

CRAIN'S DETROIT BUSINESS

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THIS JUST IN

NSF to test supplements for pro football

Ann Arbor-based **NSF International** has been chosen by the **National Football League** and the **NFL Players Association** to test foods and dietary supplements to determine if they contain substances banned by the NFL.

This is the first program nationwide to link a professional sports league with a nonprofit public health and safety company, said Kathleen Pompliano, general manager of NSF's dietary supplements program.

The NFL and players association will refer manufacturers of multivitamins, pre-workout supplements, post-workout recovery supplements, snack bars and joint-support formulas that wish to seek the new certification to NSF for testing of their products. The manufacturers will pay for the testing.

NSF is a nonprofit that writes and enforces standards for food, water, air and consumer products.

— Sherri Begin

CareTech moves across Oakland County

CareTech Solutions Inc. has moved its headquarters from Southfield to Troy.

James Giordano, CareTech CEO, said the move was completed in December. The company moved its executive staff along with accounting and human-resources departments from 25800 Northwestern Highway in Southfield.

CareTech has signed a five-year lease for 34,000 square feet at 901 Wilshire Drive, near Crooks and Big Beaver roads, which already housed its help desk and shared services groups. About 120 of CareTech's 670 employees will work in Troy.

CareTech is owned by Detroit-based **Compuware Corp.**, **The Detroit Medical Center** and Dearborn-based **Oakwood Health Care Inc.**

— Andrew Dietderich

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Steel prices hammer suppliers

Shortages, raw material costs erase gain from tariff repeal

BY TERRY KOSDROSKY
CRAIN'S DETROIT BUSINESS

Auto suppliers encouraged by last year's repeal of steel tariffs are finding steel prices just as high as when the tariff went into effect.

A coke shortage, higher raw material costs and high shipping costs prompted most steel mills to raise prices 20 to 30 percent per ton. The area's largest steelmaker, **U.S. Steel Corp.**, also will add a \$30-a-ton surcharge to prebooked or-

ders beginning Feb. 1.

The tariff repeal hasn't helped. Foreign steelmakers aren't as eager to ship slabs here because of the dollar's decline in value and higher demand in China.

"This is something that's affecting all suppliers across the industry," said Krista McClure, senior director of corporate communications for Troy-based auto supplier **ArvinMeritor Inc.**

The situation is squeezing auto

supplier profits at a time when some expected to start seeing the benefits of last year's cost-cutting coupled with higher revenue this year. Suppliers likely won't be able to pass the cost along to customers such as **General Motors Corp.**, **Ford Motor Co.**, and **DaimlerChrysler AG.**

"When we had a meeting recently, I asked how many people were successful getting an increase from a customer when the steel tariffs were implemented. Nobody raised their hand," said Neil De Koker, president of the **Original Equipment Supplier Association** based in Troy. "Why would you expect it to be any different now?"

It's an added cost suppliers

might have to eat. One steel service center manager said her company simply has to pass the cost along to auto suppliers. Steel service centers typically buy steel from a mill or broker, cut and slit it to specifications and sell it back to auto suppliers and automakers.

The surcharge makes the impact more severe than last year when prices spiked in January, said Marnie Schmidt, a partner at Roseville-based **Alkar Steel and Processing Corp.** Some mills added surcharges to orders already on the books.

"It's not even the poker game it used to be about whose margin

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SEARCHING FOR ANSWERS

How do Google's sponsored links work?

Advertisers select certain search terms as keywords. When a Google user types in those keywords, links to the advertisers appear in the "Sponsored Links" column along the right-hand side of the page of search results.

What is American Blind's complaint?

Other companies can buy placement in sponsored links for terms that are American Blind trademarks, which the company says violates its rights.

What does Google say?

Google says the keywords are being used as descriptive terms, and thus their use in linking to other companies does not violate trademark law.

Googling for dollars

Plymouth company's trademark lawsuit could change landscape of Web-search advertising

BY ANDREW DIETDERICH
CRAIN'S DETROIT BUSINESS

A Plymouth company's battle with **Google Inc.** and other Internet companies could redefine the law on Internet advertising and hurt business for those dependent on the Web for revenue.

American Blind and Wallpaper Factory Inc., which also does business as **Decoratetoday.com Inc.**, filed suit Tuesday in U.S. District Court Southern District of New York against **Google**, **AOL Inc.**, **Netscape Communications Corp.**, **CompuServe Interactive Services Inc.**, **Ask Jeeves Inc.** and **Earthlink Inc.**

The primary focus of the suit is Google. The other companies are listed because they use Google services.

The suit comes two months after Google filed a separate suit Nov. 26 over the same issue in U.S. District Court Northern Division of California.

The issue?

Whether search engines such as Google can prohibit advertisers from using trademarked keywords to direct searchers to their sites.

"We spend millions of dollars annually to build brand awareness and cannot stand idle while Google allows our competitors to ride our coattails," said Steve Katzman, CEO of American Blind. "We've worked hard at building our online business and cannot allow those efforts to be undermined so Google can make a profit. It's about protecting what should already be protected, being there for the consumer when the consumer is looking for you."

Google attorneys did not return two phone calls placed Thursday and Friday. However, in the November complaint, Google said the program is legal because the key-

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ProQuest may consolidate at Domino's Farms

BY LAURA BAILEY
AND JENNETTE SMITH
CRAIN'S DETROIT BUSINESS

ProQuest Co. is considering consolidating its five Washtenaw County locations under one roof at Domino's Farms in Ann Arbor Township.

But ProQuest (NYSE: PQE) also is evaluating other sites in Southeast Michigan and Ohio to house about 1,000 employees now working in the Ann Arbor area, including about 650 at its headquarters on Zeeb Road near I-94 in Scio Township.

The final decision, expected within three to six months, will depend on local and state tax incentives along with employee considerations, said Kevin Gregory, senior vice president and CFO. "We've been here a long time. Obviously, moving to another state would be a disruption."

ProQuest's flagship product is an online information service that archives thousands of current and historic periodicals and newspapers. It also sells oth-



Gregory

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Granholtz, hospitals ask for Medicaid help

BY AMY LANE

CAPITOL CORRESPONDENT

LANSING — Faced with the June expiration of federal Medicaid dollars worth more than \$168 million this year to Michigan, hospitals and the Granholtz administration are pressing Washington for help.

They want Congress to extend federal relief that's helped Michigan and other states weather growing Medicaid populations and reduced state funding. The money has flowed to states as part of a May 2003 temporary fiscal relief package, increasing the federal share of Medicaid program costs and helping states hold off more severe cuts to benefits, eligibility or providers.

But that 2003-2004 help, and other federal money, is drying up. In Michigan, loss of federal funds is a major contributor to an expected

\$500 million Medicaid shortfall, about half the state's \$1 billion fiscal 2005 budget problem.

On Feb. 12, the Granholtz administration will unveil its proposed budget and how it will address the Medicaid issue. Hospitals and others have been worried about having to make further cuts to counteract the cost of record-high Medicaid enrollment and reduced federal assistance.

Hospitals say they are not in the position to withstand additional, significant reductions, in the wake of Medicaid provider cuts that have totaled \$500 million between 1998 and 2003. The Michigan Health & Hospital Association has asked Michigan's congressional delegation for legislation that extends special two-year Medicaid matching assistance.

State Medicaid Director Paul Reinhart, deputy director for Michigan's Medical Services Admin-

istration, said Gov. Jennifer Granholtz's Washington office also is working with the congressional delegation and other states to extend the federal relief or find other funding mechanisms.

Beyond the end of the two-year relief, in fiscal 2005 Michigan will lose \$150 million in other special Medicaid financing to states, passed under President Clinton's administration and being phased out. Both federal revenue sources have been spread throughout the Medicaid program to support health care coverage to low-income Michigan families.

The \$318 million federal revenue loss, combined with increased payments to health plans and higher Medicaid costs associated with enrollment and inflationary factors such as more expensive drugs and treatments, makes up the \$500 million Medicaid problem facing the state as they draw up the budget.

Greg Bird, press secretary for the state budget office, said the administration is still making budget decisions and neither he nor Department of Community Health officials could discuss possible Medicaid actions.

In Michigan, Medicaid enrollment has swelled as people have lost jobs where they had health coverage. The Medicaid caseload was 1.35 million in December, up 7,500 from the previous month. State officials were unable to provide projections for future enrollment. But they hope that economists' predictions that unemployment will start to stabilize and decline hold true.

"If they're right about that, I think you could expect the same to happen with the Medicaid caseload," Reinhart said.

Amy Lane: (517) 371-5355, alane@crain.com

Google: Local lawsuit could affect search-engine ads

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words are used to describe and not to deceive consumers about what company is selling products.

American Blind and Google have been locked in battle since July 2002. That's when American Blind first asked Google not to allow other companies to use the phrase "American Blind" and nearly 40 variations to trigger advertisements for competitive sites.

Google agreed to block three trademarked variations, "American Blind & Wallpaper Factory," "American Blind Factory" and "DecorateToday."

However, American Blind subsequently contacted Google three more times in 2003, disputing the use of other keywords.

That's when Google filed its complaint to head off potential litigation.

American Blind contends in its suit that Google is violating the Lanham Act, which provides trademark protection, by selling the keywords to other advertisers.

American Blind has more than six million customers worldwide and revenue of more than \$100 million, according to the lawsuit. The company said it gets more than

30,000 hits a day to its Web site, has spent more than \$10 million developing the site and spends more than \$1 million a year maintaining, enhancing and updating the site.

American Blind also says that it employs more than 50 full-time employees in connection with its Internet operations.

Google's program called AdWords allows companies to purchase advertising links associated with certain keywords, the words Web users type to find information for whatever they're searching. Google posts the links on the margins of its search-engine results page. Google's advertising customers pay Google based on the number of people who click on the advertising links.

It can make or break some companies.

Canton Township-based RepairClinic.com sells appliance parts for more than 80 brands, mostly via the Web.

Chris Hall, president of RepairClinic.com, said he has registered about 2,000 keywords in association with his Web site and paid for advertising links, including many brand names.

Do a Google search for "Maytag," for example, and RepairClinic.com's paid advertising link pops up in the right margin.

It works, too: He said he gets about 50,000 hits a month.

However, Hall said he ran into problems when he listed "Sears" as one of his keywords because he sells Kenmore products, a Sears house brand.

Sears contacted Google and persuaded the company to remove "Sears" from being connected with RepairClinic.com.

Hall estimates it costs him more than \$5,000 a month in lost sales, but prefers to try to work out a solution before going to court.

If the trend continues though, he said, or the court rules such keywords are trademark infringements, Hall knows the fate of his business.

"We'd be forced to go out of business because our traffic would be so drastically reduced," he said.

Susan Kornfield, chair of the intellectual-property practice group at Ann Arbor-based Bodman, Longley and Dahling L.L.P., said there's only one trademark law, not different laws for TV, print, radio or any

other form of media.

She said it appears that the manner in which the keywords are being used is within the scope of law and not much different than car companies or fast-food restaurants mentioning competitor products in their ads.

"It can't be misleading, it can't be deceptive, it can't be confusing and it can't be false," Kornfield said. "If I describe your product with your mark, I'm not branding my product with your mark, I'm simply talking about your product."

Michael Khoury, an intellectual-property attorney with Southfield-based Raymond & Prokop P.C., said



Khoury

Google would have to redraw its business model if the courts rule against it.

"My gut feeling is that use of keywords in this manner will not be an infringement of the trademark," he said.

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