

CLIENT ALERT

Trade Dress Protection for the Layout of a Medical Report? Maybe!

Apr.08.2016

On April 4, 2016, in *Millennium Laboratories v. Ameritox, Ltd.* (Case No. 13-56577), the Ninth Circuit held that the graphical layout of a medical test report may be eligible for trade dress protection under the Lanham Act, reversing a decision out of the Southern District of California.

Millennium sued Ameritox—both competitors in the medical monitoring space—for trade dress infringement, claiming that Ameritox had created “confusingly similar [urine-testing] reports that copy Millennium’s trade dress.” After losing a motion to dismiss, Ameritox won on summary judgment when the district court found that the layouts of Millennium’s reports had a functional purpose, and were therefore ineligible for trade dress protection.

In reversing the district’s court’s ruling, the Ninth Circuit’s three-judge panel relied on other circuit courts that had previously held that certain graphical layouts did qualify for trade dress protection, such as that of a catalogue page, computer-generated report, and greeting card format. *Op.* at 3.

The Lanham Act creates a cause of action for a party injured when another uses “any word, term, name, symbol, or device, or any combination thereof . . . which is likely to cause confusion . . . as to the origin, sponsorship, or approval of his or her goods.” 15 U.S.C. § 1125(a)(1)(A). The design or packaging of a product that signifies its source—its “trade dress”—is thus protected under the Lanham Act, so long as the design or packaging serves no functional purpose. 15 U.S.C. § 1125(a)(3). As the Ninth Circuit clarified in *Millennium*, “[l]ike most intellectual property decisions, trade dress protection exists to facilitate competition.” *Op.* at 5. Nonetheless, the functionality limitation on trade dress protection “reflects a balance of considerations affecting the competitive process and consumer benefit.” *Id.* at 7.

The Court further explained the logic underlying the functionality limitation of trade dress protection: “Although Congress does not want consumers to be confused about a product’s source, it also does not want to restrict the availability and use of functional features that enhance the utility of the product.” *Id.* Basically, Congress did not want to grant perpetual monopolies on features that are essential to the function of a product, but rather, they intended to grant that protection to features that identify source.

The Court ultimately held that genuine issues of fact remained as to the functionality of Millennium’s “graphical format,” which included:

- A side-by-side presentation of a bell curve on the left and a historical plot graph on the right.
- 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.
- Little verbiage to accent the graphical features of the combination of charts.
- The combination of graphical features within a solid border.

Id. at 11-12. The Court then reiterated its four-factor test to determine whether Millennium’s “specific visual layout is non-functional”:

1. Whether the design yields a utilitarian advantage.
2. Whether alternative designs are available.
3. Whether advertising touts the utilitarian advantages of the design.
4. Whether the particular design results from a comparatively simple or inexpensive method of manufacture.

Id. at 12. The Court held that a reasonable jury could find for Millennium on the first three factors, and that the fourth factor was “at most neutral,” therefore warranting a reversal of the district court’s grant of summary judgment.

The Court also held that a jury was better suited to decide whether trade dress protection of Millennium’s design would result in a “significant non-reputation-related disadvantage,” explaining that “aesthetic functionality has been limited to product features that serve an aesthetic purpose **wholly independent** of any source identifying function.” *Id.* at 14 (internal citations omitted) (emphasis added). Here, the Court found it possible that Millennium’s specific layout could serve a source-identifying purpose entirely separate from any useful function.

While it remains to be seen what will happen at the district court on remand, companies who seek to disseminate graphical information in creative and unique ways as a part of their brand should take note. If the graphical presentation serves as a source-identifier—that is, consumers associate a particular layout with your company—you may want to keep an eye out not only for what your competition is selling, but how they’re selling it.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

David Ervin

Partner – Washington, D.C.
Phone: +1 202.624.2622
Email: dervin@crowell.com

Anne Elise Herold Li

Partner – New York
Phone: +1 212.895.4279
Email: ali@crowell.com

Preetha Chakrabarti

Counsel – New York
Phone: +1 212.895.4327
Email: pchakrabarti@crowell.com