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Attorneys for Plaintiff
EBAY INC, a Delaware corporation.

UNITED STATES DISTRICT COURT
DISTRICT OF UTAH

EBAY INC., a Delaware corporation,
Plaintiff,

v.

I WORKS, INC., a Utah corporation, and
JEREMY JOHNSON, an individual,
Defendants.

CONSENT DECREE AND FINAL
JUDGMENT

Case No. 2:03CV00744 BSJ

Plaintiff eBay Inc., a Delaware corporation ("eBay"), on one hand, and defendants I Works, Inc., a Utah corporation, and Jeremy Johnson, an individual residing at St. George, Utah (collectively, "Defendants"), on the other hand, by their undersigned attorneys, have settled this matter, and hereby stipulate and agree to the following findings of fact and conclusions of law:

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FINDINGS OF FACT

1. Defendant I Works, Inc. is a corporation incorporated in the State of Utah and doing business in St. George, Utah under the name of "eBay Solutions."

2. Defendant Johnson is an individual residing in the State of Utah and president of defendant I Works.

3. Founded in 1995, eBay is the world's most popular Internet marketplace, with its main web site at www.eBay.com and over 15 other international web sites. The eBay service allows registered sellers to list items for sale in an auction-style or fixed price format, while prospective buyers may browse or search listings and bid on or immediately purchase items. As of August 2003, there were over 16 million items available for sale on the eBay web sites at any time. Each day, over two million new items are listed for sale, and over five million separate bids are placed on items in over 35,000 different categories of goods, ranging from antiques to computers to cars to jewelry. In 2002, the total value of goods traded on eBay exceeded \$14 billion.

4. eBay also offers a variety of related services to its users such as currency conversion tools, charity auctions, theme-oriented pages, and many others that combine to make eBay a unique trading community offering substantial value to its users. Many small, medium, and even large businesses use the eBay service as an important channel for selling to their customers, and eBay has developed numerous services to help individuals and companies do business successfully on eBay.

5. For example, eBay offers a wide variety of training and informational services featuring information about online trading and how to buy and sell successfully on the eBay site. eBay's Learning Center contains information on eBay and marketing tips, including pages

dedicated to sellers at its “Seller Central” area of its site. eBay provides written and audio tutorials, board discussions, and newsletters on selling and buying on eBay. eBay also offers *The Official eBay Bible*, a book that teaches how to be a successful eBay buyer or seller. eBay provides downloadable software to help users create listings and manage their sales.

6. eBay also facilitates sellers’ sales and listing activities on eBay through the “eBay Stores” program, by which sellers may open their own unique web pages within the eBay site, from which they can offer a variety of different items. eBay offers educational seminars in a number of locations across the country through its “eBay University” program, with instruction for sellers, including advanced sellers. eBay presents “eBay Live!,” an annual conference offering seminars on successful eBay trading to eBay buyers and sellers.

7. eBay coined the trademark EBAY and has been using it at least as early as September 1995 to identify its online trading services. Through its extensive use and promotion of the EBAY mark in connection with these and other goods and services, eBay has acquired broad common law rights in the mark. As a fanciful trademark, EBAY is strong and highly distinctive of eBay’s goods and services.

8. eBay brands its goods and services with a highly distinctive logo, comprising the unusual capitalization of “eBay” and seven colors (the “EBAY and Design mark”). Since its first commercial use in January 1998, the distinctive EBAY and Design mark has become broadly recognized by consumers and members of the public in the U.S. as signifying eBay as the source of goods or services offered under that mark. (The EBAY mark and the EBAY and Design mark are referred to herein as the “EBAY marks.”)

9. One of the cornerstones of eBay’s success is its development of a safe and dependable trading platform and related services. eBay has invested substantial resources in

promoting honest dealing and preventing fraud on the eBay service. eBay posts information on its site regarding safe trading and instructs users in how to report fraud. Additionally, eBay facilitates a feedback forum in which its users can provide comments on other users and discuss safety issues. eBay retains employees who investigate reports of inappropriate trading behavior and fraud, and provides a Verified Rights Owners Program (VeRO) to protect intellectual property rights. Because of these and other efforts, the EBAY marks have come to be associated with the goals of honest dealing and safe trading on the Internet.

10. Moreover, because eBay has devoted substantial resources to advertising and promoting its services and products under the EBAY marks, the marks embody the substantial goodwill that eBay has earned as a result of providing high quality services and products. In addition to its own advertising efforts, eBay has been the subject of thousands of unsolicited articles in the media, including national and international print, radio, and television media highlighting eBay's pioneering and successful efforts in online trading.

11. As a result of eBay's own continuous publicity and promotion of the marks, in addition to the extensive and favorable unsolicited media publicity they have enjoyed, the EBAY marks are some of the best known marks in the online commerce field and among the general public, and are famous marks throughout the United States and internationally.

12. Because of the positive goodwill that they symbolize, eBay's trademarks are highly valuable assets of the company, and eBay has made extensive efforts to protect them through federal trademark registrations. eBay owns numerous federal registrations for the EBAY marks, which confer upon eBay the exclusive right to use the mark in commerce in connection with the goods or services specified in the registration, and a nationwide right of priority to use the mark on such goods or services as of the filing date.

13. eBay's many federal trademark registrations for the EBAY mark include, among others: U.S. Registration No. 2,218,732, issued January 19, 1999, first used September 4, 1995, in International Class 35 for "On-line trading services in which seller posts items to be auctioned and bidding is done electronically..." U.S. Registration No. 2,700,675, issued March 25, 2003, with a constructive first use date of January 13, 1999, in International Class 9, for "computer e-commerce software to allow users to perform electronic business transactions conducted in the form of an auction..." and U.S. Registration No. 2,700,836, issued March 25, 2003, in International Class 6, with a constructive first use date of January 13, 1999, for "publications, namely, a series of nonfiction books, concerning hobbies, collectibles, auctions, and a wide variety of products..."

14. eBay also owns the following federal trademark registrations for the EBAY mark: U.S. Registration No. 2,592,515, issued July 9, 2002, in International Class 38, first used May 15, 1999, for "telecommunications services, namely the electronic transmission of data and information; paging services," and U.S. Registration No. 2,744,717, issued July 29, 2003, in International Class 38, first used May 1996, for "providing an online, interactive bulletin board for the transmission of messages among computer users concerning hobbies, collectibles, trading, and the sale of items via a global computer network." eBay also has other pending applications to register this mark in the United States for a variety of goods and services.

15. In addition, eBay owns a federal registration for the EBAY & Design mark in color: U.S. Registration No. 2,410,023, issued December 5, 2000, in International Class 35, first used January 15, 1998, for "on-line trading services to facilitate the sale of goods by others via a computer network and providing evaluative feedback and ratings of sellers' goods and services,

the value and prices of sellers' goods, buyers' and sellers' performance, delivery, and overall trading experience in connection therewith."

16. eBay also owns the following federal registrations for the EBAY and Design mark: U.S. Registration No. 2,420,512, issued January 16, 2001, first used January 15, 1998, in International Class 35 for "On-line trading services in which seller posts items to be auctioned and bidding is done electronically..." U.S. Registration No. 2,468,781, issued July 17, 2001, first used September 1995, for "computer e-commerce software to allow users to perform electronic business transactions conducted in the form of an auction..." U.S. Registration No. 2,729,649, issued June 24, 2003, with a constructive first use date of December 23, 1998, for "publications, namely, a series of nonfiction books, concerning hobbies, collectibles, auctions, and a wide variety of products . . .," U.S. Registration No. 2,592,514, issued July 9, 2002, with a constructive first use date of April 10, 2000, for "telecommunications services, namely the electronic transmission of data and information; paging services," and U.S. Registration No. 2,735,542, issued July 8, 2003, with a constructive first use date of April 10, 2000, for "providing an online, interactive bulletin board for the transmission of messages among computer users concerning hobbies, collectibles, trading, and the sale of items via a global computer network." eBay also has other registrations for this mark and pending applications to register this mark in the United States for a variety of goods and services. In addition, eBay uses and owns federal registrations for the marks PAYPAL (U.S. Registration No. 2,588,408) and POWERSELLERS (U.S. Registration No. 2,648,557). All of the registrations referenced herein are valid, subsisting, and in full force and effect.

17. Defendants have offered and promoted products and services on the subject of doing business on eBay under the trademarks EBAY SOLUTIONS, EBAY EXPOSED, via the

Internet domain names ebaysolutions.biz and ebaymarketer.com, and at the www.ebaysolutions.biz and www.ebaymarketer.com web sites registered by iWorks, without eBay's authorization, approval, endorsement or affiliation. Defendants had actual knowledge of eBay before registering and using the domain names ebaysolutions.biz and ebaymarketer.com and trademarks EBAY SOLUTIONS, EBAY EXPOSED. eBay's famous trademark is displayed on all pages on the eBay.com site.

18. Defendants did business under the trade name EBAY SOLUTIONS, without eBay's authorization or approval. Defendants applied to the City of St. George, Utah for a business license to transact business under the fictitious business name EBAY SOLUTIONS, but abandoned that license before being requested by eBay to stop use of the EBAY mark.

19. On the eBay Solutions web site at www.ebaysolutions.biz, Defendants listed for sale an "eBay Exposed Business Kit" providing "Step by step instructions and inside secrets on how to set up a successful eBay auction site." The "eBay Exposed Business Kit" consisted of documents downloadable from the Internet . The www.ebaysolutions.biz web site also offered a service called "Surplus Alert," which consisted of a personalized web site for online commerce and support. Defendants' web site directed consumers to a toll-free number to order products and services.

20. Defendants have used the EBAY SOLUTIONS and EBAY EXPOSED marks or other marks that contain the term EBAY as trademarks for printed matter and software purportedly designed to help users sell products on the eBay service. Defendants have promoted such products by telemarketing calls, but represent that such calls were made through third party contractors of Defendants', now discontinued. eBay has received numerous complaints from

consumers regarding Defendants' telemarketing calls, which have created confusion among consumers regarding Defendants' affiliation with or endorsement by eBay.

21. Defendants or their agents have made or caused to be made telephone calls to many of eBay's registered users encouraging them to patronize the ebaysolutions.biz web site and/or buy EBAY SOLUTIONS or EBAY EXPOSED products and services, without eBay's authorization or approval.

22. Defendants' use of the EBAY SOLUTIONS and EBAY EXPOSED marks and other unauthorized uses of the EBAY mark has caused actual consumer confusion

23. Defendants acknowledge eBay's requests to discontinue use of the term EBAY and enter into this consent decree in order to avoid causing further injury to eBay, its reputation, or business through use of the EBAY marks.

24. eBay has sustained damages and incurred attorney's fees and costs totaling no less than Ten Thousand Dollars and No Cents (\$10,000.00) as a result of Defendants' actions.

CONCLUSIONS OF LAW

25. This Court has subject matter jurisdiction over the claims asserted by eBay under Section 39 of the Lanham Act, 15 U.S.C. § 1121, pursuant to 28 U.S.C. §§ 1331 and 1338. This Court has subject matter jurisdiction over the remaining claims asserted by eBay pursuant to 28 U.S.C. §§ 1332 and/or 1367. This Court also has personal jurisdiction over Defendants. Venue properly lies in the District of Utah pursuant to 28 U.S.C. § 1391(b), in that Defendants reside or do business in this district and a substantial portion of the events giving rise to the claims stated herein occurred in this district.

26. eBay has priority of use of the relevant trademarks in the United States.

Defendants did not begin to use the EBAY name and mark until well after eBay first began using the mark in commerce in 1995.

27. Defendants' unauthorized use of confusingly similar imitations of the EBAY marks is likely to cause confusion, deception, and mistake by creating the false and misleading impression that their products, their activities in promoting their products by telemarketing or otherwise, and that that any web site accessible through the www.ebaysolutions.biz or www.ebaymarketer.com Internet addresses, and any other content or products provided or activities conducted under the names EBAY SOLUTIONS, EBAY EXPOSED, are associated or connected with eBay, or have the sponsorship, endorsement, or approval of eBay, in violation of Sections 32 and 43(a) of the Lanham Act, 15 U.S.C § 1114, § 1125(a) and common law.

28. Because of the foregoing concerns of eBay, and in order to prevent eBay and its customers from being damaged, Defendants agree to cease their activities as indicated herein, and agree to cease any further such activities as may have caused a likelihood of confusion or deception of members of the trade or public and caused or potentially caused injury to eBay's goodwill and reputation as symbolized by its federally-registered EBAY marks.

29. eBay has extensively and continuously promoted and used the EBAY marks both in the United States and throughout the world, and these marks has thereby become famous and well-known symbols of eBay's goods and services, and thus are famous marks within the meaning of 15 U.S.C. § 1125(c).

30. Defendants agree to cease making or threatening to make commercial use in commerce of the EBAY SOLUTIONS and EBAY EXPOSED trademarks and trade name and the ebaysolutions.biz and ebaymarketer.com domain names, to avoid dilution of the

distinctiveness of the EBAY marks by eroding the public's exclusive identification of these famous marks with eBay, tarnishing and degrading the positive associations and prestigious connotations of the marks, and otherwise lessening the capacity of the marks to identify and distinguish eBay's goods and services. Such actions have caused irreparable injury to eBay's goodwill and business reputation, and dilution of the distinctiveness and value of eBay's marks in violation of 15 U.S.C. § 1125(c).

31. Defendants agree to cease using the terms EBAY SOLUTIONS and EBAY EXPOSED and from making or preparing to make false representations, false descriptions, and false designations of origin regarding their EBAY SOLUTIONS and EBAY EXPOSED products, services, and those offered by way of the ebaysolutions.biz domain name.

32. Defendants have registered and used domain names incorporating eBay's famous EBAY mark and combining it with merely descriptive terms, specifically, ebaysolutions.biz and ebaymarketer.com. Such registration and usage were not sponsored or approved by eBay and Defendants were not and never have been affiliated with or sponsored by eBay. Defendants agree to transfer registration of the ebaysolutions.biz and ebaymarketer.com domain name to eBay to avoid consumer confusion and dilution of eBay's mark. Defendants agree to cooperate fully with the process required to transfer the domain names, including promptly executing any and all documents necessary for the transfer.

33. The ebaysolutions.biz and ebaymarketer.com domain names incorporate a trademark, namely EBAY, that was both famous and distinctive at the time each domain name was registered.

34. Defendants acknowledge that Defendants have no legitimate trademark or other intellectual property rights in the eBay marks and agree to discontinue the use of

ebaysolutions.biz and ebaymarketer.com domain names, which use violates Section 43(d) of the Lanham Act, 15 U.S.C. § 1125(d).

35. Defendants' actions violate Utah Code Ann. § 13-5-1 et seq. ("Unfair Practices Act"), and the common law of Utah and have damaged and continue to damage eBay and the valuable EBAY mark, causing irreparable harm for which eBay has no adequate remedy at law.

Accordingly, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:**

1. That Defendants, their owners, directors, officers, agents, servants, employees, affiliates, and all persons acting in concert or participation with Defendants be and are permanently enjoined and restrained from:

(a) making any use of the EBAY SOLUTIONS or EBAY EXPOSED trade names and marks, or the ebaysolutions.biz or ebaymarketer.com domain names;

(b) using the designations BAY, EBAY, PAYPAL or POWERSELLERS, or any confusingly similar designation, in, as, or as part of, any

(i) name (descriptive or otherwise) of any product or service;

(ii) trademark, service mark, or trade name;

(iii) Internet domain name, subdomain, Uniform Resource Locator ("URL") address, URL path, e-mail address, e-mail subject header, metatag, or hypertext link; or

(iv) title of any book or other work of authorship;

of, or associated with, Defendants;

(c) making any use whatsoever of the multi-color EBAY & Design logo that is the subject of U.S. Service Mark Registration No. 2,410,023, or any confusingly similar mark;

(d) making any use whatsoever of the designation EBAY using multi-colored

or different-colored letters;

(e) providing any hypertext link, that is, any direct electronic link, to any page of any eBay web site;

(f) engaging in telemarketing or any other form of advertising or otherwise attempting to attract potential customers (including, without limitation, print or broadcast media, direct-mail, Internet pop-up, search engine advertising or sponsored link advertising) using the terms EBAY, PAYPAL, or POWERSELLERS or any similar term, except in body text, not more prominently than surrounding text, and only in a nominative and truthful and not misleading manner, provided that for a period of six months from the date of this Consent Decree, Defendants may continue to use preexisting inventory of marketing materials mentioning the term POWERSELLERS, but only in conformance with all other provisions of this Consent Decree;

(g) using the designations EBAY, PAYPAL, or POWERSELLERS in any manner likely to cause confusion, mistake or deception on the part of consumers as to the source or origin of Defendants' services or as to any sponsorship, approval, or affiliation relationship between Defendants and eBay;

(h) subject to all other provisions of this Consent Decree, advertising or promoting any products or services that pertain or refer to eBay or the eBay service (regardless of the name or mark under which they are offered) without including a prominent disclaimer stating: "THESE PRODUCTS OR SERVICES ARE NOT OFFERED, ENDORSED, SPONSORED, OR APPROVED BY EBAY, INC. ("EBAY"). EBAY HAS NO CONNECTION WHATSOEVER WITH THE PROVIDER OF THESE PRODUCTS OR SERVICES."

(i) identifying themselves as members of the eBay “PowerSellers” or “Trading Assistant” programs without having been approved by eBay and satisfying all criteria for such membership, in eBay’s sole discretion, or while in violation of any policies of eBay or such eBay program, as determined by eBay in its sole discretion;

(j) identifying themselves or as “certified” or “trained” by eBay; and

(k) seeking to register or acquiring or maintaining a registration for any trademark, service mark, or domain name whose use by Defendants is prohibited or restricted by this Consent Decree.

2. That Defendants forthwith transfer to eBay ownership of the ebaysolutions.biz and ebaymarketer.com and any other domain names that Defendants are enjoined from using pursuant to Paragraph 1 of this Consent Decree and its subparts, all costs of such transfers to be borne by Defendants. Notwithstanding the foregoing sentence, Defendants may retain the domain name ebaymarketer.com for a period of six months following entry of this Consent Decree for the sole and exclusive purpose of use in the Internet URL address www.ebaymarketer.com, which address Defendants may use solely to redirect their users to a new URL address of Defendants in conformity with this Consent Decree. Upon the end of that six month period, Defendants shall immediately transfer to eBay ownership of said domain name, all costs of such transfer to be borne by Defendants.

3. That judgment be entered in favor of eBay and against defendants I Works and Johnson in the amount of Ten Thousand Dollars and No Cents (\$10,000.00), to be paid to eBay in two equal installments of Five Thousand Dollars and No Cents (\$5,000.00) each, the first within five days of entry of this Consent Decree and Final Judgment, and the second within 120 days of entry of this Consent Decree and Final Judgment, provided that if the first installment is

not paid timely, the full amount of Ten Thousand Dollars and No Cents (\$10,000.00) shall be due immediately and eBay may seek execution on said amount forthwith.

4. That the Court shall retain jurisdiction over this action, and the parties thereto, for purposes of enforcing the provisions of this judgment.

5. That, except as specifically provided herein, each party shall bear its own costs and attorney's fees in this matter.

The foregoing is **SO ORDERED, ADJUDGED, AND DECREED.**

Dated: May 14, 2004



BRUCE S. JENKINS
United States District Judge

APPROVED AS TO FORM AND CONTENT:

Dated: May 14, 2004



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Dated: May 14, 2004



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United States District Court
for the
District of Utah
May 17, 2004

* * CERTIFICATE OF SERVICE OF CLERK * *

Re: 2:03-cv-00744

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