110 F.3d 234 (4th Cir. 1997). In addition, since that time, ten or more years ago, not only have the marks been federally registered, but they have become incontestable. *See* Dkt. Nos. 595-6, 595-10. This means they are “‘conclusively presumed to be nondescriptive or to have acquired secondary meaning.’” *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 936 (4th Cir. 1995).

Further, “[i]n determining the commercial strength of a mark, a court considers whether a substantial number of present or prospective customers understand the designation when used in connection with a business to refer to a particular person or business enterprise.” *Grayson O Co. v. Agadir Int’l LLC*, 856 F.3d 307, 316 (4th Cir. 2017). “[T]he factors to be considered include: (1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) sales success; (4) unsolicited media coverage of the product; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the mark’s use.” *Id.* (internal quotations and citations omitted). “The commercial strength inquiry is analogous to the inquiry for secondary meaning.” *Id.*

The evidence in this case goes “far beyond that minimum [recognition] necessary for secondary meaning,” demonstrating instead that the Church’s marks have “become ‘strong.’” 2 McCarthy on Trademarks and Unfair Competition § 11.83 (2018) (“marks such as AMERICAN airlines, PAYLESS shoe stores, FORD autos, and KENTUCKY FRIED CHICKEN fast-food

outlets would, at birth, have been characterized as inherently ‘weak ‘ terms. But they have all become famous and well recognized by the consuming public. Through that aspect of strength called ‘secondary meaning’ and recognition far beyond that minimum necessary for secondary meaning, these marks have become ‘strong.’”). Since the Church’s marks were registered, evidence of their commercial strength—especially as to the mark THE EPISCOPAL CHURCH—has skyrocketed. For example, thanks in part to the invitation from British Queen Elizabeth to the Church’s Presiding Bishop, the Most Rev. Michael B. Curry, to preach at the June 2018 wedding of Prince Harry and his then-fiancée Meghan Markle, the “unsolicited media coverage” of “The Episcopal Church” and its Presiding Bishop is at an all-time high, including coverage by all sorts and types of media outlets. *See* Dkt. No. 595-1 at p. 46 of 50. Similar coverage was attendant to Bishop Curry’s participation in President George H.W. Bush’s funeral. *See id.* These media stories refer to the Church by its name—THE EPISCOPAL CHURCH—without explanation, strongly suggesting that the media outlets have concluded that the general public *knows who “The Episcopal Church” is.* *See id.*

This evidence by itself conclusively shows that “a substantial number of present or prospective customers” for the Church’s services “understand [the Church’s marks] ... to refer to a particular ... enterprise.” *Grayson O*, 856 F.3d at 316; *compare Universal Church, Inc. v. Universal Life Church*, 2017 WL 3669625 at *8 (S.D.N.Y. Aug. 8, 2017), *aff’d sub nom., Universal Church Inc. v. Toellner*, 2018 WL 5783687 (2d Cir. Nov. 2, 2018) (“there is little evidence that the relevant public understands ‘Universal Church’ as referring to plaintiff”).

The fact that other religious denominations use the term “Episcopal” in their names (*see* Dkt. No. 603 at pp. 28-29 of 65), does nothing to undercut the fundamental fact that the public “associate[s]” the mark THE EPISCOPAL CHURCH “with a unique source.” *CareFirst of*

Maryland, 434 F.3d at 269. There is no evidence that the public is confusing The Episcopal Church with any of the other denominations or churches listed in Defendants’ brief. Moreover, none of the cases the Lawrence Diocese cites in support of this point includes evidence even remotely akin to the media coverage that exists here. *See* Dkt. No. 603 at pp. 28-29 of 65 (citing cases). Because The Episcopal Church’s marks are strong, this factor weighs heavily in favor of finding a likelihood of confusion.

B. The Sophistication of the Relevant Public Underscores the Weight of the Evidence of Actual Confusion.

The Lawrence Diocese argues that the sophistication of the relevant public “[p]recludes [c]onfusion.” *See* Dkt. No. 603 at p. 30 of 65. The Episcopal Church agrees that consumers of religious services are generally a “sophisticated” public. That sophistication, however, does not “preclude” a finding of likelihood of confusion where, as here, there is substantial evidence of *actual* confusion. To the contrary, the fact that sophisticated consumers have found themselves confused—ample evidence of which the Church submitted with its summary judgment brief (Dkt. No. 595-1 at pp. 20-22 of 50) and summarizes in the next section—amplifies the power of that evidence of confusion, and reinforces the conclusion that the Church is indeed suffering real harm from the Lawrence Diocese’s use of the infringing marks. This factor weighs in favor of finding a likelihood of confusion.

C. There is Substantial Evidence of Actual Confusion.

As noted in the Church’s summary judgment brief and above, evidence of actual confusion in a trademark infringement case *conclusively* shows likelihood of confusion. *See Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d at 467. The Church catalogued the substantial evidence of actual confusion, in the form of both anecdotal and survey evidence, in its summary judgment brief. *See* Dkt. No. 595-1 at pp. 20-22 of 50 (anecdotal evidence); *id.* at pp. 23-24 of

50 (survey evidence); *see also* *George & Co. LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 398 (4th Cir. 2009) (“Actual confusion can be demonstrated by both anecdotal and survey evidence.”). Given the breadth and depth of the anecdotal evidence of actual confusion that has been adduced in this case—including from the Lawrence Diocese’s own witnesses, *see* Dkt. No. 595-1 at p. 22 of 50 (citing testimony of Nancy Armstrong and the Rule 30(b)(6) witnesses for St. James Church, James Island and Old St. Andrews parish)—the Lawrence Diocese’s assertion that the Church has “fail[ed] to identify cognizable evidence of actual confusion” (Dkt. No. 603 at p. 32 of 65) is surprising, and indeed simply wrong.

It appears that the Lawrence Diocese would have the Court ignore this anecdotal evidence on the theory that the evidence is relevant only under the “initial-interest” theory of trademark infringement, which the Lawrence Diocese points out the Fourth Circuit “has never adopted.” Dkt. No. 603 at p. 32 of 65 (citing *Lamparello v. Falwell*, 420 F.2d 309, 316 (4th Cir. 2005)). Their argument is meritless. In *Lamparello*, Reverend Jerry Falwell held the marks “Jerry Falwell,” “Falwell,” and “Listen America with Jerry Falwell,” and transacted business on a website with the address www.falwell.com. 420 F.3d at 311. Mr. Lamparello, a critic of Reverend Falwell, created a website with the address www.fallwell.com where he set out and criticized Reverend Falwell’s views. *Id.* Reverend Falwell sued, asserting multiple claims. *Id.* at 312. The Fourth Circuit held in favor of Mr. Lamparello, noting that the evidence showed, among other things, that Falwell and Lamparello “d[id] not offer similar goods or services” and that persons looking for Falwell’s website who accidentally landed at Lamparello’s website “quickly realized that Reverend Falwell was *not* the source of the content therein.” *Id.* at 315, 322. In reaching its conclusion, the Court declined to adopt the “initial interest confusion theory,” which it described as a “relatively new and sporadically applied doctrine hold[ing] that

the Lanham Act forbids a competitor from luring potential customers away from a producer by initially passing off its goods as those of the producer's even if confusion as to the source of the goods is dispelled by the time any sales are consummated." *Id.* at 315-16 (internal quotations and citation omitted).

The anecdotal evidence in this case is qualitatively different from that in *Lamparello* and cannot be understood as showing that persons seeking information about religious services in South Carolina "quickly realize[]" whether they are dealing with the Lawrence Diocese as opposed to The Episcopal Church or its local diocese, TECSC. This evidence includes ample instances of persons worshipping at the wrong church, sending checks to the wrong group, sending mail and emails to the wrong diocese, calling the wrong diocese, and experiencing difficulty in discerning which diocese, the Lawrence Diocese or TECSC, is affiliated with The Episcopal Church. *See* Dkt. No. 595-1 at pp. 20-22 of 50. This can hardly be equated with a clearing up of confusion "by the time any sales are consummated." *Lamparello*, 420 F.3d at 316. Rather, the anecdotal evidence in this case is precisely the type of bread-and-butter confusion evidence that the Fourth Circuit has found relevant. *See, e.g., Rosetta Stone*, 676 F.3d at 156-57 (evidence that consumers who set out to buy Rosetta Stone product were misled into purchasing other producer's products was relevant). The Lawrence Diocese's argument should be rejected.

The Lawrence Diocese also invites the Court to reject the survey evidence presented by the Church to show likelihood of confusion, mounting four specific attacks on the survey performed by Robert Klein, one of the experts offered by the Church. These are the same attacks Defendants make in their motion to strike Mr. Klein's report (Dkt. No. 598). The Church incorporates by reference here its responses to those arguments in the Church's brief opposing that Motion, which is being filed simultaneously herewith.

For all of these reasons, the evidence of actual confusion strongly favors finding a likelihood of confusion.

D. The Lawrence Diocese Has Demonstrated an Intent to Confuse the Public.

Evidence that a “Defendant continue[s] to infring[e]” after having been “served ... with [the plaintiff’s] Complaint” is evidence that the Defendant intends to confuse the public. *JFJ Toys, Inc. v. Sears Holdings Corp.* 237 F. Supp. 3d 311, 339 (D. Md. 2017). Although the Lawrence Diocese claims to have “discontinued its use of its THE EPISCOPAL DIOCESE IN SOUTH CAROLINA mark” (Dkt. No. 603 at p. 35 of 65), the evidence shows that the Lawrence Diocese in fact used the mark THE EPISCOPAL DIOCESE OF SOUTH CAROLINA throughout the Journal of its 2017 Convention, which is the latest such Journal that is publically available. *See* Dkt. No. 595-1 at p. 18 of 50. Moreover, the Lawrence Diocese does not dispute that it continues to use the mark THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA, a fact that is documented by substantial evidence cited in the Church’s summary judgment brief. *See id.* at pp. 18-19 of 50.

The Lawrence Diocese contends that its intentions nevertheless cannot be questioned because “it adopted its marks well prior to the first use” by The Episcopal Church of its marks. *See* Dkt. No. 603 at p. 35 of 65. We have demonstrated above that the Lawrence Diocese is not the historic Diocese, and thus it is not the Diocese that could claim prior use, if that defense were even available here (we have demonstrated that it is not).

The Lawrence Diocese further claims it “has conscientiously advised the public of the lack of relationship between the parties” and therefore it should be understood to be acting in “good faith.” Dkt. No. 603 at p. 35 of 65. This argument does not hold up. First, Defendants provide no proof of their disclaimers. Second, the argument flies in the face of the reality that the public continues to experience actual confusion. *See* Dkt. No. 595-1 at pp. 20-22 of 50

(including evidence of confusion occurring as recently as Fall 2018). Finally, for an organization comprised of members who seceded from a parent organization that *they claim to have been part of* for over two centuries to now claim that their disclaimers when trading on their former denomination's name show their "good faith" borders on the ludicrous. This factor therefore also weighs in favor of finding a likelihood of confusion.

E. The Marks Are Similar.

The question of whether marks are "similar[] ... to consumers," *Rosetta Stone*, 676 F.3d at 153, considers whether the marks are "sufficiently similar in appearance" to cause confusion, "with greater weight given to the dominant or salient portions of the marks." *Lone Star Steakhouse*, 43 F.3d at 936. As the Church noted in its summary judgment brief (Dkt. No. 595-1 at pp. 26-27 of 50), in this case "Episcopal" is the dominant term in all of the names and marks at issue. The names at issue are the Church's marks THE EPISCOPAL CHURCH and THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA, and the marks the Lawrence Diocese is using, "The Episcopal Diocese of South Carolina" and "The Protestant Episcopal Church in the Diocese of South Carolina." These marks could hardly be more similar. And the differences merely serve to falsely connote that the Lawrence Diocese is a regional sub-unit of the Church.

The Lawrence Diocese argues that the marks are not similar, however, "when properly viewed in their entireties." Dkt. No. 603 at p. 35 of 65; *see also id.* at p. 36 of 65 (quoting *Estate of P/D/ Beckwith, Inc. v. Commissioner of Patents*, 252 U.S. 538, 545-46 (1920)) ("[t]he commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail"). But the comparison of the marks set out above *is* a consideration of the marks "in their entireties." The marks need not, and indeed should not, be dissected to produce the conclusion that they are similar.

The Lawrence Diocese also argues that the marks are not similar because they “share only generic and geographically descriptive language.” Dkt. No. 603 at p. 36 of 65. None of the cases they cite, however, supports the proposition that marks composed of words that, considered individually, are descriptive or generic, *cannot* be similar to other marks that are also composed of descriptive or generic words. Nor is the Church aware of any such cases. Rather, nearly every case they cite stands for the unremarkable proposition that marks containing such words *can* be distinguishable. See *Keebler Co. v. Murray Bakery Prods.*, 866 F.2d 1386, 1390 (Fed. Cir. 1989) (noting “dissimilarity in commercial impression between ‘PECAN SANDIES’ and ‘PECAN SHORTEES’”); *Grayson O*, 856 F.3d at 317-19 (“F 450” and “f450” were “highly distinguishable” from “Hair Shield 450° Plus”); *Glenmore Distilleries v. Nat’l Distillers Prods. Corp.*, 101 F.2d 479, 479 (4th Cir. 1939) (insufficient similarity between “Kentucky Tavern” and “Town Tavern”). And the *Bliss* case they cite merely holds that a mark made up of the *single* descriptive word “Ripplette” could not receive trademark protection. *Bliss, Fayban & C. v. Aileen Mills, Inc.*, 25 F.2d 370, 371 (4th Cir. 1928) (“the word ‘Ripplette’” found to be “so descriptive of the appearance of the goods as to be incapable of appropriation as a valid trademark”). There is simply no support for the idea that the nature of the words that make up a multi-word mark—whether generic, descriptive, suggestive, or arbitrary—somehow prevents the mark from being “similar” to another mark composed of similar or identical words.

Finally, the Lawrence Diocese argues (again) that its efforts to “explain the absence of any relationship between the parties” weighs against the marks’ “similarity.” Dkt. No. 603 at p. 37 of 65. The cases they cite, however, do not support the proposition that textual explanations about the differences between *the entities* represented by two marks has any effect on the similarity (or lack thereof) between the *marks themselves*. Rather, they merely set out the (again,

unremarkable) proposition that the visual presentation of a mark may contribute to its similarity with, or dissimilarity from, another mark. *See Swatch AG v. Beehive Wholesale, LLC*, 739 F.3d 150, 160 (4th Cir. 2014) (describing distinguishing “accompaniments to the marks”); *Std. Brands, Inc. v. E. Shore Canning Co.*, 172 F.3d 144, 145 (4th Cir. 1999) (different “background,” “coloring,” and “arrangement” of labels); *Wonder Works v. Cranium, Inc.*, 455 F. Supp. 2d 453, 459 (D.S.C. 2006) (different “fonts and symbols”).

Because the marks being used by the Lawrence Diocese are similar to the Church’s marks, this factor favors a finding of likelihood of confusion.

F. The Lawrence Diocese’s Services Are of a Similar Nature to But an Undisputedly Different Quality Than the Services Offered by the Church.

The Lawrence Diocese argues that there are no demonstrable “deficiencies” in the services it provides, and consequently that this factor weighs in its favor. Dkt. No. 603 at p. 38 of 65. This argument misconstrues the inquiry required by this factor.

“Consideration of the quality of the defendant’s product is most appropriate in situations involving the production of cheap copies or knockoffs of a competitor’s trademark-protected goods.” *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 467 (4th Cir. 1996). Thus, “[i]f a defendant markets a product under a mark similar to that affixed by a competitor to a commodity of like nature but superior manufacture, that the defendant’s product is markedly inferior is *likely to be highly probative of its reliance on the similarity of the two marks to generate undeserved sales.*” *Id.* (emphasis added). The importance of this factor, then, is that it explores whether a consumer who is “duped” by the infringing mark will be disappointed in the “quality” of the product or service he or she receives, to the extent that he or she would not have purchased or sought the product or service in the first place (hence, “undeserved sales”).

Here, the Church does not allege that the Lawrence Diocese is offering “cheap copies or knockoffs” of the Church’s own services, and it is undeniable that both parties offer religious services to the interested public. It is also undisputed, however, that the substantive quality of the services is different. Indeed, this litigation is the result of fundamental disagreements over substantive matters that religious people hold dear. As the anecdotal evidence of actual confusion the Church submitted with its summary judgment brief shows, persons wishing to worship in The Episcopal Church have been deeply disappointed when, having been misled by the Lawrence Diocese’s use of the marks at issue, they discovered that they mistakenly reached out to, worshipped in, or donated to a diocese that is vehemently *not* affiliated with The Episcopal Church. In this sense, although the nature of the services that the two parties offer is similar, the quality of those services is quite different. For these reasons, this factor weighs in favor of finding a likelihood of confusion.

G. The Services Offered by The Lawrence Diocese Are Similar in Kind to Those Offered by the Church.

The Lawrence Diocese argues that the services it offers are not similar to those offered by the Church because there is a “very conspicuous and public split between the parties,” and all parties “have gone to significant lengths to explain the absence of an affiliation” between them. Dkt. No. 603 at pp. 38-39 of 65. Again, their argument misses the point.

Unlike the previous factor, which requires careful analysis in these circumstances, the question of whether the services being offered to the public under the Lawrence Diocese’s marks are “similar” to those being offered by the Church under its marks is a straightforward one. And the answer is “yes,” because both parties offer religious services under the marks at issue. *E.g.* *George & Co. LLC v. Imagination Entm’t Ltd.*, 575 F.3d 383, 397 (4th Cir. 2009) (where

plaintiff and defendant both offered dice games to the public, products were “similar”). This factor weighs in favor of finding a likelihood of confusion.

H. The Lawrence Diocese is Providing Its Services in the Same Facilities That Were Being Used by the Historic Diocese Before the Rupture.

The Lawrence Diocese argues that this factor weighs in its favor because the parties “do not provide their services side-by-side in the same manner as directly competitive goods might be sold in a supermarket.” Dkt. No. 603 at p. 39 of 65. Once again, their argument misses the point. As this Court has recognized,

“[t]he Fourth Circuit has explained that in analyzing whether the use of a mark is ‘likely to cause confusion among consumers,’ a court should consider ‘the similarity of the facilities used in the businesses’ ... The fact that a company later occupied the same building as a plaintiff is ... relevant when analyzing the similarity of facilities. *See Putt-Putt, LLC v. 416 Constant Friendship, LLC*, 936 F. Supp. 2d 648, 658 (D. Md. 2013) (‘Due to Defendant 416 CF’s use of the same building that once housed a former authorized Putt-Putt franchise, the similarity of facilities factor is easily satisfied.’).” Dkt. No. 411 at 6 (internal citations omitted).¹³

The “similarity of facilities” question, then, does not look solely at whether goods are being marketed “side-by-side” in the physical marketplace, but includes consideration of whether offering services *in the same buildings* where the plaintiff used to provide services could add to the likelihood of confusion. Here, it is undisputed that, at least until the state Court orders otherwise, the Lawrence Diocese and its affiliated parishes are providing religious services in the same buildings where they provided religious services when they were affiliated with the Church. This factor weighs heavily in favor of finding a likelihood of confusion.

¹³ *See also Choice Hotels Int’l, Inc. v. Zeal, LLC*, 135 F. Supp. 3d 451, 467 (D.S.C. 2015) (if defendant uses the same building it used when it was affiliated with the plaintiff, “[t]he facilities used by the parties are as similar as they could possibly be”).

I. The Lawrence Diocese Engages in Advertising That is Similar to That Engaged in by the Church.

As the Church stated in its summary judgment brief (Dkt. No. 595-1 at p. 28 of 50), when the Church and the Lawrence Diocese advertise, they do so in similar ways in similar locations, including on the Internet.¹⁴ The Lawrence Diocese essentially concedes this factor, arguing only that the “high degree of sophistication among consumers reduces its significance.” Dkt. No. 603 at p. 39 of 65. This factor weighs in favor of finding a likelihood of confusion.

* * * * *

For the reasons set out above and in the Church’s summary judgment brief (Dkt. No. 595-1), this Court should find that the Lawrence Diocese has infringed the Church’s marks.

III. THE UNDISPUTED EVIDENCE CONCLUSIVELY DEMONSTRATES DILUTION BY BLURRING.

The Lawrence Diocese argues that the Church’s dilution claim should be rejected because (1) the Church did not own a “famous” mark in 1785 when the Lawrence Diocese claims it first used its marks (Dkt. No. 603 at pp. 40-44 of 65), and (2) the record evidence does not support a claim for “blurring” (*id.* at pp. 45-48 of 65).¹⁵ Both arguments fail.

A. The Church’s Marks Were “Famous” When the Lawrence Diocese Began Using Them, and Are “Famous” Today.

A claim for dilution under the Lanham Act requires that the owner’s mark become “famous” before the alleged diluter “commence[s] use” of a diluting mark. 15 U.S.C. § 1125(c)(1). The Lawrence Diocese argues (again) that it began using its marks in 1785, before the Church began using its marks, and that, even if the Church had used its marks earlier, it has

¹⁴ See www.episcopalchurch.org (The Episcopal Church’s site); www.dioceseofsc.org (Lawrence Diocese site); www.episcopalchurchsc.org (TECSC site).

¹⁵ The Church is not pursuing a claim for dilution by tarnishment.

not proven that its marks became “famous” before the Lawrence Diocese began using its marks in 1785. Dkt. No. 603 at pp. 40-43 of 65.

As we explained in Part I.A, it was the historic Diocese that used the marks at issue in 1785, and the South Carolina Supreme Court has conclusively determined that the Lawrence Diocese is *not* the historic diocese. Accordingly, this argument is not available to the Lawrence Diocese.

In the light of the South Carolina Supreme Court’s holding, the earliest that the Lawrence Diocese began using the marks at issue was in 2012, when it began (misleadingly) holding itself out as the historic Diocese. The Lawrence Diocese does not argue that the Church’s marks were not “famous” in 2012, however. Indeed, such an argument would be futile in the light of (a) the ample evidence the Church submitted with its summary judgment brief showing the marks’ wide recognition by other organizations (including by the Defendants themselves) and use in dictionaries, encyclopedias, newspapers, and other publications to refer only to the Church (*see* Dkt. No. 595-1 at pp. 41-47 of 50), as well as (b) evidence submitted with the expert report of Dr. Walter Edgar, showing that the Church’s marks were widely used by third parties to refer to the Church in encyclopedias, general periodicals, and newspapers throughout the 20th century and into the 21st. *See* Exh. 1 hereto (excerpts).

Accordingly, the evidence in this case conclusively shows that the Church’s marks are currently “famous,” and have been since well before 2012, under the four factors set out in § 1125(c)(2)(A): “(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties”—the evidence demonstrates national publicity for over a century; “(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark”—it is undisputed that the Church

offers its services throughout the United States; “(iii) The extent of actual recognition of the mark”—the evidence shows recognition by the general public for over a century, by virtue of the mass media having concluded it could refer to the Church by its marks without further explanation; and “(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register”—it is undisputed that the Church’s marks are federally registered.

The Lawrence Diocese also argues that, to the extent the Church’s marks are famous, that fame “extends at best only to the niche market for religious services and related goods.” Dkt. No. 603 at p. 43 of 65. The evidence cited above and in the Church’s summary judgment brief shows that mass-market outlets refer to the Church by its marks in publications aimed at the general public, which convincingly demonstrates that the Church’s marks are famous far beyond any niche market. The Lawrence Diocese’s arguments should be rejected.

B. The Evidence Shows Dilution by Blurring.

As the Church set out in its summary judgment brief (Dkt. No. 595-1 at p. 32 of 50), under the Lanham Act, “‘dilution by blurring’ is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” 15 U.S.C. § 1125(c)(2)(B). The Act sets out six factors that courts “may consider” when evaluating such a claim. *Id.* The Lawrence Diocese argues that the Church has failed to satisfy these factors, which is incorrect.

As to the first factor, “The degree of similarity between the mark or trade name and the famous mark” (15 U.S.C. § 1125(c)(2)(B)(i)), the Church has shown in Section II.E and in its summary judgment brief (Dkt. No. 595-1 at pp. 26-27, 31-33 of 50) that the marks being used by the Lawrence Diocese are similar to the Church’s marks.

As to the second factor, “The degree of inherent or acquired distinctiveness of the famous mark” (15 U.S.C. § 1125(c)(2)(B)(ii)), the Lawrence Diocese argues that the Church’s names “lack[] inherent distinctiveness.” Dkt. No. 603 at p. 46 of 65. They fail to recognize that because the marks are registered and incontestable, they are conclusively presumed to be non-descriptive or to have acquired secondary meaning. They also ignore the second concept contained in this factor, that is, whether the Church’s mark has attained “*acquired* distinctiveness.” The Church has shown in Section II.A that the marks have acquired significant distinctiveness in the public’s eye, and thus are quite strong.

As to the third factor, “The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark” (15 U.S.C. § 1125(c)(2)(B)(iii)), the Lawrence Diocese argues that because other denominations and churches use words contained in the Church’s marks, the Church’s use of its marks is not “substantially exclusive.” Dkt. No. 603 at p. 46 of 65. It is undisputed, however, that *no one* other than the Church uses the marks THE EPISCOPAL CHURCH and THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA. Those are the Church’s marks, and the Church exclusively uses them.

As to the fourth factor, “The degree of recognition of the famous mark” (15 U.S.C. § 1125(c)(2)(B)(iv)), the Lawrence Diocese argues that the Church has “failed to make any showing that its claimed marks enjoy any greater degree of recognition than any of the myriad uses of the word ‘episcopal,’” and that “there is no record evidence ... that TEC’s claimed marks are more widely recognized than [the Lawrence Diocese’s] marks.” Dkt. No. 603 at p. 46 of 65. But this misstates the fourth factor, which says nothing about comparing the degree of recognition of the famous marks with the degree of recognition of other marks. (In fact, it is hard to imagine that any similar marks have the degree of recognition that the Church’s marks

now have, but that is beside the point.) Rather, the fourth factor asks the straightforward question, “what degree of recognition does the famous mark have?” The answer here is, “a high degree of recognition,” given the evidence showing how major media outlets and similar entities refer to the Church. *See* Dkt. No. 595-1 at p. 46 of 50.

As to the fifth factor, “Whether the user of the mark or trade name intended to create an association with the famous mark” (15 U.S.C. § 1125(c)(2)(B)(v)), the Lawrence Diocese disclaims any desire to associate itself with the Church (Dkt. No. 603 at p. 47 of 65), but that is not the point. The question is whether they are intending to trade on the goodwill that accompanies the Church’s marks. We have explained in Section II.D that the Lawrence Diocese’s actions convey their intentions in this regard.

Finally, as to the sixth factor, “Any actual association between the mark or trade name and the famous mark” (15 U.S.C. § 1125(c)(2)(B)(vi)), the Lawrence Diocese argues that the Church has failed to produce any evidence of “actual association” between the Church’s marks and the marks being used by the Lawrence Diocese because the survey presented by Mr. Klein is flawed, and because the Church has provided no other evidence of such association. As the Church’s summary judgment brief demonstrates, the survey that Mr. Klein conducted shows that a significant number of persons confronted with the marks being used by the Lawrence Diocese associate them with the Church. *See* Dkt. No. 595-1 at p. 23 of 50. Further, the anecdotal evidence submitted by the Church shows persons actually being misled by the Lawrence Diocese’s use of its marks into thinking it was affiliated with the Church. This confirms that the public associates the two parties’ marks. *See* Dkt. No. 595-1 at pp. 20-22 of 50.¹⁶

¹⁶ The Lawrence Diocese erroneously states that “TEC has acknowledged the absence of monetary damages.” Dkt. No. 603 at p. 48 of 65. The Church has done no such thing. Its

The Lawrence Diocese’s arguments are meritless. The Court should decline their request to dismiss the Church’s dilution claim.

IV. THE CHURCH’S CLAIMS ARE NOT BARRED BY LACHES.

The Lawrence Diocese contends that the Church’s trademark claims are barred by laches because, in their view, the Church has unreasonably delayed in asserting those claims and that delay has unfairly prejudiced Defendants’ ability to defend against them. *See* Dkt. No. 603 at pp. 55-57 of 65. They make three arguments on this point, each of which should be rejected.

First, the Lawrence Diocese argues that it “has used its THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA mark since 1795,” and “witnesses to [that adoption]... have been dead for over a century.” Dkt. No. 603 at p. 56 of 65. As a result, they argue that they have been deprived of the ability to “establish[] [the Lawrence Diocese’s] good faith and lack of intent to associate itself with [the Church]” at the time that mark was adopted. *Id.* at p. 57 of 65. This argument is flawed in at least three respects. (1) As we explained in Part I.A, the Lawrence Diocese is not the historic Diocese. Accordingly, it did not adopt the subject mark in 1795. (2) As we set out in Part I.C, even if the Lawrence Diocese were the historic Diocese, when the historic Diocese became part of the Church, any rights it had in its marks merged into the Church’s rights. From that point on, the historic Diocese, as a subordinate unit of the Church, used the mark THE PROTESTANT EPISCOPAL CHURCH IN THE DIOCESE OF SOUTH CAROLINA—a name clearly similar to the Church’s mark THE PROTESTANT EPISCOPAL CHURCH IN THE UNITED STATES OF AMERICA and connoting an affiliation with the Church—with the Church’s permission. *See* Dkt. No. 595-1 at p. 10 of 50 (citing Smith Decl. at ¶ 10). Thus, the Church had no claim against the historic

abandonment of claims for monetary damages—at the urging of the Court—can in no way be understood as a concession that such harm has not taken place.

Diocese for its use of the mark, and therefore the Church did not delay asserting any such claim.

(3) The plentiful historical evidence in the record shows that from the beginning, the historic Diocese eagerly wished to associate with the national Church, hardly the opposite.

Second, the Lawrence Diocese argues that it has used “its THE EPISCOPAL DIOCESE OF SOUTH CAROLINA mark since 1997,” and “the memory of those witnesses to [its] adoption” of that mark “have undoubtedly dimmed,” similarly depriving them of the ability to “establish[] [the Lawrence Diocese’s] good faith and lack of intent to associate itself with [the Church]” at the time that mark was adopted. Dkt. No. 603 at pp. 56-57 of 65. That argument fails for the same reasons: (1) the Lawrence Diocese was not the historic Diocese that began using the subject name in 1997; (2) the historic Diocese’s use of the mark THE EPISCOPAL DIOCESE OF SOUTH CAROLINA, which is clearly similar to the Church’s mark THE EPISCOPAL CHURCH and connoted an affiliation with the Church, was with the permission of the Church and thus did not give rise to a claim against the historic Diocese; and (3) the historical evidence shows that from 1997 until at least 2012, the historic Diocese “inten[ded]” to be affiliated with the Church.

Finally, the Lawrence Diocese argues that “even if the date of [the Lawrence Diocese’s] disassociation from [the Church] is taken as that on which [the Church’s] claims accrued,” the Church had “knowledge” of the disassociation and yet “did not file suit to vindicate its purported trademark rights until August 2017.” Dkt. No. 603 at pp. 56 of 65. This argument fails for at least two reasons. (1) It is factually incorrect. In response to the Lawrence Diocese’s lawsuit filed against the Church in state court in early 2013, the Church in March 2013 filed counterclaims that included claims for trademark infringement and dilution under the Lanham Act. *See Answer and Counterclaims of The Episcopal Church to Second Amended Complaint*

for Declaratory and Injunctive Relief, Case No. 2013-cv-18-00013 (Dorchester Cty. Ct. Common Pleas) (filed March 27, 2013) (excerpts attached hereto as Exh. 2). Shortly after the Supreme Court of South Carolina disposed of the appeal in that case, deferring all trademark issues to this Court, the Church moved to intervene in this case. (2) Even if there were an inexcusable delay from 2012 to 2017 in the Church's protection of its trademark rights (and there was not), the Lawrence Diocese makes no effort to show how they have been prejudiced by such a delay. Prejudice is an integral part of the laches analysis. *See, e.g., PBM Prods., LLC v. Mead Johnson & Co.*, 639 F.3d 111, 121 (4th Cir. 2011). Defendants' inability to show any prejudice renders the laches defense inapplicable.

In any event, no matter when the Lawrence Diocese began using the marks at issue, as this Court has previously recognized, the Church is "seek[ing] relief for allegedly *continuing* violations." Dkt. No. 411 at 5 (emphasis added) (citing and quoting *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 797 (4th Cir. 2001) ("[T]he statute of limitations does not shield the defendant from liability for wrongful acts actually committed during the limitations period, and its rationale applies equally to trademark infringement claims brought under the Lanham Act. ... [E]ven in equity under the Lanham Act, *laches* does not bar a claim for prospective injunctive relief.") (emphasis added). As the Church's summary judgment brief demonstrates, the infringing and diluting conduct has continued well into 2018. That fact, coupled with the fact that the Church seeks "solely ... prospective remedies, namely injunctive and declaratory relief" (Dkt. No. 411 at 5), renders the Lawrence Diocese's laches claim meritless. Just as this Court

earlier rejected a statute of limitations defense on the same ground (*see* Dkt. No. 411 at 5-6), it should reject the laches defense that Defendants assert here.¹⁷

CONCLUSION

The Court should deny the Lawrence Diocese's Second Motion for Summary Judgment.

Dated: January 11, 2019

Respectfully submitted,

/s/ Allan R. Holmes

Allan R. Holmes (Fed. ID# 1925)
Cheryl H. Ledbetter (Fed. ID# 11446)
Timothy O. Lewis (Fed. ID# 9864)
Gibbs & Holmes
171 Church Street, Suite 110
Charleston, South Carolina 29401
Telephone: (843) 722-0033
Facsimile: (843) 722-0114

David Booth Beers
Adam M. Chud
Admitted *Pro Hac Vice*
Goodwin Procter LLP
901 New York Ave., N.W.
Washington, D.C. 20001
Telephone: (202) 346-4000
Facsimile: (202) 346-4444

Mary E. Kostel
Admitted *Pro Hac Vice*
Special Counsel
The Episcopal Church
c/o Goodwin Procter LLP
901 New York Ave., N.W.
Washington, D.C. 20001
Telephone: (202) 346-4184
Facsimile: (202) 346-4444

Counsel for The Episcopal Church

¹⁷ For these same reasons, the laches defense asserted by the Lawrence Parishes in their summary judgment motions also fails.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing was served upon all counsel of record via the Court's ECF system on January 11, 2019.

/s/ Allan R. Holmes
Allan R. Holmes