IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

GENERAL CONFERENCE CORPORATION OF SEVENTH-DAY ADVENTISTS, a District of Columbia Corporation, Plaintiff, v. JOE GRESHAM, STERLING TRICE, LINDA TRICE, BILL MATHIS, GAY MATHIS, FORT WORTH NW FREE SEVENTH-DAY ADVENTIST CHURCH, BEREAN CHURCH OF FREE SEVENTH-DAY ADVENTISTS, d/b/a INTERNATIONAL ASSOCIATION OF FREE SEVENTH-DAY ADVENTISTS, and JOHN DOES 1-20, Defendants.	Case No. 4:22-cv-00395-P

DEFENDANT BEREAN CHURCH OF FREE SEVENTH-DAY ADVENTISTS d/b/a INTERNATIONAL ASSOCIATION OF FREE SEVENTH-DAY ADVENTISTS' RESPONSE TO ADVENTIST RISK MANAGEMENT, INC.'S MOTION FOR LEAVE TO INTERVENE TO SEEK DISQUALIFICATION AND BRIEF IN SUPPORT

FOLEY & LARDNER LLP

Steven C. Lockhart
State Bar No. 24036981
slockhart@foley.com
Stephanie L. McPhail
State Bar No. 24104104
smcphail@foley.com
2021 McKinney Ave., Suite 1600
Dallas, Texas 75201
(214) 999-3000 (Telephone)

Laura Ganoza (Admitted *Pro Hac Vice*)
Florida Bar No. 0118532
lganoza@foley.com
One Biscayne Tower, Suite 1900
2 South Biscayne Boulevard
Miami, Florida 33131
(305) 482-8400 (Telephone)

EMERGECOUNSEL, LLC

Steven Weigler (Admitted *Pro Hac Vice*)
Colorado Bar No. 26945
sweigler@emergecounsel.com
1800 Glenarm Place, Suite 503
Denver, Colorado, 80202
(720) 924-8199 (Telephone)
(303) 893-5909 (Facsimile)

COUNSEL FOR DEFENDANT BEREAN CHURCH OF FREE SEVENTH-DAY ADVENTISTS, INC. D/B/A INTERNATIONAL ASSOCIATION OF FREE SEVENTH-DAY ADVENTISTS

TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASE LAW

OTHER AUTHORITIES

Defendant Berean Church of Free Seventh-day Adventists d/b/a International Association of Free Seventh-day Adventists ("*IAFSDA*") files this response in opposition to the Motion of Adventist Risk Management, Inc. for Leave to Intervene to Seek Disqualification with Brief in Support [Dkt. 60] ("*Motion to Intervene*"), and respectfully shows the Court as follows:

I. BACKGROUND

Plaintiff General Conference Corporation of Seventh-day Adventists ("*GCC*" or "*Plaintiff*") owns the following registered trademarks: (1) U.S. Registration No. 1,176,153 for the designation "ADVENTIST"; (2) U.S. Registration No. 1,177,185 for the designation "SEVENTH-DAY ADVENTIST"; and (3) U.S. Registration No. 1,218,657 for the designation "ADVENTIST" (collectively, the "*GCC Marks*"). Plaintiff's First Amended Complaint [Dkt. 26] (the "*Complaint*") at ¶¶ 15-17.

In its Complaint, GCC accuses IAFSDA and others of, *inter alia*, infringing the GCC Marks and using counterfeit designations in connection with the religious services they provide to the public. *Id.* at ¶¶ 28-53. All of GCC's claims in this matter relate to the GCC Marks. *See id.*

In response, IAFSDA asserts, among others, affirmative defenses that GCC's claims are barred in whole or in part because: (1) GCC procured the GCC Marks by fraud; (2) the "ADVENTIST" and "SEVENTH-DAY ADVENTIST" designations are generic; and (3) GCC abandoned any trademark rights it had, if any, in the GCC Marks. IAFSDA's Answer and Defenses to Plaintiff's First Amended Complaint [Dkt. 49] (the "*Answer*") at 11-12.

IAFSDA subsequently amended its Answer to assert counterclaims against GCC. *See* IAFSDA's Amended Answer and Defenses to Plaintiff's First Amended Complaint and Original Counterclaims [Dkt. 59] (the "*Counterclaims*"). Specifically, IAFSDA asserts counterclaims for: (1) cancellation of trademark registration due to genericness; (2) cancellation of trademark registration due to abandonment; (3) cancellation of trademark registration due to fraud; (4) civil

liability for false or fraudulent registration; and (5) declaratory judgment of non-infringement. *Id.* at 25-30. All of IAFSDA's counterclaims relate to the GCC Marks, and the first three counterclaims relate to three of IAFSDA's affirmative defenses. *Compare* Counterclaims at 25-30 *with* Answer at 11-12.[1]

Movant Adventist Risk Management, Inc. ("*ARM*"), a subsidiary of GCC, owns U.S. Registration No. 2,062,417 for the designation "ADVENTIST RISK MANAGEMENT" for use in connection with "risk management" (the "*ARM Mark*"). Motion to Intervene at 2. ARM provides risk management, financial, and insurance services to the Seventh-day Adventist Church. *Id.* at 1-2.

IAFSDA's counsel, Foley & Lardner LLP ("*Foley*") has provided legal services to ARM in connection with ARM's role as the administrator of the North American Division Health Care Plan (the "*Plan*"), one of the insurance divisions of GCC's parent company. *Id.*

In its Motion to Intervene, ARM seeks to intervene as a matter of right pursuant to Federal Rule of Civil Procedure 24(a)(2). *Id.* at 1. ARM claims that it seeks to intervene so that it may protect its interests in the ARM Mark and "in maintaining the loyalty of its counsel to its interest." *Id.* at 5.[2] Neither of these claimed interests warrants intervention under Rule 24(a)(2).

II. LEGAL STANDARD

To intervene as a matter of right under Rule 24(a)(2), the movant either must be "given an unconditional right to intervene by a federal statute," FED. R. CIV. P. 24(a)(1), or satisfy each of the four elements of Rule 24(a)(2):

> (1) the application for intervention must be timely; (2) the applicant must have an interest relating to the property or transaction which is the subject

[1] The affirmative defenses are also set forth in IAFSDA's Counterclaims at 11-12.

[2] Despite the Court not having granted ARM's Motion to Intervene, ARM has already filed its Motion to Disqualify Foley with Brief in Support [Dkt. 62] (the "*Motion to Disqualify*"). Foley is filing a Response in Opposition to ARM's Motion to Disqualify and Brief in Support ("*Foley's Response*"). IAFSDA incorporates by reference the arguments and authorities set forth in Foley's Response.

> of the action; (3) the applicant must be so situated that the disposition of the action may, as a practical matter, impair or impede his ability to protect that interest; [and] (4) the applicant's interest must be inadequately represented by the existing parties to the suit.

Texas v. U.S., 805 F.3d 653, 657 (5th Cir. 2015) (quoting *New Orleans Pub. Serv., Inc. v. United Gas Pipe Line Co.*, 732 F.2d 452, 463 (5th Cir. 1984) (en banc)). "Failure to satisfy one requirement precludes intervention of right." *Haspel & Davis Milling & Planting Co. Ltd. v. Bd. of Levee Comm'rs of the Orleans Levee Dist.*, 493 F.3d 570, 578 (5th Cir. 2007).

III. ARGUMENTS & AUTHORITIES

To be entitled to intervene under Rule 24(a)(2), ARM must establish that (1) its Motion to Intervene is timely; (2) it has an interest relating to the property or transaction which is the subject of the action; (3) it is so situated that the disposition of the action may, as a practical matter, impair or impede its ability to protect its interest; and (4) its interests are inadequately represented by the existing parties to the suit. FED. R. CIV. P. 24(a). ARM's Motion to Intervene, however, illustrates the inherent incongruity between the elements of Rule 24(a)(2) and a current or former client's request to intervene in a matter to seek disqualification of a party's counsel. *See Brandywine Commc'n Techs., LLC v. Centurytel Broadband Servs., LLC*, Case No. 6:12-cv-286-Orl-36DAB, 2013 WL 12387601, at *2 (M.D. Fla. Jan. 4, 2013) (denying motion to intervene for the limited purpose of seeking disqualification finding that client's interests in disqualifying counsel from representing a party in the action did not satisfy the second or third elements of Rule 24, and noting that Rule 24 was not "intended to cloak full party status on persons or entities with only tangential interests in a pending matter."); *see also Berkeley Ventures II, LLC v. Sionic Mobile Corp.*, Civil Action No. 1:19-cv-05523-SDG, 2020 WL 7321053, at *6, n.27 (N.D. Ga. Dec. 11, 2020) (finding it unnecessary to allow intervention before considering motion to disqualify). In any event, ARM

has not—and cannot—meet its burden of establishing the second, third, and fourth elements of Rule 24(a)(2).

A. ARM has no direct, substantial, or legally protectable interests in the GCC Marks.

To satisfy the second element of Rule 24(a)(2), ARM must establish that it has an interest in the property or transaction at issue that is direct, substantial, and legally protectable. *Texas*, 805 F.3d at 657. The relevant "inquiry turns on whether [ARM] has a stake in the matter that goes beyond a generalized preference that the case come out a certain way." *Id.* A movant who merely seeks to intervene for ideological, economic, or precedential reasons has not satisfied its burden of establishing an interest warranting intervention. *Id.* ARM falls woefully short of satisfying the second element.

Notably absent from ARM's Motion to Intervene is any claim of a direct, substantial, or legally protectable interest in the GCC Marks. Rather, ARM merely claims it "has an interest in maintaining [its ARM Mark] consistent with that of Plaintiff GCC." Motion to Intervene at 5. Neither ARM's interest in its own trademark nor its preference that the ARM Mark and the GCC Marks be treated "consistently" support intervention under the Rules. Rule 24(a)(2) expressly provides that a party seeking to intervene in an action must claim "an interest relating to the property or transaction that is the subject of the action." FED. R. CIV. P. 24(a). The claims and counterclaims in this matter relate to the GCC Marks, not the ARM Mark. *See* Complaint at 5; Counterclaims at 15-18. Moreover, IAFSDA's contention that the GCC Marks should be cancelled due to genericness has no direct or substantial impact on the enforceability of the ARM Mark. *See* Sect. B(1) *infra*. The ARM Mark is not the subject of this lawsuit and has not been alleged by the GCC (nor could it be alleged) to be infringed by IAFSDA. IAFSDA is not seeking to cancel the trademark registration owned by ARM in connection with risk management. Indeed, IAFSDA does not even provide risk management services. Ultimately, ARM's claimed interest amounts to

nothing more than a "generalized preference that [this] case come out a certain way," which does not satisfy the second element of Rule 24(a)(2). *Texas*, 805 F.3d at 657.

ARM also claims an interest in "maintaining the loyalty of its counsel to its interests." Motion to Intervene at 5. However, ARM fails to articulate how this interest directly relates to the property (*i.e.*, the GCC Marks) at issue in this matter. Courts have denied motions to intervene for the purpose of seeking disqualification of an existing party's counsel where, as here, the movant fails to show an interest related to the property or transaction at issue in the pending matter. *Kirsch v. Dean*, 733 Fed. App'x 268, 279 (6th Cir. 2018) (denying motion to intervene for the limited purpose of seeking disqualification of counsel when movant did not have an interest in the dispute, but was concerned that resolution might have collateral consequences on movant's independent interests); *AV Design Servs., LLC v. Durant*, Civil No. 19-8688-RBK-KMW, 2020 WL 13580612, at *4 (D.N.J. June 6, 2020) (denying motion to intervene because, among other things, movant's interest in disqualifying counsel was a "collateral issue" that was not "an adequate basis to form an interest relating to the property or transaction that is the subject of [the pending] litigation.").

B. The outcome of this matter will not "impair or impede" ARM's interests.

ARM's conclusory argument that its interest "in its ARM Mark and the maintenance of [Foley's] loyalty" would be impaired if the Court does not allow ARM to intervene ignores the plain language of Rule 24(a)(2)'s third element. The third element requires ARM to show that its interests in the property or transaction of the subject action (*i.e.*, the GCC Marks) would be impaired or impeded if it were not allowed to intervene. FED. R. CIV. P. 24(a)(2). Again, the property at issue in this matter are the GCC Marks, not the ARM Mark. Therefore, ARM has not established the third element required for intervention under Rule 24(a)(2).

Even assuming *arguendo* that ARM's argument was on point it would still fail. The disposition of this matter will not impair or impede either of ARM's purported interests.

1. Cancellation of the GCC Marks would not affect ARM's interests in the ARM Mark.

ARM cites no legal authority for its conclusory statement that a finding that the GCC Marks are generic would adversely affect ARM's interest in the ARM Mark. This is not surprising because the law is to the contrary. "A word may be generic of some things and not of others: 'ivory' is generic of elephant tusks but arbitrary as applied to soap." *See Soweco, Inc. v. Shell Oil Co.*, 617 F.2d 1178, 1183 (5th Cir. 1980) (explaining the four categories of trademarks (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful); *see also Pods Enter., Inc. v. U-Haul Intern., Inc.*, 8:12-CV-01479-T-27MA, 2015 WL 1097374, at *2 (M.D. Fla. Mar. 11, 2015) ("Genericness is based on the use of a word in its relevant context, not the word itself."); *Tiffany & Co. v. Costco Wholesale Corp.*, 994 F. Supp. 2d 474, 481 (S.D.N.Y. 2014) (explaining the notion of partial genericization where "a term that is [arbitrary or fanciful] for a particular product may be [generic] for another and [a] term may … be generic in one market and descriptive or suggestive or fanciful in another.").

ARM contends that its interests would be directly and adversely affected by "Foley taking the position that ADVENTIST is a generic mark *and seeking its cancellation on that basis* ... since ARM has the ARM trademark encompassing ADVENTIST." Motion to Intervene at 3 (emphasis in original). Again, this is contrary to law. The ARM Mark is a phrase made up of additional terms forming the mark ADVENTIST RISK MANAGEMENT. It is not comprised entirely of the term ADVENTIST. Where the proposed mark is a phrase (such as "ADVENTIST RISK MANAGEMENT" a finder of fact "cannot simply cite definitions and generic uses of the constituent terms of a mark; it must conduct an inquiry into the meaning of the disputed phrase as a whole." *In re Dial-A-Mattress Operating Corp.*, 240 F.3d 1341, 1345 (Fed. Cir. 2001) (quoting *In re Am. Fertility Soc'y*, 188 F.3d 1341, 1347 (Fed. Cir. 1999)). "The commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail.

For this reason, it should be considered in its entirety." *Id.* at 1345-46. For example, in *In re American Fertility Society*, the court held that it was error to assume the genericness of a phrase of a whole based solely on proof of the genericness of its individual terms. Specifically, the Federal Circuit ruled that the Trademark Trial and Appeal Board "erred in finding that the proven genericness of the words, 'society,' and 'reproductive medicine,' without more, rendered generic the phrase SOCIETY FOR REPRODUCTIVE MEDICINE." *In re Am. Fertility Soc'y*, 188 F.3d at 1348.

Therefore, as a matter of trademark law, the cancellation of the GCC Marks would not affect ARM's interests in the ARM Mark. As explained above, ARM's Mark would always be considered in its entirety and in the context of providing risk management services regardless of whether or not the word "ADVENTIST," standing alone, is found to be generic. ARM's argument to the contrary is baseless, and is not a legal basis for intervention, much less disqualification.

2. IAFSDA's counterclaims and defenses do not affect Foley's representation of ARM in unrelated matters.

As set forth in the August 16, 2017, Foley Engagement Letter, Foley's services to ARM involved a review and continued advice of the Plan. Exhibit C to Appendix for Motion of Adventist Risk Management, Inc. for Leave to Intervene to Seek Disqualification [Dkt. 61] at Appx 11. Foley's services to ARM relating to the Plan did not, and never have, included trademark services. Foley has never been involved in prosecuting the ARM Mark, maintaining the ARM Mark or enforcing the ARM Mark. In fact, in-house counsel at GCC is representing ARM as counsel of record before the U.S. Patent and Trademark Office. Moreover, Foley's representation of IAFSDA in this matter has no bearing on Foley's ability to continue providing ARM advice concerning its role as administrator of the Plan.

C. GCC can adequately represent ARM's purported interests.

1. ARM fails to address whether GCC can adequately represent ARM's purported interests in the GCC Marks.

As a threshold matter, ARM makes no argument regarding whether GCC can adequately represent any purported interest ARM has in the GCC Marks. Motion to Intervene at 6. Accordingly, ARM has waived any such arguments it may have had on this point. *See Montgomery v. Warren Cnty*, 554 Fed. App'x 329, 329 n.1 (5th Cir. 2014) (per curiam) (citing *Gann v. Fruehauf Corp.*, 52 F.3d 1320, 1328 (5th Cir. 1995)); *see also Howard v. Maxum Indem. Co.*, Civil Action No. 3:16-CV-2487-G, 2017 WL 292424, at *2 (N.D. Tex. Jan. 23, 2017) (citing *Schiller v. Physicians Res. Grp. Inc.*, 342 F.3d 563, 567 (5th Cir. 2003) and *Fruge v. Amerisure Mut. Ins. Co.*, 663 F.3d 743, 747 (5th Cir. 2011)).

Additionally, when the party seeking to intervene in an action "has the same ultimate objective as a party to the lawsuit," courts in the Fifth Circuit recognize a presumption that the movant's interests are adequately represented. *La Union del Pueblo Entero v. Abbott*, 29 F.4th 299, 307-08 (5th Cir. 2022). This presumption can be overcome if the movant shows "adversity of interest, collusion, or nonfeasance on the part of the existing party." *Id.* at 308, n.6. Here, ARM and GCC share a common objective: to ensure that the GCC Marks are not cancelled due to genericness. Motion to Intervene at 5-6 and Plaintiff's Answer to IAFSDA's Counterclaims [Dkt. 67] at 4-5. Accordingly, there is a presumption that ARM's interests are adequately represented by GCC. *Texas*, 805 F.3d at 661 (citing *Edwards v. City of Houston*, 78 F.3d 983, 1005 (5th Cir. 1996) (en banc)). In this case, however, there is more than a presumption. GCC does, in fact, represent ARM on trademark matters before the USPTO. As noted above, GCC's in-house counsel is listed as ARM's counsel of record before the USPTO and, as recently as 2017, filed documents on ARM's behalf in order to maintain the ARM registration. *See* **Exhibit 1** to Appendix to

Defendant IAFSDA's Response to Adventist Risk Management, Inc.'s Motion for Leave to Intervene to Seek Disqualification and Brief in Support at Appx. 5. Having chosen GCC as their own trademark counsel, ARM cannot genuinely argue that there has been or will be any "adversity of interest, collusion, or nonfeasance" on GCC's part. After all, "ARM is wholly owned by [GCC]." Motion to Intervene at 2. Therefore, ARM cannot overcome the presumption that GCC will adequately represent ARM's interests in the GCC Marks.

2. ARM's intervention is unnecessary for the Court to consider whether IAFSDA's counsel should be disqualified.

While ARM is correct that the general rule in the Fifth Circuit is that only a former or current client has standing to bring a motion to disqualify counsel based on a purported conflict of interest, exceptions to the general rule exist. *In re Yarn Processing Patent Validity Litig.*, 530 F.2d 83, 88-89 (5th Cir. 1976). For example, when the party seeking disqualification is an entity related to the client. *See id.* at 89 (recognizing exceptions to the general rule that motions to disqualify must be brought by the former client); *Brown & Williamson Tobacco Corp. v. Daniel Intern. Corp.*, 563 F.2d 671, 672-73 (5th Cir. 1977) (movant had standing to seek disqualification of opposing counsel even though movant was not a client) (citing *In re Gopman*, 531 F.2d 262, 265-66 (5th Cir. 1976)); *Honeywell Intern. Inc. v. Philips Lumileds Lighting Co.*, No. 2:07-CV-463-CE, 2009 WL 256831, at *1, 4 (E.D. Tex. Jan. 6, 2009) (motion to disqualify filed by entity affiliated with firm's client). ARM even recognizes the "difference of opinion among the federal district courts [concerning] whether a party which is not the client, or even counsel, may seek disqualification on the grounds of such a conflict." Motion to Intervene at 6 (collecting cases).

ARM's reliance on *Domain Protection, LLC v. Sea Wasp, LLC*, Civil Action No. 4:18-cv-792, 2019 WL 6700955 (E.D. Tex. July 22, 2019) is misplaced. Motion to Intervene at 7. In actuality, *Domain Protection* undermines ARM's argument. In *Domain Protection*, former clients

of the defendant's counsel tried to intervene and seek disqualification of their former attorney. 2019 WL 6700955 at *1, n.2. After the court denied the former clients' motion to intervene, their current counsel moved to disqualify the defendant's counsel in his personal capacity as an officer of the court. *Id.* at *1. The court determined that the current counsel's motion was "an apparent attempt to circumvent the orders denying the [f]ormer [c]lients' motion to intervene." *Id.* The court also recognized that "the Fifth Circuit allows officers of the court to seek disqualification where an attorney is *actively representing* two parties with adverse interests." *Id.* at *2 (emphasis in original). Thus, *Domain Protection* contradicts ARM's claim that there is "no non-client standing." *Compare id.* at *1-2 *with* Motion to Intervene at 7.

Finally, if a court determines that there is no basis for granting a motion to disqualify, it is well within the court's discretion to deny a motion to intervene for the limited purpose of seeking such disqualification. *See, e.g., Microsoft Corp. v. Commonwealth Sci. and Indus. Rsch. Org.*, Nos. 6:06-CV-549 and 6:06-CV-550, 2007 WL 4376104, at *10 (E.D. Tex. Dec. 13, 2007) (denying motion to intervene for limited purpose of seeking disqualification of counsel as moot because grounds for motion to disqualify were meritless). As detailed in Foley's Response, the Court should deny ARM's Motion to Disqualify because it is a baseless, tactical maneuver designed to deprive IAFSDA of its chosen counsel.

IV. CONCLUSION

For the foregoing reasons, IAFSDA respectfully requests that this Court deny ARM's Motion to Intervene in its entirety. IAFSDA further requests all other relief to which it is justly entitled.

Dated: May 3, 2023

/s/ Steven C. Lockhart

Steven C. Lockhart
State Bar No. 24036981
slockhart@foley.com
Stephanie L. McPhail
State Bar No. 24104104
smcphail@foley.com
FOLEY & LARDNER LLP
2021 McKinney Ave., Suite 1600
Dallas, Texas 75201
(214) 999-3000 (Telephone)
(214) 999-4667 (Facsimile)

Laura Ganoza
(Admitted *Pro Hac Vice*)
Florida Bar No. 0118532
lganoza@foley.com
FOLEY & LARDNER LLP
One Biscayne Tower, Suite 1900
2 South Biscayne Boulevard
Miami, Florida 33131
(305) 482-8400 (Telephone)

Steven Weigler
(Admitted *Pro Hac Vice*)
Colorado Bar No. 26945
sweigler@emergecounsel.com
EMERGECOUNSEL, LLC
1800 Glenarm Place, Suite 503
Denver, Colorado, 80202
(720) 924-8199 (Telephone)
(303) 893-5909 (Facsimile)

Attorneys for Defendant Berean Church of Free Seventh-Day Adventists, Inc. d/b/a International Association of Free Seventh-day Adventists

CERTIFICATE OF SERVICE

I hereby certify that on May 3, 2023, the foregoing document was served via the Court's CM/ECF system on all counsel of record.

/s/ Steven C. Lockhart
Steven C. Lockhart