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Eric Goldman

Santa Clara University School of Law, egoldman@gmail.com

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Regulation of Lawyers' Use of Competitive Keyword Advertising

By Eric Goldman* and Angel Reyes III**

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Abstract: Lawyers have enthusiastically embraced search engine advertisements triggered by consumers' keywords, but the legal community remains sharply divided about the propriety of buying keyword ads triggered by the names of rival lawyers or law firms ("competitive keyword advertising"). This Essay surveys the regulation of competitive keyword advertising by lawyers and concludes that such practices are both beneficial for consumers and legitimate under existing U.S. law—except in North Carolina, which adopted an anachronistic and regressive ethics opinion that should be reconsidered.

I. Lawyers' Use of Competitive Keyword Advertising.

Vignette #1: Jill Consumer plans to buy a new car. She holds Mercedes cars in high esteem for their quality construction and reputation for safety. She conducts a keyword search for "Mercedes" in Google. In addition to search results for the official Mercedes website and ads for local dealers, Jill sees the following ad:¹

The new Volvo XC60
Switch to Volvo and say hello to
\$1,000 off your new XC60. Learn how
www.VolvoCars.com/us/XC60

* Professor of Law & Co-Director, High Tech Law Institute, Santa Clara University School of Law. egoldman@gmail.com. Website: <http://www.ericgoldman.org>. Interested readers should also read Prof. Goldman's companion piece, *Declaring the End of the Keyword Advertising Wars*. Many thanks to Susan Brotman, Pamela Chestek, Colleen Chien, Deborah Gerhardt, David Levine and Rebecca Tushnet for helpful comments to the essay; and thanks to David Holt for his research help.

** Managing Partner, Reyes Browne Reilley, Dallas, Texas. angel@reyeslaw.com. Website: <http://reyeslaw.com/>.

¹ This is based on an actual search result Eric Goldman received when he searched for "Mercedes" at Google.com in June 2009. Screenshot on file with Eric Goldman.

The ad piques Jill's curiosity, and she test drives both Mercedes and Volvo cars. She concludes the Volvo is a better fit for her lifestyle. As a result, Mercedes does not get thousands of dollars in profit it would have earned if Jill had purchased its car.

Vignette #2: Jill Consumer, driving her new Volvo XC60, gets into a car crash and suffers personal injuries. She wants to hire a personal injury lawyer. She recalls seeing television ads for Joe Bob the Country Lawyer. She conducts a search for "Joe Bob" at Google. In addition to search results for Joe Bob's official website, Jill sees the following ad:

Personal Injury Attorneys Trusted to win cases for 24 years. Get a Free Attorney Case Review Now www.peggysues4U.com
--

Jill interviews both Joe Bob and Peggy Sue. She decides that Peggy Sue is a better fit for her, hires Peggy Sue, and receives a large settlement that generates a substantial contingency fee for Peggy Sue—a fee that Joe Bob did not get.

In these vignettes, did either Volvo or Peggy Sue do anything wrong? It's easy to see why Mercedes and Joe Bob may feel like they had a prospective customer "stolen" from them.² After all, they both generated Jill's interest as a prospective customer through their advertising expenditures; instead, competitors got her business without making commensurate investments. However, given Jill's research efforts, it's also easy to see why Volvo and Peggy Sue may feel like Jill's choices reflect a well-functioning competitive market. And what about Jill? Did she get sidetracked in her quest for her preferred brand, or did she get exactly what she bargained for?

* * *

² See, e.g., Sen. Dan Eastman, *Identity Theft: The Next Generation*, The Senate Site, Apr. 5, 2007, <http://senatesite.com/blog/2007/04/identity-theft-next-generation.html> (calling competitive keyword advertising the equivalent of "carjacking" someone's mark, and saying consumers exposed to such advertising were being "shanghaied by a pirate").

An Introduction to Keyword Advertising

Keyword advertising, which displays ads triggered by consumers' search queries, has become an enormously popular form of advertising.³ U.S. search advertising revenues in 2013 were about \$20 billion,⁴ which makes keyword advertising bigger than many traditional types of advertising such as radio,⁵ magazine⁶ and Yellow Pages⁷ advertising.

Over the last dozen years, lawyers increasingly have found keyword advertising to be an important source of prospective new clients.⁸ For example, for many years, one of the highest priced keywords for advertising has been "mesothelioma,"⁹ bid up in search engine ad auctions by lawyers who can bring lucrative lawsuits for mesothelioma victims.¹⁰ For ads triggered by keyword

³ See REBECCA TUSHNET & ERIC GOLDMAN, *ADVERTISING & MARKETING LAW: CASES & MATERIALS*, ch. 1 (2014 ed.)

⁴ See, e.g., *Mobile Gains Greater Share of Search, Display Spending*, eMarketer, Aug. 21, 2013, <http://www.emarketer.com/Article/Mobile-Gains-Greater-Share-of-Search-Display-Spending/1010148#sthash.C1qPcVEu.dpuf> (\$19.6 billion in 2013); *IAB Internet Advertising Revenue Report: 2013 Full Year Results*, Internet Advertising Bureau, April 2014, http://www.iab.net/media/file/IAB_Internet_Advertising_Revenue_Report_FY_2013.pdf (Q4 2013 revenue of \$5 billion); Tim Peterson, *Digital to Overtake TV Ad Spending in Two Years, Says Forrester*, AD. AGE, Nov. 4, 2014, <http://adage.com/article/media/digital-overtake-tv-ad-spending-years-forrester/295694/> (estimating "search marketing" 2014 revenues of nearly \$28 billion).

⁵ The U.S. radio industry's ad revenue in 2013 was about \$16 billion. <http://www.statista.com/statistics/272412/radio-advertising-expenditure-in-the-us/>.

⁶ The U.S. consumer magazine industry's ad revenue in 2013 was about \$13 billion. *IAB Internet Advertising Revenue Report: 2013 Full Year Results*, Internet Advertising Bureau, April 2014, http://www.iab.net/media/file/IAB_Internet_Advertising_Revenue_Report_FY_2013.pdf.

⁷ The U.S. Yellow Pages industry's ad revenue in 2011 was about \$7 billion. See Karen Weise, *The Golden Allure of the Yellow Pages*, Bloomberg BusinessWeek, Mar. 22, 2012, <http://www.businessweek.com/articles/2012-03-22/the-golden-allure-of-the-yellow-pages>.

⁸ See Alison Frankel, *Plaintiffs' Lawyers Spend Millions in Online Ads. Should We Care?*, Reuters, Mar. 1, 2012, <http://blogs.reuters.com/alison-frankel/2012/03/01/plaintiffs-lawyers-spend-millions-in-online-ads-should-we-care/>. Cf. Avi Goldfarb & Catherine Tucker, *Search Engine Advertising: Channel Substitution When Pricing Ads to Context*, 57 MGMT. SCI. 458 (2011), <http://dspace.mit.edu/openaccess-disseminate/1721.1/65335>.

⁹ Carl Bialik, *Lawyers Bid Up Value Of Web-Search Ads*, WALL ST. J., Apr. 8, 2004; Barry Schwartz, *Some Of Google's Most Expensive Keywords*, Search Engine Watch, Mar. 27, 2006, <http://searchenginewatch.com/sew/news/2059302/some-of-googles-most-expensive-keywords>.

¹⁰ Ben Berkowitz, *The Long, Lethal Shadow of Asbestos*, Reuters, May 11, 2012, <http://www.reuters.com/article/2012/05/11/us-usa-asbestos-lawsuits-idUSBRE84A0J920120511>.

searches including the phrase “mesothelioma,” advertisers have sometimes paid over \$100 for each consumer’s click on their ads.¹¹

Lawyers choose keyword advertising over other advertising options for a number of reasons. First, consumers rely heavily on search engines to find vendors,¹² and lawyers want to be visible where prospective clients are looking. In contrast, print media like newspapers and Yellow Pages are passé as information resources to prospective clients.¹³ Second, keyword ads can be precisely targeted. Rather than having their ads showing up in the newspaper’s sports section or a general Yellow Pages category like “lawyers,” marketing-savvy lawyers can infer keyword searchers’ intent and show ads targeted to that intent.¹⁴ Third, lawyers pay for their keyword ads only when consumers actually respond to the ads. In contrast, print and broadcast ads typically charge advertisers based on the purported number of consumers reached,¹⁵ irrespective of the actual level of consumer interest or response. Thus, keyword ads allow lawyers to advertise in a more targeted and measurable fashion than other advertising options. Finally, keyword ads let lawyers easily track which keywords are profitable, and lawyers can quickly drop unprofitable keywords.

¹¹ For example, in 2012, “mesothelioma settlement” had an average cost per click of \$142.67. See Barry Schwartz, *Mesothelioma, Asbestos, Annuity: Google’s Most Expensive Keywords*, Search Engine Land, Nov. 9, 2012, <http://searchengineland.com/mesothelioma-asbestos-annuity-googles-most-expensive-keywords-139295>.

¹² “[O]rganic search traffic accounted for 73 percent of all traffic to business services sites.” Amy Gesenhues, *Study: Organic Search Drives 51% of Traffic, Social Only 5%*, Search Engine Land, Aug. 28, 2014. See also Nathan Safran, *Update: Organic Search Is Actually Responsible for 64% of Your Web Traffic*, Conductor Blog, July 10, 2014, <http://www.conductor.com/blog/2014/07/update-organic-search-actually-responsible-64-web-traffic/>.

¹³ “Use of print directories, such as the Yellow Pages, as the primary way to find a lawyer for a personal legal matter appears to be eroding.” *Perspectives on Finding Personal Legal Services: The Results of a Public Opinion Poll*, American Bar Association Standing Committee on the Delivery of Legal Services, Feb. 2011, http://www.americanbar.org/content/dam/aba/administrative/delivery_legal_services/20110228_ab_a_harris_survey_report.authcheckdam.pdf.

¹⁴ Eric Goldman, *Deregulating Relevancy in Internet Trademark Law*, 54 EMORY L.J. 507 (2005).

¹⁵ This is called “CPM” advertising, or cost per thousand ad exposures to consumers (where the M represents the Roman numeral for 1,000). See TUSHNET & GOLDMAN, *supra* note 3, ch. 16.

Altogether, keyword ads can offer a cost-effective way for lawyers to reach prospective clients at the right time when they might be seeking legal help.¹⁶ Not surprisingly, lawyers are increasingly embracing this advertising option.

Looking More Closely at Competitive Keyword Advertising

This essay evaluates the practice of “competitive keyword advertising”: when a business purchases a competitor’s trademarks as the triggers for its keyword ads. Thus, when a consumer searches for the competitor’s trademark, the advertiser’s advertisement (“ad copy”) displays in the advertising zone of the search results page. In the two introductory vignettes involving Jill Consumer, both Volvo and Peggy Sue were using competitive keyword advertising. To keep the essay focused, we assume that the lawyer’s ad copy, and all materials presented at any linked website or call center, does not mislead consumers or reference the competing lawyer’s name.¹⁷

Competitive keyword advertising has been a prominent part of the keyword advertising industry for quite some time,¹⁸ so it’s not surprising that lawyers

¹⁶ See generally Connor Mullin, *Regulating Legal Advertising on the Internet: Blogs, Google & Super Lawyers*, 20 GEO. J. LEGAL ETHICS 835, 838 (2007) (“advertising on Google is a superior alternative that may be better received by the user. This is because, given the way AdWords works, the user is the one who initiates the process by seeking information related to the legal advertisements that appear”).

¹⁷ As a practical matter, courts are becoming increasingly skeptical of competitive keyword advertising lawsuits based on allegedly deceptive ad copy. See, e.g., Eric Goldman, *Suing Over Keyword Advertising Is A Bad Business Decision For Trademark Owners*, Forbes Tertium Quid, May 14, 2013, <http://www.forbes.com/sites/ericgoldman/2013/05/14/suing-over-keyword-advertising-is-a-bad-business-decision-for-trademark-owners/> [hereinafter Goldman, *Bad Business Decision*].

We also do not discuss the use of keyword metatags, a coding technique designed to influence the listings of organic search results. Keyword metatags are technologically irrelevant and have been for many years. See, e.g., Eric Goldman, *Keyword Metatags are Back...Will Judicial Freakouts Continue?*, Technology & Marketing Law Blog, Oct. 20, 2011, http://blog.ericgoldman.org/archives/2011/10/keyword_metatag_2.htm; Eric Goldman, *Google Confirms That Keyword Metatags Do Not Matter*, Technology & Marketing Law Blog, Sept. 22, 2009.

¹⁸ See generally Ted Ives, *The Complete Guide To Bidding On Competitor Brand Names & Trademarked Terms*, Search Engine Land, Apr. 26, 2012, <http://searchengineland.com/the-complete-guide-to-bidding-on-competitor-brand-names-trademarked-terms-118576>.

An early competitive keyword advertising case, GEICO v. Google, dates back to 2004. See *Government Employees Insurance Co. (GEICO) v. Google, Inc.*, 330 F. Supp. 2d 700 (E.D. Va. 2004).

would try it too and display ads when consumers search for the names of rival law firms or lawyers.

Advertising by lawyers has been controversial for a long time, but progressively we have recognized that lawyer advertising can benefit both the advertiser and prospective consumers of legal services. As the Supreme Court in *Bates* explained in upholding lawyers' First Amendment rights to advertise their services, "advertising is the traditional mechanism in a free market economy for a supplier to inform a potential purchaser of the availability and terms of exchange."¹⁹

Competitive keyword advertising can facilitate that outcome. Some law firms are better-known than others, especially those that engage in mass-market broadcast or print advertising. When consumers search for these names at search engines, it creates an opportunity for competing lawyers to make themselves known to those consumers. Thus, competitive keyword advertising can reduce barriers to entry in the legal industry, especially helping new entrants challenge incumbent players.²⁰

In turn, consumers benefit from advertising-driven competition among lawyers. As the *Bates* court explained, a "ban on advertising serves to increase the difficulty of discovering the lowest cost seller of acceptable ability. As a result, to this extent attorneys are isolated from competition, and the incentive to price competitively is reduced."²¹ Competitive keyword advertising helps lawyers cost-effectively compete with each other; which should produce the benefits we expect from enhanced competition, including higher quality legal services at lower prices to prospective clients.²²

¹⁹ *Bates v. State Bar of Arizona*, 433 U.S. 350, 376 (1977).

²⁰ *See id.* at 378 (banning lawyer advertising "serves to perpetuate the market position of established attorneys. Consideration of entry barrier problems would urge that advertising be allowed so as to aid the new competitor in penetrating the market").

²¹ *Id.* at 377.

²² *See* David S. Evans & Elisa Mariscal, *The Role of Keyword Advertising in Competition Among Rival Brands*, ANTITRUST CHRON. (Sept. 2012), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2142692:

keyword advertising likely benefits consumers because it:

- offers consumers more information, reduces their search costs and gives them ready access to competitive alternatives;
 - lowers the cost to firms of reaching their customers and thereby lowers the cost of doing business, making it easier to enter and challenge existing brands;
- and,

Thus, competitive keyword advertising by lawyers should be a win for consumers. But is it legal for lawyers to purchase such advertising?

II. Intellectual Property Regulation.

Competitive keyword advertising may implicate both trademark and publicity rights law. However, it has become increasingly clear that competitive keyword advertising violates neither.²³

A. Trademarks.²⁴

Trademark owners have objected to competitive keyword advertising for a long time. Initially, trademark owners principally sued search engines—especially Google—for selling competitive keyword ads.²⁵ However, Google successfully won or settled case after case.²⁶ Since settling the *Rosetta Stone* case in 2012, Google has not faced a significant trademark challenge to its competitive keyword ad sales practices.²⁷

Trademark owners also routinely sue advertisers for buying competitive keyword ads triggered by their trademarks. However, those lawsuits rarely succeed any more. To our knowledge, no trademark owner has achieved a courtroom victory in a competitive keyword advertising lawsuit since 2011.²⁸

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- intensifies competition between name brands and their rivals and thereby likely lowers prices and improves quality.

²³ See Eric Goldman, *Declaring the End of the Keyword Advertising Wars* (forthcoming).

²⁴ Law firms usually can obtain protectable trademark rights in their firm name, with or without registration. Individual lawyers can obtain protectable trademark rights in their names if the name achieves “secondary meaning”—that is, acquires sufficient consumer recognition that the name uniquely identifies a specific business. See 2 MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 13:2 (4th ed. 2014).

²⁵ Eric Goldman, *With Rosetta Stone Settlement, Google Gets Closer to Legitimizing Billions of AdWords Revenue*, Forbes Tertium Quid, Nov. 1, 2012, <http://www.forbes.com/sites/ericgoldman/2012/11/01/with-rosetta-stone-settlement-google-gets-closer-to-legitimizing-billions-of-adwords-revenue/> [hereinafter Goldman, *Rosetta Settlement*].

²⁶ *Id.* One case of particular note is *Stratton Faxon v. Google, Inc.*, which involved a law firm suing Google for selling competitive keyword advertising. That case was quietly dismissed. *Stratton Faxon v. Google, Inc.*, NNH-CV-09-5031219S (Conn. Super. Ct. Mar. 8, 2010). See <http://civilinquiry.jud.ct.gov/CaseDetail/PublicCaseDetail.aspx?DocketNo=NNHCV095031219S>.

²⁷ Goldman, *Rosetta Settlement*, *supra* note 25.

²⁸ See Goldman, *Bad Business Decision*, *supra* note 17; see also Eric Goldman, *More Defendants Win Keyword Advertising Lawsuits*, Technology & Marketing Law Blog, Feb. 11, 2015,

Why are these lawsuits failing in court? The answer is simple: trademarks do not provide their owners with an absolute right to preclude other people from referencing the trademark. Instead, trademark rights principally protect against consumer confusion about the source of goods and services.²⁹ If consumers do not experience confusion about the relationship of vendors in the marketplace, the trademark owner has not been harmed. And we have good reasons to believe that consumers do not experience any confusion about the relationship between advertisers and trademark owners when search results page displays advertisements triggered by a competitor's trademark.

First, we know of three competitive keyword advertising cases that have reached a jury trial. The defense won each of those cases.³⁰ In other words, three different panels of ordinary consumers, from three different parts of the country, have said that competitive keyword advertising did not confuse them. While jury results may not be as statistically rigorous as a well-conducted consumer

<http://blog.ericgoldman.org/archives/2015/02/more-defendants-win-keyword-advertising-lawsuits.htm>.

²⁹ The trademark dilution doctrine does not require consumer confusion, but defendants have routinely defeated dilution claims for competitive keyword advertising. *See Allied Interstate LLC v. Kimmel & Silverman P.C.*, 2013 WL 4245987 (S.D.N.Y. 2013) (referential/fair use of trademark); *Designer Skin, LLC v. S&L Vitamins, Inc.*, 560 F. Supp. 2d 811 (D. Ariz. 2008) (nominative use); *see also Edina Realty, Inc. v. TheMLSOnline.com*, 2006 WL 737064 (D. Minn. 2006) (relying on pre-Trademark Dilution Revision Act provisions); *Nautilus Group, Inc. v. Icon Health & Fitness, Inc.*, 2006 WL 3761367 (W.D. Wa. 2006) (same); *but see Scooter Store, Inc. v. SpinLife.com, LLC*, 2011 WL 6415516 (S.D. Ohio 2011) (bizarrely finding potential dilution in a generic term).

Several competitive keyword advertising dilution claims have failed because the trademark lacked the requisite fame, defined as "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner." 15 U.S.C. § 1125(c)(2)(A). *See Jurin v. Google, Inc.*, 2012 WL 5011007 (E.D. Cal. 2012); *Parts.com v. Yahoo*, 3:13-cv-01078-JLS-WMC (S.D. Cal. Dec. 4, 2013); *S&L Vitamins, Inc. v. Australian Gold, Inc.*, 2:05-cv-1217 (E.D.N.Y. 2007); *Google, Inc. v. American Blinds & Wallpaper Factory, Inc.*, C 03-5340 JF (N.D. Cal. April 18, 2007).

In practice, the fame requirement will be an insurmountable barrier for federal dilution claims by almost every lawyer. Through heavy advertising, some law firms achieve widespread recognition in their local community, but very few (if any) law firm trademarks achieve national consumer recognition.

³⁰ *Fair Isaac Corp. v. Experian Information Solutions Inc.*, 2009 WL 4263699 (D. Minn. 2009); *College Network, Inc. v. Moore Educational Publishers, Inc.*, 378 Fed. Appx. 403 (5th Cir. 2010); *Consumerinfo.com, Inc., v. One Techs., LP*, CV-09-3783-VBF (MANx) (C.D. Cal. Jan. 12, 2011).

survey,³¹ they still provide highly persuasive evidence of how reasonable consumers see the issue.

Second, when consumers use a trademark as a search query, many of them do not intend to find only search results associated with the trademark owner. For example, Franklyn and Hyman showed that a substantial minority of surveyed consumers who searched for a trademark “usually wanted information about similar products from other brands.”³² Franklyn and Hyman also showed that a majority of surveyed consumers who searched for a trademark did not expect to find only “products bearing that brand name.”³³

So, when prospective clients use a law firm’s name as their search query, many of them are expecting—indeed, wanting—to discover other law firms on the search results page. Given those expectations, it makes sense courts would reject trademark claims over competitive keyword advertising involving lawyers.

Nevertheless, a 2011 ruling, in the *Binder* case, held that a law firm’s competitive keyword advertising created “a strong likelihood of confusion.”³⁴ That conclusion is now outdated. It was a bench trial, so it is less representative of consumer perceptions than the three jury results discussed above. Furthermore, most of the evidence discussed by the court related to consumer confusion created by the defendant’s activities after consumers responded to the keyword ads. Finally, the judge relied on a stripped-down version of trademark law’s typical likelihood of consumer confusion test.³⁵ However, just two months after the *Binder* ruling, the Ninth Circuit *Network Automation* ruling said the stripped-down test wasn’t appropriate for keyword advertising cases,³⁶ effectively

³¹ At minimum, juries are too small to achieve meaningful confidence intervals. Then again, conducting a rigorous consumer survey on trademarks is really hard, and trademark jurisprudence is littered with poorly executed surveys. *See generally* TRADEMARK AND DECEPTIVE ADVERTISING SURVEYS: LAW, SCIENCE AND DESIGN (Shari Seidman Diamond & Jerre B. Swann eds., 2012). So, perhaps this data from juries is not materially less reliable than the surveys courts consider.

³² David J. Franklyn & David A. Hyman, *Trademarks As Search Engine Keywords: Much Ado About Something?*, 26 HARV. J. L. TECH. 481 (2013).

³³ Although their survey focused on products, we believe consumer searches for services would follow the same dynamic.

³⁴ *Binder v. Disability Group*, 772 F. Supp. 2d 1172 (C.D. Cal. 2011).

³⁵ The test was called the “Internet trinity” or “Internet troika.” *See* *Brookfield Communications, Inc. v. West Coast Entertainment Corporation* 174 F.3d 1036 (9th Cir. 1999).

³⁶ *Network Automation, Inc. v. Advanced System Concepts, Inc.*, 638 F.3d 1137 (9th Cir. 2011) (“Given the multifaceted nature of the Internet and the ever-expanding ways in which we all use the technology, however, it makes no sense to prioritize the same three factors for every type of

overturning the *Binder* court's ruling. Given the pro-defense results since *Network Automation*, the *Binder* case is almost certainly no longer good law.

Defendants in competitive keyword advertising trademark infringement cases have a number of strong defenses,³⁷ but the lack of consumer confusion should be dispositive in most cases. Because future trademark owners probably cannot prove the requisite consumer confusion from competitive keyword advertising, the trademark battles over competitive keyword advertising are effectively over.

B. Publicity Rights.

Publicity rights restrict the commercialization of a person's name,³⁸ including lawyers' names. Using a person's name in advertising is a paradigmatic publicity rights violation.³⁹ Unlike trademark rights, publicity rights do not require plaintiffs to show any consumer confusion. Thus, for lawyers unhappy about competitive keyword advertising, publicity rights seem tailor-made to shut down the practice.

We are aware of only one publicity rights case involving competitive keyword advertising, but it is highly instructive because it involved two personal injury law firms in Wisconsin, Habush Habush & Rottier and Cannon & Dunphy. Cannon & Dunphy bought keyword advertising on names such as "Habush." The plaintiffs alleged that purchasing their last names as keywords for competitive advertising violated Wisconsin's publicity rights law.⁴⁰

The Wisconsin appellate court disagreed.⁴¹ The court held that buying keyword ads on another lawyer's name, without displaying the name in the ad copy, did not constitute a statutory "use" of the name. The court analogized competitive keyword advertising to a legitimate offline marketing technique:

potential online commercial activity. The 'troika' is a particularly poor fit for the question presented here" [i.e., keyword advertising]).

³⁷ Including the lack of enforceable trademark rights, unclean hands (because plaintiffs often engage in competitive keyword advertising themselves) and nominative use (i.e., the advertiser is using the trademark to refer to the trademark owner).

³⁸ See generally DAVID S. WELKOWITZ & TYLER T. OCHOA, *CELEBRITY RIGHTS: RIGHTS OF PUBLICITY AND RELATED RIGHTS IN THE UNITED STATES AND ABROAD* (2010).

³⁹ See TUSHNET & GOLDMAN, *supra* note 3, ch. 13.

⁴⁰ *Habush v. Cannon*, 09CV018149 (Milwaukee Cir. Ct. complaint filed Nov. 2009), <https://www.scribd.com/doc/23670849/Habush-Habush-Rottier-v-Cannon-Dunphy-Complaint>.

⁴¹ *Habush v. Cannon*, 346 Wis.2d 709 (Wisc. App. Ct. 2013).

the strategy used by Cannon & Dunphy here is akin to locating a new Cannon & Dunphy branch office next to an established Habush Habush & Rottier office when the readily apparent purpose...is to take advantage of the flow of people seeking out Habush Habush & Rottier because of the value associated with the names Habush and Rottier.⁴²

In this court's view, competitive keyword advertising takes advantage of consumer interest in a person's name, but it does so without actually displaying the name in the ad copy—and if the name is not displayed, then there is no technical violation of publicity rights. While publicity rights laws vary by state, we expect that publicity rights lawsuits in other states will follow this analysis—and embrace the court's pro-competition conclusion.

C. Conclusion on IP

Consumers are not confused by competitive keyword ads, and purchasing a rival's name does not "use" their name for publicity rights purposes. So long as courts continue to accept these propositions, we do not expect lawyers will win future intellectual property lawsuits over competitive keyword advertising.

III. State Bar Regulation.

Even if intellectual property law does not restrict competitive keyword advertising, professional responsibility rules may nevertheless apply. Bar regulations restrict advertising by lawyers in a variety of ways. Several rules require lawyers to advertise truthfully. For example, the Model Rules of Professional Conduct⁴³ Rule 7.1 says:

A lawyer shall not make a false or misleading communication about the lawyer or the lawyer's services. A communication is false or misleading if it contains a material misrepresentation of

⁴² *Id.* ¶ 29. See also Eric Goldman, *Brand Spillovers*, 22 HARVARD J. L. & TECH. 381 (2009).

⁴³ The American Bar Association's Model Rules of Professional Conduct have been adopted, with some modifications, in 49 states (California is the outlier). See http://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/alpha_list_state_adopting_model_rules.html.

fact or law, or omits a fact necessary to make the statement considered as a whole not materially misleading.⁴⁴

Additionally, Model Rules of Professional Conduct Rule 8.4(c) says a lawyer shall not “engage in conduct involving dishonesty, fraud, deceit or misrepresentation.”⁴⁵

As we explained in Part II, competitive keyword advertising should not constitute an intellectual property violation. Similarly, competitive keyword advertising by lawyers does not violate the Model Rules of Professional Conduct provisions because it does not communicate anything “false” or “misleading” to consumers. The ad copy displayed in response to the purchased keyword might mislead consumers, but the process of displaying the ad itself does not create any false impressions about the respective lawyers’ relationships or associations. Instead, because many prospective clients want and expect competitive ads when searching for a lawyer’s name, competitive keyword advertising is fully consistent with their search expectations.

Despite the inapplicability of intellectual property law and the Model Rules of Professional Conduct, North Carolina nevertheless banned competitive keyword ads by lawyers. Citing Rule 8.4(c), the North Carolina State Bar adopted an ethics opinion that concludes:

The intentional purchase of the recognition associated with one lawyer’s name to direct consumers to a competing lawyer’s website is neither fair nor straightforward.⁴⁶

The State Bar has enforced this opinion at least once: a 2013 public censure of North Carolina lawyer David J. Turlington III.⁴⁷

⁴⁴ MODEL RULES OF PROF’L CONDUCT 7.1 (2013), http://www.americanbar.org/content/aba/groups/professional_responsibility/publications/model_rules_of_professional_conduct/rule_7_1_communication_concerning_a_lawyer_s_services.html.

⁴⁵ *Id.* 8.4(c) (2013), http://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/rule_8_4_misconduct.html.

⁴⁶ North Carolina 2010 Formal Ethics Opinion 14 (adopted April 27, 2012).

⁴⁷ In the Matter of David J. Turlington, III, Grievance Committee of the North Carolina State Bar, 13G0121 (November 19, 2013), <http://www.ncbar.com/orders/turlington,%20iii%20david%2013g0121.pdf>. The key part of the censure reads:

Prior to April 27, 2012, you employed other attorneys’ names and names of law firms in a keyword advertising campaign through Google’s AdWords program.

The North Carolina ethics opinion, and the enforcement action, does not make sense. The rule exceeds the boundaries of existing trademark and publicity rights law; it effectively creates a new intellectual property right in lawyers' names. Creating new intellectual property rights should be the province of elected legislators and subject to careful public scrutiny, neither of which occurred with the North Carolina opinion.

Meanwhile, as discussed above, competitive keyword advertising improves competition and benefits consumers. Advertising practices that enhance competition cannot be "unfair" or "not straightforward." Indeed, as the trial court explained in *Habush v. Cannon*, marketing based on rival lawyers' names "is consistent with the principles of energetic business competition in our state and is not unreasonable."⁴⁸ The trial court continued (emphasis added):

The time may come when a legislature, regulatory board, or supreme court determines that [competitive keyword advertising] is deceptive and misleading and therefore improper....Considering the analysis in the preceding sections of this decision, *the trend may be toward increased freedom and reduced regulation or restriction.*

On April 27, 2012, the North Carolina State Bar Ethics Committee published 2010 Formal Ethics Opinion 14, which states that an attorney's purchase or use of another attorney's name in an Internet search engine's keyword-advertising program is dishonest and therefore violates Rule 8.4(c) of the Rules of Professional Conduct. After the publication of this ethics opinion, you continued to intentionally add inappropriate keywords to your Google AdWords advertising campaign; your inappropriate keywords consisted of other individual attorney names (including attorney nicknames), names of law firms, and names of judicial officials. Although you claimed that any inclusion of inappropriate keywords in your advertising campaign was inadvertent and was the result of your bulk-purchase of keywords suggested by Google, your history of keyword purchases demonstrates that you specifically selected and approved a number of these keywords for inclusion in your advertising campaign. It is your duty to scrutinize all keywords prior to adding the keyword to your advertising campaign, regardless of whether you created the keyword or whether the keyword was suggested to you. Your intentional inclusion of other attorneys' names and law firms in your keyword advertising campaign is dishonest and therefore violates Rule 8.4(c). Furthermore, you knowingly made a false statement of material fact in violation of Rule 8.1(a) by claiming in your response to the letter of notice in this matter that your inclusion of inappropriate keywords in your advertising campaign was inadvertent.

⁴⁸ *Habush v. Cannon*, 09-CV-18149 (Wis. Cir. Ct. June 8, 2011), http://media.jsonline.com/documents/Habush_v_Cannon_Kahn+decison.pdf.

To our knowledge, only one other state bar regulatory body has explicitly considered the propriety of competitive keyword advertising, and it disagreed with North Carolina's conclusion.⁴⁹ In 2013, the Florida Bar's Standing Committee on Advertising approved an advisory opinion that competitive keyword advertising is "deceptive and inherently misleading."⁵⁰ The Florida Bar's Board of Governors vacated that opinion because:

the purchase of ad words is permissible as long as the resulting sponsored links clearly are advertising.⁵¹

In other words, after the Florida Bar carefully reviewed competitive keyword advertising, it reversed its initial reservations and instead expressly authorized competitive keyword advertising by lawyers.

In light of the Florida Bar's conclusion, the *Habush v. Cannon* court's analysis about competition, and the absence of consumer confusion, it's become apparent that competitive keyword advertising is fair and straightforward—exactly the opposite of the conclusions reached by the North Carolina bar. And without any support from existing intellectual property rules or protecting consumers from deception, restrictions on lawyers' use of competitive keyword advertising seem especially vulnerable to First Amendment challenges. For these reasons, we do not expect other state bar regulators will follow North Carolina's footsteps, nor do we think that the North Carolina opinion could withstand careful reconsideration or a courtroom challenge.

IV. Conclusion.

⁴⁹ Prof. Goldman submitted a letter to The Florida Bar advocating for withdrawal of the draft opinion. Letter from Eric Goldman et al to Elizabeth Clark Tarbert, Ethics Counsel for The Florida Bar, Apr. 29, 2013, <http://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=1363&context=historical>. Prof. Goldman also appeared telephonically at two meetings of the Standing Committee on Advertising to advocate against the draft opinion.

⁵⁰ Florida Proposed Advisory Opinion A-12-1 (2013), [https://www.floridabar.org/TFB/TFBResources.nsf/Attachments/A102C89590562DF385257B2B0063900B/\\$FILE/A-12-1%20PAO%20approved%20for%20publication%203-5-13.pdf?OpenElement](https://www.floridabar.org/TFB/TFBResources.nsf/Attachments/A102C89590562DF385257B2B0063900B/$FILE/A-12-1%20PAO%20approved%20for%20publication%203-5-13.pdf?OpenElement).

⁵¹ Eric Goldman, *Florida Allows Competitive Keyword Advertising By Lawyers*, *Forbes Tertium Quid*, Dec. 18, 2013, <http://www.forbes.com/sites/ericgoldman/2013/12/18/florida-allows-competitive-keyword-advertising-by-lawyers/>; *see also* <http://www.floridabar.org/TFB/TFBLawReg.nsf/e0f40af2c23904c785256709006a3713/f0f34ceae87853cc85256b2f006c8848?OpenDocument>.

Lawyers are notorious laggards when adopting and embracing emerging technological developments. Thus, even as the wars over competitive keyword advertising wind down everywhere else, it is not surprising that the legal industry is still working through its own (delayed) catharsis about the legitimacy of competitive keyword advertising. But other than the North Carolina ethics opinion, competitive keyword advertising by lawyers is not restricted by intellectual property law or attorney advertising rules. As a result, it seems that North Carolina's rule is an outlier that needs to be fixed, and North Carolina bar regulators should reconsider the matter. We also hope other bar regulators will affirmatively acknowledge, like the Florida bar did, that competitive keyword advertising is permissible.