

1 KEKER & VAN NEST, LLP
 MICHAEL H. PAGE - #154913
 2 MARK A. LEMLEY - #155830
 RAVIND S. GREWAL - # 220543
 3 710 Sansome Street
 San Francisco, CA 94111-1704
 4 Telephone: (415) 391-5400
 Facsimile: (415) 397-7188

5 Attorneys for Plaintiff
 6 GOOGLE INC.

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UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA

GOOGLE INC., a Delaware corporation,
 Plaintiff,
 v.
 AMERICAN BLIND & WALLPAPER
 FACTORY, INC., a Delaware corporation
 d/b/a decoratetoday.com, Inc., and DOES 1-
 100, inclusive,
 Defendants.

Case No. C 03-5340 JF EAI
**COMPLAINT FOR DECLARATORY
 JUDGMENT OF NON-INFRINGEMENT**

1 For its complaint, Plaintiff Google Inc. (“Google”), by and through its attorneys Keker &
2 Van Nest, LLP, avers as follows:

3 **THE PARTIES**

4 1. Google is a corporation organized under the laws of the State of Delaware, with
5 its principal place of business in Mountain View, California, which is within the Northern
6 District of California. Google is, and was at all times herein mentioned, qualified to do business
7 in California. Google provides Internet search engine services to Internet users and advertising
8 services to individuals, businesses and educational and governmental entities involved in Internet
9 sales and marketing, including numerous individuals and entities within the jurisdiction of this
10 Court.

11 2. Defendant American Blind & Wallpaper Factory, Inc. d/b/a decoratetoday.com,
12 Inc. (“American Blind”), is a corporation organized under the laws of the State of Delaware.
13 Based on information and belief, American Blind is engaged in the business of selling blinds,
14 wallpaper, curtains, bedding, lighting and other furnishings and accessories related to interior
15 decorating, and advertises and sells such products via the Internet to customers within the
16 jurisdiction of this Court.

17 **VENUE AND JURISDICTION**

18 3. Jurisdiction is proper in this court because this litigation arises under federal law,
19 namely 17 U.S.C. § 1051 et seq. (Lanham Act). The Court has jurisdiction over this action under
20 28 U.S.C. § 1331 (federal question), 28 U.S.C. § 1338(a) (trademarks), and 28 U.S.C. § 2201
21 (Declaratory Judgment Act).

22 4. This Court has personal jurisdiction over American Blind because American
23 Blind, on information and belief, conducts business in the State of California and within this
24 district, including contracts with California corporations and the advertising and sale of its
25 products through the Internet to California residents.

26 5. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and 1391(c).

27 6. An actual case or controversy has arisen between the parties. American Blind has
28 threatened litigation against Google, and has asserted that Google’s sale of keyword-triggered

1 advertising services constitutes trademark infringement. These statements threaten injury to
2 Google.

3 **GENERAL ALLEGATIONS**

4 **I. Google's Keyword-Triggered Advertising**

5 7. Google's free Internet search engine is the most widely-used Internet search
6 engine in the world. It answers hundreds of millions of user searches and covers billions of web
7 pages each day.

8 8. Google also sells a number of products and services to individuals and business,
9 educational and governmental entities. One of the programs Google offers to its business
10 customers is a keyword-triggered advertising program entitled "AdWords." Google has offered
11 this program since October 2000.

12 9. Google's AdWords program permits Google's advertising customers to purchase
13 advertising links associated with certain keywords. Google posts the links on the margins of its
14 search engine results pages based on whichever keywords appear in user queries posted to
15 Google's Internet search engine. Google's advertising customers pay Google based on the
16 number of Internet users who click on these advertising links.

17 10. Google's advertisers, not Google, select the keywords that will trigger their
18 advertisements. Thus, for example, a computer hardware retailer might select keywords such as
19 "computer," "hard drive," "memory," and the like. Then, whenever a user entered a search
20 string containing any of those keywords, that retailer's paid advertisement would appear
21 alongside the search results.

22 **II. The Present Dispute**

23 11. On July 23, 2002, Google received a letter from Susan Greenspon, an attorney at
24 Kelley Drye & Warren LLP ("Kelly Drye"), counsel to American Blind. A copy of that letter is
25 attached as Exhibit A hereto. Ms. Greenspon claimed that several of American Blind's
26 competitors "have purchased advertising keywords from Google that are identical or
27 substantially similar to [American Blind's] registered trademarks." Ms. Greenspon claimed that
28 American Blind is the registered owner of the following trademarks listed with the United States

1 Patent and Trademark Office (“USPTO”): “AMERICAN BLIND & WALLPAPER
2 FACTORY,” Reg. No. 2,022,025, “AMERICAN BLIND FACTORY,” Reg. No. 1,463,548, and
3 “DECORATETODAY,” Reg. No. 2,470,542. Ms. Greenspon further claimed that many of
4 American Blind’s competitors “have exploited the notoriety and success of [American Blind]”
5 and “flagrantly attempted to confuse customers and capitalize illegally on [American Blind’s]
6 goodwill and reputation by purchasing substantially similar keywords from search engines.”

7 12. Ms. Greenspon then presented a list of keywords whose use by Google’s
8 advertisers allegedly constituted infringement of American Blind’s registered marks, including
9 “american blind,” “american blind and wall covering,” “american blind and wallpaper,”
10 “american blind and wallpaper co,” “american blind and wallpaper company,” “american blind
11 and wallpaper discount,” “american blind and wallpaper factory,” “american blind and wallpaper
12 factory discount,” “american blind and wallpaper outlet,” “american blind company,” “american
13 blind discount,” “american blind factory,” “american blind wallpaper,” “american blind
14 wallpaper company,” “american blind wallpaper factory,” “american home decorating,”
15 “american wall covering,” “american wallpaper,” “american wallpaper and blind,” “american
16 wallpaper company,” “american wallpaper discount,” “american wallpaper factory,”
17 “americanblind,” “americanblindfactory.com,” “americanblindandwallpaperfactory.com,”
18 “americanhomedecorating.com,” “americanwallpaper,” americanwallpaperfactory.com,”
19 “decorate today,” “decorate today discount,” “decoratetoday,” “decorate today.com,”
20 “decoratetoday .com,” “decoratetoday com,” “decoratetodaycom,” and “decoratetoday.com.”

21 Ms. Greenspon requested that Google “immediately” cease allowing its customers to purchase
22 any of these terms as advertising keywords, remove all such keywords from its customers’
23 advertising campaigns, and “remove all advertisers who have purchased such marks (including
24 Wallpaper Wholesaler, Tuggles.net, ezblinds, USA Wallpaper, Window Designer, and Blinds
25 Galore).”

26 13. Kelley Drye subsequently acknowledged that it had a conflict of interest in
27 representing American Blind, because it also represented Google in another matter. Google was
28 instructed to contact American Blind directly to resolve the matter.

1 14. On September 26, 2002, Rose Hagan, Google's Senior Trademark Counsel, spoke
2 with Bill Smith, an American Blind executive, and explained that Google could block American
3 Blinds trademarks "American Blind & Wallpaper Factory," "American Blind Factory," and
4 "DecorateToday" from being used as keywords by other Google customers, but that Google
5 could not block variant terms such as "American blind" or "American wallpaper," because these
6 were descriptive terms that other advertisers had the right to use. Ms. Hagan further explained
7 that the software that implemented Google's AdWords service used a "broad matching"
8 algorithm to deliver advertising results in response to user queries on Google's search engine,
9 and therefore, if advertisers had selected generic terms such as "blind" or "wallpaper," their
10 advertisements would be triggered by a user search for "American blind" or "American
11 wallpaper."

12 15. On January 10, 2003, Glenn Manishin, another attorney at Kelly Drye, sent an
13 email to Google repeating American Blind's contention that Google was selling advertising links
14 to American Blind's competitors that used keywords which infringed American Blind's
15 trademarks.

16 16. On July 11, 2003, Joe Charno, American Blind's Vice President of Marketing,
17 Advertising & E-Commerce, sent a letter to Google repeating American Blind's contention that
18 Google's sale of various keywords to its business customers permitted those entities to confuse
19 customers and "capitalize illegally" on American Blind's goodwill and reputation. A copy of
20 this letter is attached hereto as Exhibit B. Mr. Charno again presented Google with a list of
21 keywords whose use by Google's advertisers allegedly constituted infringement of American
22 Blind's registered marks. This list was substantially similar to the list of terms contained in Ms.
23 Greenspon's July 23, 2002 letter. Mr. Charno demanded that Google immediately cease
24 permitting The Blind Factory, a competitor to American Blind, to use these keywords in
25 keyword-triggered advertising. Mr. Charno stated that should Google not comply with its
26 request "in the next 7 days we will have no choice but to involve our legal department."

27 17. On November 12, 2003, Mr. Manishin sent an email to Google restating
28 American Blind's contention that Google was improperly allowing American Blind's

1 competitors to purchase terms associated with American Blind’s registered marks as advertising
2 keywords. Mr. Manishin stated that American Blind “has asked us to prepare a Vuitton-type
3 lawsuit if the matter cannot be resolved.” On August 6, 2003, Luis Vuitton SA sued Google and
4 its French subsidiary for trademark infringement arising out of Google’s posting of links to
5 companies and other organizations that have paid to associate themselves with certain keywords.
6 Mr. Manishim also stated that “we value Google as a client and very much hope we can continue
7 to represent you on other matters in the future.”

8 18. While Google has agreed to prevent other entities from using American Blind’s
9 registered marks themselves as keywords, Google believes and maintains that descriptive terms
10 (including terms such as “blind,” “wallpaper,” and “factory,” which are component parts of
11 American Blind’s trademark) are not entitled to any such treatment, and that Google’s sale of
12 keyword-triggered advertising does not violate the Lanham Act.

13 **CLAIMS FOR RELIEF**

14 **CLAIM ONE**

15 **(Declaratory Judgment of Non-infringement of Trademarks, 15 U.S.C. § 1051 et seq.)**

16 19. Google incorporates by reference the allegations contained in paragraphs 1
17 through 18, inclusive.

18 20. American Blind has claimed that Google’s sale of keyword-triggered advertising
19 to various of its customers constitutes trademark infringement, and has threatened to bring a
20 lawsuit against Google on this basis.

21 21. An actual, present and justiciable controversy has arisen between Google and
22 American Blind concerning Google’s right to sell keyword-triggered advertising to its customers.

23 22. Google seeks declaratory judgment from this Court that its current policy
24 regarding the sale of keyword-triggered advertising does not constitute trademark infringement.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, Google respectfully requests that the Court:

27 23. Enter judgment according to the declaratory relief sought;

28 24. Award Google its costs in this action;

