



better call saul receives 'sweet liberty' from trademark suit

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MSK Client Alert

September 28, 2023

Better Call Saul Receives 'Sweet Liberty' From Trademark Suit

On September 25, 2023, the U.S. District Court for the Southern District of New York issued an opinion and order in *JTH Tax LLC v. AMC Networks Inc., et al.*, Case No. 22-cv-06526, ECF No. 44 (S.D.N.Y. Sept. 25, 2023), granting Defendants AMC Networks Inc. ("AMC") and Sony Pictures Television Inc.'s ("Sony") motion to dismiss. Applying the test originally set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), the Court held that Plaintiff JTH Tax LLC ("Liberty Tax") failed to adequately allege that a fictional tax service depicted in Defendants' TV show *Better Call Saul* infringed Liberty Tax's trademarks and trade dress. *JTH Tax* is one of the first notable trademarks cases since the U.S. Supreme Court's decision in *Jack Daniel's Properties, Inc. v. VIP Prod. LLC*, 599 U.S. 140 (2023) ("*Jack Daniels*").

Background

In 2015, the television show *Better Call Saul* premiered on AMC, with distribution handled by Sony. *Better Call Saul* (the "Show"), a spin-off of the hit show *Breaking Bad*, follows a criminal lawyer who goes by the name Saul Goodman, and premiered to commercial success and critical acclaim. *Better Call Saul* began its sixth and final season in 2022, the year Plaintiff filed its lawsuit.

The second episode of the Show's final season depicts a fictional tax preparation business called "Sweet Liberty Tax Services." The "Sweet Liberty" portion of the name is an ironic reference to the fictional business's owner and operator, Craig Kettleman, a fictional character who went to prison for embezzlement before starting his tax business.

Plaintiff Liberty Tax's suit alleged that the fictional business was "an obvious imitation of an actual Liberty Tax Location" distorted and exploited to disparage the real business. Liberty Tax noted that both the real and fictional business

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practice areas

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trademarks & brands



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make prolific use of the Statute of Liberty and red-white-and blue color schemes in their logos, brick and mortar stores, and marketing materials. Liberty Tax further alleged that Defendants use of similar marks "expressly misled viewers into believing that Liberty Tax sponsored or endorsed" *Better Call Saul*. Relying on *Rogers* and its progeny, Defendants moved to dismiss the amended complaint under Federal Rule of Civil Procedure 12(b)(6).

The Court's Ruling

In deciding the motion, the Court first had to determine whether the *Rogers* test could be applied to the facts presented by Liberty Tax. See *Jack Daniels*, 599 U.S. at 146 (holding that *Rogers* "does not apply when an alleged infringer [uses] a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer's own goods" or "in other words, [uses] a trademark as a trademark."). The Court, citing *Jack Daniels* and *Louis Vuitton Malletier S. A. v. Warner Bros. Entertainment Inc.*, 868 F. Supp. 2d 172, 178 (S.D.N.Y. 2012), emphasized that the *Rogers* test is applicable where the use of a mark is not used to designate a work's source, but rather "to perform some other expressive function." Concluding that the *Rogers* test was appropriate, the Court held that "to the extent Defendants used Plaintiff's marks—they were used in furtherance of the Show's plot," and the use of the name and marks was protected by the First Amendment.

Courts use two-pronged *Rogers* test (established in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989)) to analyze whether the "public interest in avoiding consumer confusion outweighs the public interest in free expression," in a Lanham Act claim.

First Prong. Under the first prong, the Court considered whether Sweet Liberty Tax Services "has any artistic relevance to the underlying work or was 'arbitrarily chosen just to exploit the publicity value of'" Liberty Tax. The "artistic relevance" threshold is a low one and is typically satisfied unless the allegedly infringing use has no artistic relevance whatsoever to the underlying work.

The Court found clear artistic relevance in the show's use of the Sweet Liberty Tax Service name and symbols, noting that the fictional owners' use of the name to run a fraudulent tax preparation business decorated in "gaudy symbols of Americana" was "clearly ironic and closely related to Craig Kettleman's role in the series," and that the use of Plaintiff's trade dress has genuine relevance to the Kettlemans' story in the final season. The Court found no indication that use of the trade dress was commercially motivated, or intended to exploit any public value held by Plaintiff.

Furthermore, the Court emphasized that the amended complaint contained only conclusory allegations that "Defendants intentionally misled consumers as to the source of *Better Call Saul*," and at no point alleged that "Sweet Liberty Tax Services" was used by Defendants to advance a commercial, rather than artistic, purpose. This pleading deficiency contributed, in part, to the Court's dismissal of Plaintiff's Amended Complaint.

Second Prong. Under the second prong of the *Rogers* test, the Court considered whether the Sweet Liberty Tax Services mark is "misleading in the sense that it induces members of the public to believe the work was prepared or otherwise authorized by" Liberty Tax. *Louis Vuitton*, 868 F. Supp. 2d at 179 (internal citation omitted). Crucially, the Court emphasized that when a mark is infringed as a fictional product, the proper comparison is between the real infringed product and the real product that uses the allegedly infringing work. This means that



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the Court compares Liberty Tax, a real provider of tax services, with *Better Call Saul*, Defendants' real product, which uses the allegedly infringed marks in a fictional way.

In analyzing the second prong, the Court reviewed eight factors from the *Polaroid* case to assess whether use of the marks and trade dress were "explicitly misleading." See *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.1961). Notably, the Court found that although Defendants' marks closely resemble those of Plaintiff, Plaintiff's symbols appear at brick and mortar tax service locations, while Defendants' symbols appear in one episode of a popular TV show, and a few marketing posts, and are therefore presented to consumers in dissimilar ways.

Relatedly, the Court looked at the markets in which the marks are used, and found, unsurprisingly, that the Parties' products—a tax service and a TV show—are "totally dissimilar." The Court further noted that Plaintiff is unlikely to "Bridge the Gap" between the markets, and did not plead any facts alleging that Liberty Tax is likely to ever enter the prestige television market, nor is it likely that consumers would expect that it would.

The Court also found that, despite any similarities between the Parties' marks, Liberty Tax did not plead any facts suggesting that Defendants tried to attract viewers to an already established show by associating it with Plaintiff's marks and trade dress, and thus did not adequately allege bad faith in the infringement. Further, because the two products are wholly dissimilar, Plaintiff could not, and did not argue that *Better Call Saul* was an inferior product that would harm Plaintiff's tax service, nor a similar product of similar quality likely to confuse consumers.

Because the overwhelming majority of the *Polaroid* factors favored Defendant, the Court determined that the Amended Complaint failed to adequately allege that Defendants expressly misled consumers in its alleged infringement of Plaintiff's trademarks and trade dress. The Court accordingly dismissed the Amended Complaint.

This opinion marks an early application of the *Rogers* test in the wake of *Jack Daniels*, distinguishing the case before it from the Supreme Court's opinion and focusing on the alleged trademark as part of a fictional narrative.