

Jim S. Adler
William S. Adler
Angie Boone
Ryan B. Evans
David Feldman
Robert A. FitzPatrick
J. Martin Futrell * * † *
Michael Gomez †
Javier Gonzalez
Justin H. King
Lora R. Lozano

‡ Member – College of the State Bar of Texas
♦ Also Licensed in Colorado
* Also Licensed in New Jersey



3D/International Tower
1900 West Loop South, 20th Floor
Houston, Texas 77027-3214
(713) 777-4000 or (800) 683-8383
Facsimile (713) 953-9550
www.jimadler.com

Jose Roberto Marroquin
Eugene V. Olshevskyy
Phillip J. Orth, III
Debra L. Paiz
Frank W. Robertson
Kyle D. Schnitzer
§ James D. Skelton
Langdon Smith
Aaron Spahr
Chelsea R. Tucker
♦ P. Andrew Wilbur
§ Licensed in Minnesota
♦ Also Licensed in New York
† Also Licensed in North Carolina
♦ Also Licensed in Pennsylvania

March 25, 2014

Via CMRRR: 7106 4575 1292 4840 3080

Charles L. "Chip" Babcock
Chair, Supreme Court Rules Advisory Committee
Jackson Walker, L.L.P.
1401 McKinney, Suite 1900
Houston, Texas 77010

Via CMRRR: 7106 4575 1292 4840 3097

Nathan L. Hecht
Chief Justice, Supreme Court of Texas
201 West 14th Street
P.O. Box 12248
Austin, Texas 78711

RE: *Request for New Ethics Rule*

Dear Sirs,

I write to draw your attention to an unethical advertising practice, used with sadly increasing frequency in this State, but not yet squarely addressed by existing ethics rules. As heads of the organizations entrusted with rulemaking authority for Texas attorneys, it is within your power to address this omission. I respectfully request your consideration of the below-discussed problem and swift action to prohibit an unethical practice in Texas.

Summary of the Problem:

Internet search engines (such as Google, Bing, and Yahoo) offer advertisements on a "Pay Per Click" (PPC) basis. Generally speaking, a PPC advertising program allows potential advertisers to select specific keywords or phrases for their ads—when a potential customer uses the search engine to search for the selected words or phrases, the advertiser's ads appear at the top or to the side of the results page. These PPC ads are brief, often containing little more than a link to a website and a few words of description. Thus, a search for "luxury cars" will produce a PPC link to the Mercedes website if Mercedes has selected that phrase to trigger its advertisements. However, a PPC advertiser does not purchase the exclusive rights to specific words or phrases, and specific words or phrases can be selected by any number of advertisers. This leaves open the possibility of the following scenario:

Attorney A and Attorney B practice in the same geographic area in the same field of law but are otherwise unaffiliated and in fact compete to represent potential clients. Attorney B's name is trademarked. Attorney A initiates a PPC campaign, selecting Attorney B's name as one of his keywords. As a result, when an internet user searches for the term "Attorney B," advertisements with a link to Attorney A's website are displayed along with the actually sought-for search results. Nothing in Attorney A's advertisement indicates he is unaffiliated with Attorney B.

I believe that this type of advertising practice violates a number of existing Texas Ethics Rules by implication and I have filed a formal request with the Professional Ethics Committee for a ruling to that effect. A copy of that request is enclosed with this letter as an exhibit. However, I recognize that the existing rules do not expressly address PPC advertising and that further clarity is needed. The balance of this letter explains why a new ethics rule should expressly prohibit the misuse of PPC advertising by Texas attorneys.

Arguments and Authorities:

Attorney A's PPC Advertisements Undermine the Protections of Trademark Law:

Any given trademark has two intended purposes, to identify the provider of a service so that the public may be confident it is acquiring the service it expects, while also protecting the trademark owner's investment of energy, time, and money in the mark from free-riders. *See Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 163-64 (1995). By using Attorney B's trademarks as PPC keywords, Attorney A's advertisements undercut both these purposes.

First, Attorney A's failure to indicate anywhere in his ads that he is unaffiliated with Attorney B undermines the protection that trademark law offers the public. An internet user who enters Attorney B's trademarks into a search engine expects to see results connected to Attorney B. But thanks to Attorney A's PPC campaign, the internet user is also presented with generic links to a lawyer purporting to practice in Attorney B's field. The user must click on the generic link to learn that it does not go to Attorney B's website, and even then there mere may be an expectation that this new lawyer is somehow affiliated with Attorney B. Trademarks are intended to reduce consumer confusion; Attorney A's advertisements do the exact opposite. If this letter results in no other action, the State Bar should at a minimum require that attorneys place appropriate disclosures in their PPC advertisements.

But even regulation of PPC content does not protect the second purpose of trademark law from Attorney A's practice. Attorney B will have invested substantial resources in establishing and maintaining his trademarks in the public consciousness. By using those trademarks as PPC keywords, Attorney A is able to "jump to the front of the line" so to speak, achieving the same penetration of public consciousness without a concomitant investment. Whenever a link to Attorney B's website is provided, Attorney A's website will appear too, yet only Attorney B must work to maintain the trademark. This unfairness weighs in favor of the State Bar rejecting trademark PPC advertising in its entirety.

As PPC advertising is a relatively new technology, the law in this area is not fully developed in the United States. However, several other jurisdictions, from Europe to New Zealand, have begun to prohibit the use of trademarks as PPC keywords on the basis of these concerns. *See, e.g. Interflora v. Marks & Spencer*, [2013] EWHC (Ch) 1291 (High Court of England and Wales recognizing that trademarked PPC keywords can cause consumer confusion). Thus, while this is not a problem limited to Texas, the State Bar can and should act to address it within Texas.

Attorney A's Advertisements are Inconsistent with the Ethical Standard for Texas Attorneys:

Separate and apart from any trademark law issues, keyword selection for PPC advertisements implicates ethical concerns. As the Supreme Court of Texas and Court of Criminal Appeals so eloquently declared when they promulgated the Texas Lawyer's Creed in 1989, a lawyer's conduct should be characterized at all times by honesty, candor, and fairness, aspiring to the "highest degree of ethical and professional conduct." There can be little question that Attorney A's advertising practice violates the spirit of this charge.

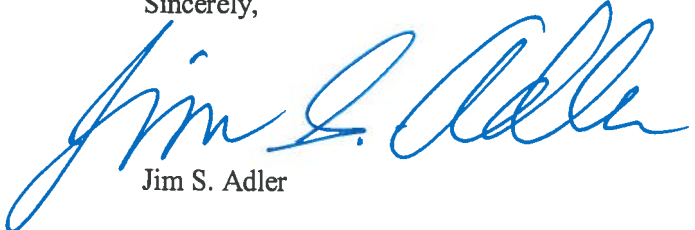
As I expressed in my letter to the Professional Ethics Committee, enclosed as an exhibit hereto, the misrepresentation and dishonest aura surrounding this type of PPC advertising (especially the use of trademarked keywords) seems to fall within the ambit of several existing ethics rules. I respectfully direct you to that letter for a richer discussion of these concerns. But even if the Ethics Committee ultimately determines there is no technical violation of the existing rules, those like Attorney A should have no defense—hiding in the murky gray between technicalities is far from the ethical standard to which Texas attorneys are called. A new, explicit rule will be necessary to directly address PPC advertising and flush out any possible refuge for this practice in Texas.

Models for such a rule already exist. The North Carolina State Bar recently determined that Attorney A's behavior would violate the ethics rules for that state. *See* N.C. State Bar 2010 Formal Ethics Opinion 14 (April 27, 2012). And the National Association of Realtors has expressly prohibited its members from "deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic." NAR Code of Ethics Article 12-10. If realtors are held to such a standard, attorneys surely should be too. Our ethical obligations should be proportionate to our weighty responsibilities.

Conclusion:

Though the ethical concerns guiding Texas attorneys are timeless, the rules guiding and guarding the expression of those concerns must advance with the times. PPC advertising based on trademarked keywords is a newer technology, but attorneys who abuse this technique should not escape oversight on the basis of novelty alone. I trust that this Honorable Court and its Rules Committee will act swiftly to shore up the appropriate ethics rules and ensure that the practice of law in Texas remains subject to the highest ethical standards.

Sincerely,



Jim S. Adler

Enclosures: as stated

Jim S. Adler
William S. Adler
Angie Boone
Ryan B. Evans
David Feldman
Robert A. FitzPatrick
J. Martin Futrell * † ‡
Michael Gomez †
Javier Gonzalez
Justin H. King
John T. Kovach
Lora R. Lozano
‡ Member - College of the State Bar of Texas
* Also Licensed in Colorado
* Also Licensed in New Jersey



3D International Tower
1900 West Loop South, 20th Floor
Houston, Texas 77027-3214
(713) 777-4000 or (800) 683-8383
Facsimile (713) 953-9550
www.jimadler.com

Jose Roberto Marroquin
Eugene V. Olshevskyy
Phillip J. Orth, III
Debra L. Paiz
Frank W. Robertson
Kyle D. Schnitzer
§ James D. Skelton
Langdon Smith
Aaron Spahr
Chelsea R. Tucker
♦ P. Andrew Wilbur
§ Licensed in Minnesota
♦ Also Licensed in New York
† Also Licensed in North Carolina
♦ Also Licensed in Pennsylvania

March 27, 2014

Via CMRRR:

Michelle Jordan, Attorney Liaison
State Bar of Texas
Office of the Chief Disciplinary Counsel
P.O. Box 12487
Austin, Texas 78711

COPY

RE: *Request for Ethics Opinion*

Dear Ms. Jordan,

I write to you in order to request an ethics opinion from the Texas State Bar Professional Ethics Committee. Pursuant to the guidelines posted on the State Bar website for such a request, please find the following included below in this letter:

1. A scenario of background facts;
2. The questions presented;
3. A discussion of applicable authority.

I further certify that the questions presented are not, to the best of my knowledge, currently in litigation.

Scenario of Background Facts:

Attorney A participates in an Internet search engine company's search-based advertising program. The program allows advertisers to select specific words or phrases that should trigger their advertisements. An advertiser does not purchase the exclusive rights to specific words or phrases. Specific words or phrases can be selected by any number of advertisers.

One of the keywords selected by Attorney A for use in the search-based advertising program was the name of Attorney B, a competing lawyer in Attorney A's town with a similar practice. Attorney A's keyword advertisement caused a link to his website to be displayed on the search engine's search results page any time an Internet user searched for the term "Attorney B" using the search engine. Attorney A's advertisement may appear to the side of or above the sought-for search results, in an area designated for "ads" or "sponsored links."

Attorney B never authorized Attorney A's use of his name in connection with Attorney A's keyword advertisement, and the two lawyers have never formed any type of partnership or engaged in joint representation in any case. However, nothing in Attorney A's advertisement indicates he is unaffiliated with Attorney B.

Question Presented:

Does Attorney A's selection of a competitor's name as a keyword for use in a search engine company's search-based advertising program violate the Rules of Professional Conduct? Would it make a difference if Attorney A's advertisement prominently indicated that he is not affiliated with or endorsed by Attorney B? Would it make a difference if Attorney B's name was trademarked?

Discussion of Applicable Authority:

The aforementioned fact scenario would seem to implicate at least two different provisions of the Texas Rules of Disciplinary Conduct. The first is Rule 7.02(a), which prohibits any "false or misleading communication about the qualifications or the services of any lawyer or firm." A communication is further defined as "false or misleading" if it "omits a fact necessary to make the statement considered as a whole not materially misleading." Tex. Disciplinary R. Prof. Conduct 7.02(a)(1). Comment 3 to Rule 7.02 explains that "[a] truthful statement is also misleading if there is a substantial likelihood that it will lead a reasonable person to formulate a specific conclusion about the lawyer or the lawyer's services for which there is no reasonable factual foundation."

Under these facts, there would seem to be a substantial likelihood that a reasonable person would conclude Attorney A is somehow affiliated with, endorsed by, or otherwise professionally linked to Attorney B. In reality, there is no reasonable factual foundation for this conclusion, as Attorney B never even authorized the use of his name in connection with Attorney A's advertisement, much less coordinated business with Attorney B. Thus, Attorney A's advertisement misleads Attorney B's prospective clients about the nature of Attorney A's services. Rule 7.02 does not require evidence of actual confusion by a prospective client; deceptive advertising in and of itself violates the rule. *See Rodgers v. Comm'n for Lawyer Discipline*, 151 S.W.3d 602, 612 (Tex. App.—Fort Worth 2004, pet. denied).

The second potentially violated provision of the Disciplinary Conduct Rules would be Rule 8.04(a)(3), which prohibits a lawyer from engaging "in conduct involving dishonesty, fraud, deceit or misrepresentation." Of course, any "false or misleading" statement under Rule 7.02 would concurrently violate the "misrepresentation" provision of Rule 8.04. But Attorney A's conduct in the described facts could also independently violate the "dishonesty" provision of this rule. Under these facts, Attorney A is targeting not merely potential clients who have searched for an attorney in a general field, like "personal injury" or "criminal defense," but those potential clients who have expressly searched for Attorney B. In other words, Attorney A's advertisement dishonestly piggybacks on the recognition associated with Attorney B's name, an unfair business practice that exploits the commercial value of Attorney B's name in order to benefit Attorney A. Indeed, in the scenario where Attorney B's name is trademarked, Attorney A's unauthorized use of that name as a keyword "meta tag" could be outright trademark infringement. *See I & JC Corp. v. Helen of Troy L.P.*, 164 S.W.3d 877, 888 (Tex. App.—El Paso 2005, pet. denied).

Even in the absence of trademark infringement, it is worth noting that the North Carolina State Bar found, under substantially identical facts, that Attorney A's behavior would constitute a violation of North Carolina Rule of Professional Conduct 8.4(c). *See* N.C. State Bar 2010 Formal Ethics Opinion 14 (Apr. 27, 2012), available at <<http://www.ncbar.com/ethics/ethics.asp>>. The language of North Carolina's Rule 8.4(c) is virtually identical to Texas Disciplinary Rule 8.04(a)(3).

In any event, this discussion of applicable authorities is not intended to be exhaustive and there may be other Rules of Disciplinary Conduct implicated by the aforementioned fact scenario. I leave it to the sound discretion of the Professional Ethics Committee to consider any other potential disciplinary rule violations.

Conclusion:

As attorney advertising on the internet proliferates, I believe the scenario in this letter is an increasingly common one, both within Texas and across the nation. A search of existing ethics opinions in Texas did not reveal any authority on-point. As a result, the guidance of the Professional Ethics Committee on the ethical ramifications of this behavior remains sorely needed.

I thank you for your consideration of this scenario, and I look forward to your swift response.

Sincerely,

Jim S. Adler