

Ninth Circuit Decision Finds Side-By-Side Medical Results Charts Arguably Non-Functional and Protectable Trade Dress

By Bobby Ghajar, Marcus D. Peterson and Lori Levine

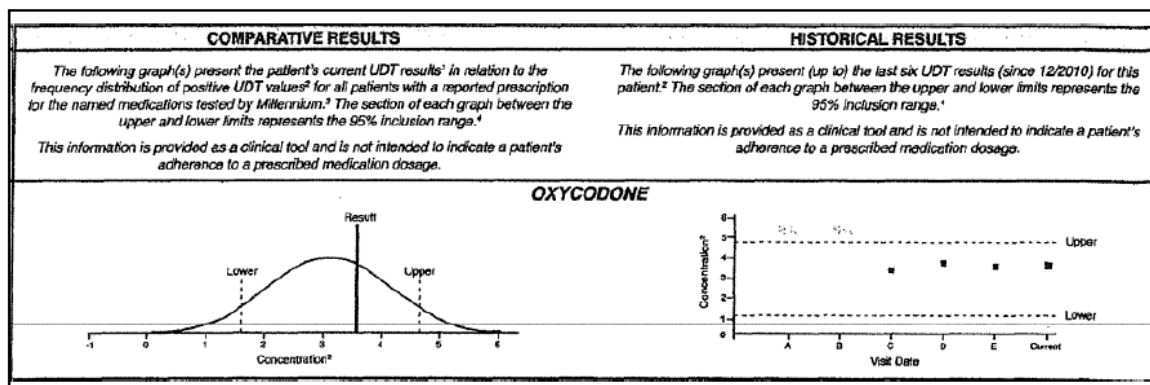
The Ninth Circuit recently considered whether the layout of a medical report can be protected as trade dress under the Lanham Act, or whether the layout of a report is merely functional.

The subject case, *Millennium Laboratories, Inc. v. Ameritox, Ltd.*, is between two companies that are competitors in the medication monitoring industry. Both companies provide urine-testing services to health care providers whereby they evaluate whether patients have been taking pain medications as prescribed and whether the patients have been taking any non-prescribed drugs. Millennium gives these test results using its R.A.D.A.R.® Report. Ameritox gives its test results using its own RX Guardian™ Report.

In May 2011, Ameritox re-launched the way it presented urine-test results. The new format—called the RxGuardian CD report—presented test results with only a single bell curve graph.

In June 2011, Millennium also released a redesigned urine-test report. Millennium's updated R.A.D.A.R.® Report included side-by-side charts in order to show historical data to the customer, and utilized other design choices with font and layout.

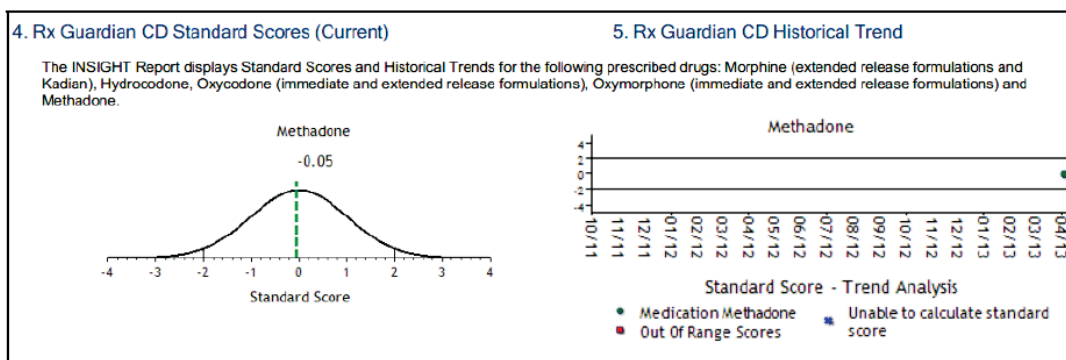
Millennium R.A.D.A.R.® Report



The Millenium R.A.D.A.R. Report¹

Within the year after, Ameritox reevaluated its report, considered several designs, all of which used a design similar to Millennium's new report, and in March 2012 introduced its new format, called the Ameritox Insight Report. The Insight Report continued to utilize the bell curve graph found in the RxGuardian CD report and added a "Historical Trend" graph, which, like Plaintiff's R.A.D.A.R. report, appears side-by-side with the bell curve graph.

Ameritox Insight Report



The Ameritox Insight Report

On April 30, 2012, Millennium brought two claims against Ameritox, alleging that Ameritox had copied its report design, and bringing claims for: (1) trade dress infringement (15 U.S.C. 1125(a)); and (2) unfair competition under California Business and Professions Code section 17200. Specifically, Millennium claimed that the pictorial combination of the Comparative Results graph together with the Historical Results graph constitutes a valid and protectable trade dress.²

Before discovery was complete, and before there had been any expert testimony on the issue of functionality, Ameritox moved for summary judgment on the Lanham Act claim on the grounds that the trade dress was functional. The district court agreed, and granted the motion. Millennium appealed, and the Ninth Circuit reversed and remanded the case for further discovery.

Trade dress is the "total image of a product," which includes features such as size, shape, color texture and graphics. In the Ninth Circuit, a plaintiff may sustain a claim for trade dress infringement by proving: (1) that its claimed dress is nonfunctional; (2) that its claimed dress serves a source-identifying role either because it is inherently distinctive or has acquired secondary meaning; and (3) that the defendant's product or service creates a likelihood of consumer confusion.³

Trade dress protection cannot be asserted for any functional features of a product. A functional feature is one that provides utility to the product outside of its source-identifying function. For instance, a Coca-Cola bottle has the function of holding the liquid inside of the bottle and permitting the liquid to be poured out of

¹ The alleged trade dress of the revamped report was described by Millennium as follows: a "graphical format" which includes "side-by-side presentation of a bell curve on the left, and a historical plot graph on the right"; the format uses "a combination of bold and dashed lines on the bell curve graph and a combination of numbers and letters on the plot graph on the right"; the report uses "little verbiage to accent the graphical features of the combination of charts and place[s] the combination of graphical features within a solid border.

² Millennium does not have a trademark registration for the R.A.D.A.R.® Report, just for the word mark "R.A.D.A.R."

³ *Clicks Billiards, Inc. v. SixShooters, Inc.*, 251 F.3d 1252, 1258 (9th Cir. 2001) (citing *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1005 (9th Cir. 1998) and *Fuddrucker, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 841 (9th Cir. 1987)).

the bottle. However, the shape of the bottle and the bottle's ribbing is not necessary for the function of the bottle, and to the extent that shape identifies Coca-Cola company as the maker of the product, the overall look of the bottle may be protected as trade dress under the Lanham Act.

Whether the layout of a written report is functional was the sole issue before the Ninth Circuit in *Millennium Laboratories*.

The Ninth Circuit clarified that it has a two-part test for determining whether products are functional.⁴ In Step One, the Ninth Circuit applies the *Disc Golf* four-factor functionality test, asking: "(1) whether the design yields a utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising touts the utilitarian advantages of the design, and (4) whether the particular design results from a comparatively simple or inexpensive method of manufacture."⁵ If the claimed trade dress is determined to be functional under Step One, then the inquiry is over. If not, the court must proceed to Step Two and address aesthetic functionality by "inquiring whether protection of the feature as a trademark would impose a significant non-reputation-related competitive disadvantage."

Applying Step One (the *Disc Golf* test), the Ninth Circuit found that an issue of material fact remained regarding whether Millennium's claimed trade dress had any utilitarian advantage. Evidence showed that Millennium used its marketing department and graphic designers to create a "presentable product," and to "distinguish" Millennium "from its competitors." The Court held that a jury could conclude that, although placing the graphs on the same page serves the function of allowing easy and facile review of the medical results, the alleged trade dress—the side-by-side placement of the graphs and other features, such as minimal text—is merely aesthetic, not functional.

As to the second factor, the Court found that a jury could conclude that many alternative designs were available, e.g., there could be side-by-side graphs arranged in opposite order, one graph above the other, or pie charts instead of the charts used. The Court also found that the third factor—whether advertising touts the utilitarian advantages of the design—weighed against Ameritox because Millennium's advertisements focused on the benefits of the "graphed results" rather than on the benefits of the specific layout of the report. The last factor was neutral, as the evidence showed that new report increased Millennium's costs.

Applying the *Disc Golf* factors, the Court concluded that the district court erred in granting summary judgment to Ameritox. The Court wrote: "The key point is that even if a comparison of results is functional, this could be presented in many ways, and the precise format used by company asserting trade dress is not necessarily functional."

Next, applying Step Two, the court considered whether the protection of the Millennium R.A.D.A.R.® Report as a trademark would impose a significant non-reputation-related competitive disadvantage. The court wrote that even assuming that a document describing the results of urine analysis could be considered aesthetically functional, "aesthetic functionality has been limited to product features that serve an aesthetic purpose wholly independent of any source identifying function." The Ninth Circuit noted that Millennium's chosen design for its test results was, at least in part, crafted to distinguish the R.A.D.A.R.® Report from its competitors, and not simply to attract consumers, and thus a jury should decide the question of aesthetic functionality.

⁴ The Parties contested which test applied to determine functionality.

⁵ *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998).

One might argue that Millennium Laboratories broadens the landscape of intellectual protection of seemingly innocuous forms so that a company could potentially claim trade dress protection if the work identifies a specific business or person as its drafter. In drafting promotional literature, reports, or other publications, companies must make sure that the overall visual impression given would not confuse consumers as to the source. Functional elements that are separately unprotectable—i.e., charts to show medical information—can be protected together as part of a trade dress if the purpose of the layout of those elements is to identify its source.

If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the authors below.

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