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12 Attorneys for Plaintiffs PayPal, Inc. and eBay Inc.

13 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
14 COUNTY OF SANTA CLARA  
15

16 PAYPAL, INC., a Delaware  
17 Corporation, and  
EBAY INC., a Delaware Corporation,

18 Plaintiffs,

19 v.

20 GOOGLE INC., a Delaware  
21 Corporation,  
OSAMA BEDIER, an individual,  
22 STEPHANIE TILENIUS, an individual,  
and DOES 1 through 50, inclusive,

23 Defendants.  
24  
25  
26  
27  
28

Case No.

**PAYPAL, INC.'S AND EBAY INC.'S  
COMPLAINT FOR: (1)  
MISAPPROPRIATION OF TRADE  
SECRETS; (2) THREATENED  
MISAPPROPRIATION OF TRADE  
SECRETS; (3) BREACH OF CONTRACT;  
(4) BREACH OF CONTRACT; (5)  
INTENTIONAL INTERFERENCE WITH  
CONTRACTUAL RELATIONS; (6)  
BREACH OF FIDUCIARY DUTY AND  
DUTY OF LOYALTY; (7) AIDING AND  
ABETTING BREACHES OF FIDUCIARY  
DUTY AND DUTY OF LOYALTY; (8)  
INTENTIONAL INTERFERENCE WITH  
PROSPECTIVE ECONOMIC  
ADVANTAGE; (9) UNFAIR  
COMPETITION UNDER CALIFORNIA  
BUSINESS AND PROFESSIONS CODE  
SECTION 17200, ET SEQ.**



1 President of North America and Global Products. Before this, she filled various positions  
2 at eBay and PayPal, including Vice President of PayPal Merchant Services from January  
3 2004 to January 2008. Tilenius worked for eBay pursuant to a Consulting Agreement  
4 from October 16, 2009 until March 3, 2010. Google hired Tilenius as its first Vice  
5 President of Electronic Commerce on February 16, 2010. At all times relevant to this  
6 complaint, Tilenius was, and continues to be, a resident of the State of California.

7 6. eBay and PayPal (collectively "Plaintiffs") are ignorant of the true  
8 names and capacities, whether individual, corporate or otherwise, of defendants named  
9 herein as Does 1 through 50 and Plaintiffs sue said defendants by their fictitious names.  
10 Plaintiffs will seek leave to amend this complaint to assert allegations against the Doe  
11 defendants when their true involvement in these matters and capacities are ascertained.  
12 Plaintiffs are informed and believe, and on that basis allege, that each of the defendants  
13 sued herein as Does 1 through 50, inclusive, is in some way legally responsible and liable  
14 to plaintiff with respect to the matters set forth herein.

15 **VENUE**

16 7. Venue and jurisdiction are proper in this court pursuant to  
17 California Code of Civil Procedure Sections 395 and 395.5.

18 8. The acts giving rise to this action occurred in substantial part in the  
19 County of Santa Clara, in the State of California.

20 **NATURE OF THE COMPLAINT**

21 9. Plaintiff PayPal has spent the past ten years building a global  
22 leadership position in online and mobile payments. As a result, PayPal has substantial  
23 intellectual property in these fields. Over the past year, PayPal has been developing  
24 capabilities to provide large retailers with next generation "mobile payment" point of sale  
25 technology and services. Recently, Google has also been exploring the market for next  
26 generation mobile payment point of sale technology and services.

27 10. Defendant Osama Bedier was the senior PayPal executive  
28 responsible for Mobile, Platform, and New Ventures. In this role, he was PayPal's senior

1 leader charged with bringing its mobile payment and point of sale technologies and  
2 services to retailers. Through this work, he had an intimate knowledge of PayPal's  
3 capabilities, strategies, plans, and market intelligence regarding mobile payment and  
4 related technologies — information constituting in part PayPal's trade secrets. Bedier left  
5 PayPal for Google on or about January 24, 2011, and was put in charge of Mobile  
6 Payments. He is now leading Google's efforts to bring point of sale technologies and  
7 services to retailers on its behalf. In the course of his work at Google, Bedier and Google  
8 have misappropriated PayPal trade secrets by disclosing them within Google and to  
9 major retailers.

10           11. Google hired Bedier after another former eBay executive, defendant  
11 Stephanie Tilenius, solicited and recruited him. By doing so, Tilenius violated her  
12 contractual obligations to eBay. Before and since his arrival at Google, Bedier has also  
13 violated his obligations to eBay by soliciting and recruiting PayPal employees to work at  
14 Google.

15           12. In addition, from 2008 to 2011, Google and PayPal were negotiating  
16 a commercial deal where PayPal would serve as a payment option for mobile app  
17 purchases on Google's Android Market. During that time, PayPal provided Google with  
18 an extensive education in mobile payments. Bedier was the senior PayPal executive  
19 accountable for leading negotiations with Google on Android during this period. At the  
20 very point when the companies were negotiating and finalizing the Android-PayPal deal,  
21 Bedier was interviewing for a job at Google — without informing PayPal of this  
22 conflicting position. Bedier's conduct during this time amounted to a breach of his  
23 responsibilities as a PayPal executive.

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1       **I. BACKGROUND**

2               **A. Mobile Payment at the Point of Sale**

3               13. Internet consumers have begun a large-scale migration from  
4 desktop and laptop computers to mobile phones. As high-powered mobile  
5 “smartphones” become ubiquitous, giving consumers quick and secure Internet access  
6 from anywhere, the distinction between “online” and “offline” activities is blurring.  
7 Many consumers are always online, even as they engage in what used to be  
8 quintessentially offline activities.

9               14. “Mobile payment” refers to the rapidly growing trend of consumer  
10 payments made using smartphones and other mobile devices, either in-store, online or  
11 peer-to-peer. In-store purchases are one variety of “point of sale” transactions. Industry  
12 analysts project that the domestic mobile payment market will reach \$200 billion to  
13 \$1 trillion annually within the next few years.

14              15. A smartphone or other mobile device that stores payment  
15 information and facilitates transactions is an implementation of a “digital wallet.” One  
16 form of digital wallet technology is the “wallet in the cloud,” where a customer’s financial  
17 data, payment options, and preferences are stored online in addition to or instead of the  
18 mobile device itself, and is accessed on demand by whatever device or service a customer  
19 seeks to use.

20              16. Retailers and consumers alike are interested in mobile payment and  
21 digital wallet technologies because they provide flexibility, intriguing opportunities for  
22 location-based services, targeted advertising possibilities, and myriad other services.  
23

24               **B. PayPal and Google in Competition**

25              17. Founded in 1999, eBay subsidiary PayPal is the world’s leading  
26 online payment processing company. PayPal interfaces with 57 financial networks and  
27 over 15,000 local banks across the world to facilitate global online commerce. Among  
28 diverse payment systems, PayPal acts as a “universal adapter.” Regardless of the

1 payment method employed by a buyer, and whatever the payment methods accepted by  
2 a seller, PayPal makes a transaction possible. PayPal pioneered mobile payment in 2006.

3 18. Around the same time in 2006, Google tried to enter the payment  
4 processing market with its Google Checkout product. On its surface, Google Checkout  
5 functions like PayPal. Unlike PayPal, however, Google Checkout is mostly a tool for  
6 acquiring customer information for the benefit of Google's other products and services.  
7 After five years of operation, Google Checkout has had virtually no impact outside of  
8 Google. Revenues from Google Checkout went unreported as not material in Google's  
9 2010 Annual Report, compared to PayPal's \$3.4 billion in the same timeframe.

10 19. At over 30%, Android currently enjoys the largest and fastest  
11 growing market share for the smartphone operating system market in the country,  
12 beating out Nokia's Symbian, Apple's iOS, Research in Motion's BlackBerry, and  
13 Microsoft's Windows Mobile. More people have Android-powered smartphones in their  
14 pockets than those running on any other operating system. Google's growing dominance  
15 in mobile operating systems has led it to attempt entry into the mobile payment space.

16 20. PayPal's long experience in online payment processing has allowed  
17 PayPal to develop a wide range of trade secrets in the areas of mobile payment, point of  
18 sale, and digital wallet, which give PayPal an advantage over both existing competitors  
19 and new market entrants, such as Google. Thus, despite the relatively recent  
20 development of the use of a smartphone as a point of sale transaction device, PayPal's  
21 trade secrets are particularly valuable in this emerging area.

22 21. Both PayPal and Google are currently offering their mobile payment  
23 and point of sale technologies to major retailers for trial use. Although PayPal's services  
24 and Google's services are not mutually exclusive, at this stage it is unlikely that a retailer  
25 would invest time and effort in testing both companies' products.

26 22. Early adoption by retailers and consumers will be critical for success  
27 in mobile payment, just as it has been in online payment. For example, apart from  
28

1 Google Checkout's limited success, CitiGroup, Yahoo, and Western Union have all  
2 launched and shuttered online payment processing services since PayPal was born.

3 **II. GOOGLE AND BEDIER ARE MISAPPROPRIATING PAYPAL'S TRADE**  
4 **SECRETS**

5 **A. Bedier Knows PayPal's Trade Secrets and is Misappropriating**  
6 **them at Google**

7 23. As PayPal's Vice President of Platform, Mobile, and New Ventures,  
8 Bedier helped shape PayPal's broad strategy to expand its mobile payment and digital  
9 wallet offerings. For example, Bedier was extremely involved in PayPal's efforts to  
10 become a payment option at the point of sale in retail stores.

11 24. Bedier knew that PayPal viewed Google as one of the competitors in  
12 the emergence of mobile payment at retail stores. Prior to Bedier's departure, PayPal  
13 undertook research and analysis of what it saw as Google's major problems and  
14 weaknesses in the mobile payment and point of sale context. At PayPal, Bedier was  
15 briefed on this analysis. This information concerning PayPal's plans and Google's  
16 weaknesses in mobile payment and point of sale were trade secrets.

17 25. Bedier has detailed knowledge of PayPal's point of sale, mobile  
18 payment, and digital wallet business strategies, concepts, and proposed procedures. In  
19 addition, Bedier knows the results of PayPal's marketing research, consumer  
20 preferences, and merchant issues related to PayPal's point of sale, mobile payment, and  
21 digital wallet strategies, as well as the key employees executing those strategies.  
22 Furthermore, Bedier knows the current stage of PayPal's development, anticipated  
23 deployment and the scheduled sequence for the rollout of features PayPal intends to  
24 deploy. Bedier also knows PayPal's top prospects among retailers and has begun to  
25 approach those same retailers on behalf of Google.

26 26. Bedier transferred up-to-date versions of documents outlining  
27 PayPal's mobile payment and point of sale strategies to his non-PayPal computer just  
28 days before leaving PayPal for Google on Jan 24, 2011. On information and belief, Bedier

1 had already decided to move to a job at Google when he did this, and he had no  
2 legitimate reason for obtaining an update on PayPal's strategies.

3           27. Bedier's role at Google is in part to remedy Google's weaknesses in  
4 this area, already identified by PayPal. By hiring Bedier, with his trade secret knowledge  
5 of PayPal's plans and understanding of Google's weaknesses as viewed by the industry  
6 leader, Google bought the most comprehensive and sophisticated critique of its own  
7 problems available. Google put Bedier in charge of its mobile payment business, virtually  
8 ensuring that Bedier would misappropriate PayPal's trade secrets concerning planning  
9 and competitive assessments in mobile payment. Bedier has also championed digital  
10 wallet technologies since joining Google. On information and belief, Bedier has in fact  
11 misappropriated PayPal's trade secrets by sharing its mobile payment, point of sale, and  
12 digital wallet information with Google.

13           28. Bedier has also been part of a Google team making sales calls to  
14 major retailers. PayPal is informed and believes and on that basis alleges that during  
15 these sales efforts, Bedier has been and is improperly comparing Google's products and  
16 services with PayPal's products and services in discussions with customers that both  
17 PayPal and Google are courting. In particular, on information and belief, Bedier's  
18 comparisons incorporate PayPal trade secrets, including PayPal's schedule for  
19 deployment, anticipated features, and back-end approach to mobile payment, point of  
20 sale, and the benefits of a wallet in the cloud.

21           **B. Bedier is Threatening Further Misappropriation**

22           29. At the time he left PayPal, Bedier admitted that he had confidential  
23 eBay information in locations such as his non-PayPal computers, non-PayPal e-mail  
24 account, and an account on the remote computing service called "DropBox." Plaintiffs  
25 are informed and believe and allege on that basis that this confidential eBay information  
26 includes PayPal trade secrets.

27           30. PayPal has made repeated demands regarding the proper return and  
28



1 analysis of its trade secret information contained in Bedier's DropBox, non-PayPal  
2 computers, and non-PayPal email account in order to prevent Bedier and Google from  
3 continuing to have access to, and continuing to use, PayPal confidential information,  
4 including PayPal trade secrets.

5 31. PayPal's demands have been reasonable as to time, place, and  
6 method, yet Bedier has refused these demands because he either intends to maintain  
7 access to and use that trade secret information, or attempt to conceal his prior use of that  
8 information on behalf of Google. Specifically, PayPal has set forth a protocol for a neutral  
9 third-party expert to take forensic images of Bedier's data and devices for preservation,  
10 determination, and analysis of the presence of PayPal's trade secrets and confidential  
11 information therein, and Bedier has refused to accept or abide by that protocol.

12  
13 **III. GOOGLE RECRUITED BEDIER WHILE HE NEGOTIATED FOR**  
14 **PAYPAL AGAINST GOOGLE**

15 32. Android Market debuted in 2008. Upon its launch, Google lacked  
16 functionality that would allow third-party application (or "app") developers to collect  
17 payments for downloads on the Market. Google knew that growing Android's market  
18 share would rely heavily on fulfilling consumer demand for apps written by third-party  
19 developers. So, providing a way for developers to get paid for their work was crucial to  
20 the success of Android. Google needed a payment solution and opened negotiations with  
21 PayPal.

22 33. Over a two year period, as PayPal and Google negotiated deal terms,  
23 integration engineers for PayPal and Google worked together to build the software and  
24 capabilities that would enable Android Market to offer PayPal as a payment option for  
25 apps. Development of the integrated payment system occurred in tandem with the  
26 negotiations because of Google's claimed need to understand the complexity of the  
27 integrated payment system before moving forward.

28 34. By 2010, the executive in charge of the negotiations for PayPal was

1 Osama Bedier. The executive in charge of the negotiations for Google was Andy Rubin.  
2 PayPal and Google had a deal finalized and signature-ready on October 26, 2010. By that  
3 time, unknown to PayPal, Bedier had just finished a series of job interviews with Google  
4 senior executives, culminating with a meeting on October 21 between Bedier, Google  
5 Senior Vice President Jonathan Rosenberg, and then-President of Google Larry Page.

6           35. Though Google's leadership had directed negotiations toward the  
7 October 26 finalization months earlier, it now balked when presented with the very deal  
8 they had requested. The companies had a term sheet, a two phase roll-out with dates,  
9 and all other details nailed down. But, in the interim, Google's leadership had  
10 interviewed Bedier. Rather than inking the October 26 deal, Google instead at the last  
11 minute professed a shift in mindset on the entire structure of the deal.

12           36. On October 28, 2010, in his capacity as an officer at PayPal, Bedier  
13 spoke to Andy Rubin about Google's strategic shift regarding the deal, and where this left  
14 Google and PayPal going forward. On October 31, Google offered Bedier a job. On  
15 information and belief, on November 2, Bedier sought another meeting with Rubin, this  
16 time to talk not about what PayPal could do with Google going forward, but rather how  
17 Bedier could help Google compete against PayPal, if he accepted Google's job offer. Less  
18 than a week earlier, Bedier had been the lead representative for PayPal at its annual  
19 "Innovate" developer's conference, expressing PayPal's strategic vision to software  
20 developers.

21           37. Bedier informed eBay and PayPal of his job offer from Google on or  
22 about November 1, 2010. Bedier said he was considering multiple job offers and that one  
23 involved work in mobile payment at Google. Plaintiffs informed Bedier that given his  
24 knowledge of PayPal's mobile payment, point of sale, and digital wallet in the cloud  
25 strategies as well as his knowledge of PayPal's detailed assessment of Google's mobile  
26 payment and point of sale strategies and weaknesses, that Bedier would as a matter of  
27 course misappropriate PayPal's trade secrets if he were to take that position at Google.

28           38. In addition, Plaintiffs informed Bedier that there would be a

1 manifest conflict of interest if he were to head mobile payment at Google directly after  
2 being a key player on behalf of PayPal in negotiations with Google over the Android  
3 Market deal. Bedier flip-flopped on what he was going to do, but by the beginning of  
4 December 2010, he informed Plaintiffs that he was committed to staying at PayPal  
5 instead of moving to Google.

6           39. On January 20, 2011, Google announced that Larry Page would be  
7 reclaiming the CEO position from Eric Schmidt at Google effective April 4, 2011. Four  
8 days later, Bedier left PayPal for Google.

9           40. Through further negotiations, PayPal reached a new final agreement  
10 with Google for the Android deal in or around late February 2011. On information and  
11 belief, Android chief Andy Rubin signed the agreement with approval from the Google  
12 Board and then-CEO Eric Schmidt. However, Google stalled on communicating this to  
13 PayPal. Larry Page took over as CEO on April 4. Three days later, Google scuttled the  
14 deal for good. It was no longer interested in partnering with PayPal, but instead decided  
15 to build a competing product with PayPal's former employees and executives at the helm.

16           41. Following Bedier's arrival at Google, Bedier and Google began  
17 actively recruiting other key PayPal employees with knowledge of PayPal's trade secrets.  
18 On April 7, 2011, they successfully recruited Usman Abbasi, a director-level engineer and  
19 key player in PayPal's mobile payment operations, to work for Google. Google and Bedier  
20 recruited, both successfully and unsuccessfully, other key PayPal employees involved  
21 with PayPal's mobile and point of sale strategies. Google had abandoned the plans that  
22 had developed over more than two and a half years of collaboration with and learning  
23 from PayPal, and instead sought to hire away employees who knew PayPal trade secrets.

24           42. Despite Bedier's assurances and protests to the contrary, the point of  
25 his departure to Google has been to lead Google's efforts in mobile payment and  
26 particularly mobile payment at the point of sale. Bedier is willfully usurping PayPal's  
27 trade secrets in these areas as well as its digital wallet in the cloud strategies for Google's  
28 and his own gain. Both Bedier's departure itself and Bedier's actions after his departure

1 have damaged Plaintiffs.

2 **IV. TILENIUS AND BEDIER BREACHED THEIR OBLIGATIONS AND**  
3 **DUTIES TO PAYPAL AND EBAY**

4 **A. Tilenius Breached her Obligations to eBay Regarding Employee**  
5 **Recruiting**

6 43. Stephanie Tilenius, Senior Vice President of Electronic Commerce at  
7 Google, had worked with Bedier at eBay and PayPal for years before she left eBay in  
8 October 2009.

9 44. Tilenius had executed eBay's Employee Proprietary Information and  
10 Inventions Agreement (the "EPI") on March 12, 2001. As part of this agreement, Tilenius  
11 committed to not solicit any eBay or PayPal employees for a period of one year after her  
12 employment with eBay. Tilenius also agreed not to disclose to others eBay's confidential  
13 information regarding the skills and compensation of employees of eBay or its  
14 subsidiaries. Tilenius reaffirmed these commitments in an October 16, 2009 Separation  
15 Agreement under which eBay paid her a substantial amount of severance pay. She also  
16 signed a Consulting Agreement with eBay on October 16, 2009 that obligated her to not  
17 solicit eBay or PayPal employees for one year following its termination. The Consulting  
18 Agreement expired on March 3, 2010. As a result of her agreements with eBay, Tilenius  
19 was obligated not to solicit eBay employees until at least March 2, 2011.

20 45. At the end of June 2010, Google reorganized some of its business  
21 units. One result of this reorganization was installing Tilenius as the head of a new  
22 Commerce & Payments group. Almost immediately, Tilenius embarked on a campaign to  
23 hire Bedier away from PayPal. On or around July 15, 2010, Tilenius initiated contact with  
24 Osama Bedier through a message on the social networking site Facebook, writing:

25 How are you? Hope the wife and kids are well...hard to  
26 believe you have 4 kids, they all must be so big now. I heard  
27 from a little birdie that you might be open to bigger and  
28 better challenges, I have a HUGE opportunity for you, would  
love to chat if you are interested.

46. Tilenius continued her efforts to recruit Bedier over at least the next

1 month and a half. On or around August 25, 2010, Tilenius asked Bedier in another  
2 Facebook message, “Do you want to talk to Jeff Huber? Let me know. I left you a  
3 voicemail.” Huber is a Senior Vice President at Google, and former Vice President at  
4 eBay. On or about August 27, 2010, Tilenius emailed Bedier’s non-PayPal account,  
5 copying Huber, “Jeff and Osama – Reintroducing the two of you, you two should talk  
6 about the opportunity at Google.”

7 47. From at least September through November 2010, Bedier  
8 interviewed with several Google executives. During this time, Tilenius provided  
9 continuous support and encouragement to Bedier, shepherding him through the Google  
10 interview process in direct violation of her consulting agreement. Among those that  
11 interviewed Bedier at Google were then-CEO Eric Schmidt, co-founder and current CEO  
12 Larry Page, Senior Vice President of Product Development Jonathan Rosenberg, and  
13 certain members of Google’s board of directors.

14 48. Google notified Bedier it would be sending him an offer on October  
15 31, 2010, and sent him a formal offer of employment on November 12, 2010. However,  
16 Bedier did not accept Google’s offer of employment for over two weeks. In an effort to  
17 further induce Bedier to accept Google’s offer, Tilenius sent Bedier a text message on or  
18 about November 27, 2010, saying “By next week there will be more information I can  
19 share and you will see how the role at Google could be expanded considerably.”

20 49. Plaintiffs are informed and believe and on that basis allege that later  
21 on November 27, 2010, Tilenius and Larry Page spoke with Bedier about expanding his  
22 proposed role at Google. As a result of these communications, Bedier informally  
23 accepted Google’s offer of employment.

24 50. On or about December 2, 2010, Bedier changed his mind about  
25 joining Google and decided to remain at PayPal. Tilenius reached out to Bedier by text  
26 message and again attempted to change his mind. On or about December 3, 2010,  
27 Tilenius messaged Bedier, “I still feel like I am missing something, for example what if  
28 we increased your offer, would that change things?”

1           51. Plaintiffs are informed and believe and on that basis allege that  
2 Tilenius renewed and redoubled her efforts to recruit Bedier after his professed  
3 December 2, 2010 change of heart. As a result of Tilenius' continued pursuit of Bedier  
4 and Page's announcement as CEO-to-be at Google, Bedier resigned from PayPal to join  
5 Google on January 24, 2011.

6           52. Upon information and belief, in further breach of her contractual  
7 obligations to eBay, Tilenius endeavored to recruit additional PayPal personnel via  
8 Facebook messages, in person and by providing Google recruiters with names and  
9 personal contact information of key PayPal employees.

10           **B. Bedier Breached his Duties to eBay and PayPal During and After**  
11           **his Employment at PayPal**

12  
13           53. Plaintiffs are informed and believe and on that basis allege that  
14 during this interview process with Google, Bedier did not use his best efforts to work on  
15 behalf of PayPal. Instead, he breached his fiduciary duty and duty of loyalty and  
16 rescheduled, canceled, and/or delayed his duties at PayPal, causing damage to Plaintiffs'  
17 business.

18           54. Shortly after agreeing to employment with Google, but before he  
19 resigned from PayPal, Bedier began a campaign of soliciting and recruiting PayPal  
20 employees to join him at Google in breach of his EPI with eBay, which he signed  
21 November 18, 2002.

22           55. Bedier disclosed his intent in a November 19, 2010 message to  
23 Tilenius in which Bedier asked about the possibility of bringing other PayPal employees  
24 to work with him at Google immediately upon Bedier's arrival at Google in an email.  
25 Bedier asked, "If folks want to join me **on day one** – how possible is this?"

26           56. In or about November 2010, Bedier began soliciting other PayPal  
27 employees with knowledge of PayPal's trade secrets to leave and join Bedier at Google.  
28 Plaintiffs are informed and believe and on that basis allege that Bedier assisted those

1 employees negotiate the terms of future employment with Google.

2 57. While employed at Google, Bedier has continued to solicit, directly  
3 or indirectly, PayPal employees with knowledge of PayPal's trade secrets. Two or more  
4 of the PayPal employees Bedier solicited have resigned in order to join Google.

5

6

**FIRST CAUSE OF ACTION**

7

**(Misappropriation of Trade Secrets against Bedier and Google)**

8

9 58. Plaintiffs hereby allege and incorporate by reference paragraphs 1  
10 through 10 and paragraphs 23 through 42, inclusive, of this complaint, as though fully  
11 set forth herein.

12

13 59. PayPal has invested and continues to invest substantial resources in  
14 developing a technological platform, strategies, and market intelligence for mobile  
15 payment, point of sale, and digital wallet. It has also cultivated relationships with  
16 partners and customers for these technologies.

17

18 60. Information PayPal has developed includes but is not limited to:  
19 PayPal's point of sale, mobile payment, and digital wallet business strategies, concepts,  
20 and proposed procedures; PayPal's marketing research, information about consumer  
21 preferences and merchant issues related to its point of sale, mobile payment, and digital  
22 wallet strategies; market intelligence about competitors in mobile payment, point of sale,  
23 and digital wallet technologies, including Google; which retailers PayPal considers to be  
24 top prospects for adopting PayPal's point of sale, mobile payment, and digital wallet  
25 technologies; the current stage of PayPal's development of its mobile payment, point of  
26 sale, and digital wallet technologies; information about the key employees executing  
27 those strategies; and the anticipated deployment and schedule of features PayPal intends  
28 to deploy in the marketplace.

29

30 61. Because this information that PayPal gains from its efforts and  
31 relationships has tremendous market value and is crucial to its success, PayPal makes  
32 substantial efforts to keep this information confidential from competitors. PayPal

1 requires employees to keep this information confidential and refrain from using it in any  
2 manner that might aid a competitor, or potential competitor, of eBay or PayPal. Google  
3 is one such competitor.

4           62. PayPal takes, and at all times here relevant, has taken reasonable  
5 efforts to maintain the secrecy of this confidential information it has developed: all  
6 employees are required to review and acknowledge receipt and understanding of eBay's  
7 Employee Handbook, which contains a confidentiality provision; access to this  
8 confidential information is restricted to a "need-to-know" basis; access to PayPal's  
9 confidential information relating to its mobile payment, point of sale, and digital wallet  
10 strategies and technologies is electronically restricted to select employees; this  
11 confidential information resides on a secure server; access to PayPal's computer network  
12 is password protected; PayPal has purchased and maintains cutting edge computer  
13 network security products and services. By further example without limitation, PayPal  
14 attempts to ensure the confidentiality of its confidential information relating to its  
15 mobile payment, point of sale, and digital wallet technologies by making extensive use of  
16 non-disclosure agreements with developers, potential consumers, and potential business  
17 partners

18           63. The efforts PayPal takes to keep confidential this information  
19 relating to its mobile payment, point of sale, and digital wallet strategies and  
20 technologies are reasonable under the circumstances to maintain its secrecy. PayPal  
21 takes these measures to ensure the confidentiality of this information because this  
22 information derives independent economic value from not being generally known to  
23 PayPal's competitors. PayPal's competitors, in turn, would obtain economic value from  
24 the disclosure or use of PayPal's information relating to its mobile payment, point of sale,  
25 and digital wallet strategies and technologies. These efforts are reasonable under the  
26 circumstances to preserve the confidentiality of PayPal's trade secrets. Such information  
27 derives independent economic value from not being generally known to the public or to  
28 other persons who can obtain economic value from its disclosure or use. Accordingly,



1 the above-described information constitutes “trade secrets” under California’s Uniform  
2 Trade Secrets Act, Cal. Civ. Code § 3426 et seq.

3           64. As an executive at PayPal, Bedier acquired knowledge and custody  
4 of several PayPal trade secrets. Bedier knew or had reason to know that his knowledge of  
5 PayPal’s trade secrets was acquired under a circumstance giving rise to a duty to  
6 maintain the secrecy of those trade secrets or limit their use. Plaintiffs are informed and  
7 believe and on that basis allege that Bedier has misappropriated PayPal trade secrets by  
8 using or disclosing them in his new capacity at Google. Plaintiffs are further informed  
9 and believe and on that basis allege that Bedier has disclosed Plaintiffs’ trade secrets to  
10 Google. Plaintiffs are further informed and believe and on that basis allege that, as an  
11 employee of Google, Bedier disclosed Plaintiffs’ trade secrets to potential customers of  
12 both Google and Plaintiffs, in an attempt to gain a competitive advantage for Google over  
13 Plaintiffs.

14           65. When it hired Bedier, Google knew that he was obligated both  
15 contractually and as a fiduciary not to disclose PayPal’s confidential information and  
16 trade secrets. On November 13, 2002, Bedier executed eBay’s Employee Proprietary  
17 Information and Inventions Agreement (the “EPI”), which is used with employees of  
18 eBay and its subsidiaries. The EPI between Bedier and eBay contained a provision  
19 requiring him, during his employment with PayPal and thereafter, to hold in strictest  
20 confidence and not disclose, use, lecture upon or publish any of PayPal’s Proprietary  
21 Information. Proprietary Information is defined in the EPI as (a) trade secrets,  
22 inventions, mask works, ideas, processes, formulas, source and object codes, data,  
23 programs, other works of authorship, know-how, improvements, discoveries,  
24 developments, designs, and techniques; (b) information regarding plans for research,  
25 development, new products, marketing and selling, business plans, budgets and  
26 unpublished financial statements, licenses, prices and costs, suppliers and customers;  
27 and (c) information regarding the skills and compensation of other employees of eBay or  
28 any of its subsidiaries.

1           66. Plaintiffs are informed and believe, and on that basis allege, that  
2 Bedier's misappropriation of PayPal's trade secrets as described above is occurring with  
3 Google's knowledge, approval, and encouragement. Plaintiffs further allege that Bedier is  
4 an executive at Google and that his actions are Google's actions, that Google has ratified  
5 Bedier's actions through its own inaction, that Google has aided and abetted Bedier's  
6 misappropriation, has conspired with Bedier to misappropriate PayPal's trade secrets,  
7 and has been unjustly enriched by Bedier's misappropriation.

8           67. In addition, on information and belief, Google acquired the above-  
9 described trade secret information from Bedier, and Google knew or reasonably should  
10 have known that Bedier owed a duty to Plaintiffs to maintain the trade secrets in secrecy  
11 or that Bedier acquired the trade secret information through improper means. On  
12 information and belief, Google subsequently used this information in connection with its  
13 own business activities.

14           68. The actions of Bedier and Google constitute misappropriation of  
15 PayPal's trade secrets under Cal. Civ. Code § 3426 *et seq.*

16           69. Each of the acts of misappropriation was done willfully and  
17 maliciously by Google and Bedier, thereby entitling Plaintiffs to exemplary damages to  
18 be proved at trial pursuant to Cal. Civ. Code §3426.3(c).

19           70. As a direct and proximate cause of Google's and Bedier's  
20 misappropriation of PayPal's trade secrets, Defendants have been unjustly enriched and  
21 Plaintiffs have sustained damages in an amount to be proven at trial. Plaintiffs also have  
22 suffered irreparable harm as a result of Defendants' activities and will continue to suffer  
23 irreparable injury that cannot be adequately remedied at law unless Defendants, and  
24 their officers, agents and employees, and all other persons acting in concert with them,  
25 are enjoined from engaging in any further such acts of misappropriation.

26                           **SECOND CAUSE OF ACTION**  
27                           **(Threatened Misappropriation of Trade Secrets against Bedier)**

28           71. Plaintiffs hereby allege and incorporate by reference paragraphs 1

1 through 10, paragraphs 23 through 42, and paragraphs 59 through 70, inclusive, of this  
2 complaint, as though fully set forth herein.

3           72. Bedier admits to having used a remote computing service called  
4 “DropBox” to store confidential eBay information in the course of his employment with  
5 PayPal, and Plaintiffs so allege on that basis. Plaintiffs are informed and believe and on  
6 that basis allege that Bedier’s DropBox contains PayPal trade secrets, and that Bedier has  
7 current access to the DropBox.

8           73. Bedier admits to having used at least one non-PayPal computer to  
9 store confidential eBay information in the course of his employment with PayPal, and  
10 Plaintiffs so allege on that basis. Plaintiffs are informed and believe and on that basis  
11 allege that at least one of Bedier’s non-PayPal computers contains PayPal trade secrets,  
12 and that Bedier currently possesses any such non-PayPal computers.

13           74. Bedier admits to having used a non-PayPal email account to store  
14 confidential eBay information in the course of his employment with PayPal, and  
15 Plaintiffs allege such on that basis. Plaintiffs are informed and believe and on that basis  
16 allege that Bedier’s non-PayPal email account contains PayPal trade secrets, and that  
17 Bedier has current access to the non-PayPal email account.

18           75. Plaintiffs are informed and believe and on that basis allege that  
19 Bedier is in possession or control of PayPal trade secrets in locations other than and in  
20 addition to his DropBox, his non-PayPal computers, and his non-PayPal email account.

21           76. On information and belief, Bedier has disclosed some of these trade  
22 secrets to others at Google as well as to potential customers of Google’s mobile payment  
23 point of sale, and digital wallet technologies.

24           77. PayPal has made several demands regarding the proper return and  
25 analysis of its trade secrets in Bedier’s control including an appropriate protocol for a  
26 neutral third-party to conduct such analysis, but Bedier has unreasonably refused to  
27 accept or abide by PayPal’s demands or proposed protocol.

28           78. Bedier’s refusal manifests his intent to imminently misuse PayPal’s



1 skills and compensation of other employees of eBay or any of its subsidiaries.

2 84. On October 16, 2009, Tilenius executed a Separation Agreement  
3 with eBay that incorporated the EPI by reference, stating in part: "You acknowledge your  
4 continuing obligations under your Employee Proprietary Information and Inventions  
5 Agreement which include but are not limited to the obligation to refrain from any  
6 unauthorized use or disclosure of any confidential or proprietary information of the  
7 Company." As part of the Separation Agreement, eBay paid Tilenius a substantial sum of  
8 severance pay to which she would not otherwise have been entitled.

9 85. On October 16, 2009, Tilenius also executed a Consulting  
10 Agreement with eBay. This agreement was an exhibit to the Separation Agreement and  
11 expressly incorporated the Separation Agreement. In the Consulting Agreement,  
12 Tilenius agreed in part "not to solicit, or induce any employee, independent contractor or  
13 other personnel to terminate or breach an employment, contractual, or other  
14 relationship with [eBay] and its subsidiaries." Tilenius' employee non-solicit obligations  
15 under the Consulting Agreement ran "[d]uring this Agreement, and for a period of one  
16 year immediately following its termination." According to the Separation Agreement, the  
17 Consulting Agreement would expire on March 3, 2010, and could also be terminated by  
18 either party on seven days' written notice.

19 86. Tilenius also agreed in her Consulting Agreement that, during the  
20 term of the Consulting Agreement and thereafter, Tilenius would hold eBay's and its  
21 subsidiaries' Confidential Information in strict confidence and would not use or disclose  
22 the Confidential Information. Confidential Information is defined similarly to  
23 Proprietary Information in the EPI and includes but is not limited to trade secrets,  
24 inventions, ideas, business plans, and information regarding the skills and compensation  
25 of employees of eBay or its subsidiaries.

26 87. eBay performed its obligations under the contracts, including but  
27 not limited to paying Tilenius a salary, a substantial sum of severance pay, and  
28 consulting pay.









1 maliciously and with a wanton disregard of eBay's rights, thereby entitling Plaintiffs to  
2 punitive damages to be proven at trial.

3 **SEVENTH CAUSE OF ACTION**

4 **(Aiding and Abetting Breaches of Fiduciary Duty and Duty of Loyalty against**  
5 **Tilenius and Google)**

6 113. Plaintiffs hereby allege and incorporate by reference paragraphs 1  
7 through 9, paragraphs 12 through 22, paragraph 36, paragraphs 53 through 57, and  
8 paragraphs 107 through 112, inclusive, of this complaint, as though fully set forth herein.

9 114. Tilenius and Google knew that Bedier owed Plaintiffs a fiduciary  
10 duty and a duty of loyalty as an executive at PayPal.

11 115. Tilenius and Google knew that Bedier would breach those duties if  
12 he recruited other PayPal employees to work at Google while Bedier was still a PayPal  
13 employee.

14 116. Tilenius and Google further knew that Bedier would breach those  
15 duties if he used Plaintiffs' time and resources to plan a move to Google.

16 117. Plaintiffs are informed and believe and on that basis allege that  
17 Tilenius and Google gave substantial assistance or encouragement to Bedier to recruit  
18 other PayPal employees to work at Google while he was still at PayPal, and to use  
19 Plaintiffs' time and resources to plan his move to Google.

20 118. On information and belief, Bedier did in fact breach those duties by  
21 recruiting other PayPal employees causing damage to Plaintiffs in an amount to be  
22 determined at trial.

23 119. Plaintiffs are informed and believe and on that basis allege that  
24 Bedier further breached his duties by using Plaintiffs' time and resources to plan his  
25 move to Google.

26 120. On information and belief, Google's and Tilenius' acts that  
27 constitute aiding and abetting were carried out willfully, fraudulently, maliciously and  
28 with a wanton disregard of Plaintiffs' rights, thereby entitling Plaintiffs to punitive

1 damages to be proven at trial.

2 **EIGHTH CAUSE OF ACTION**

3 **(Intentional Interference with Prospective Economic Advantage against**  
4 **Google and Tilenius)**

5 121. Plaintiffs hereby allege and incorporate by reference paragraphs 1  
6 through 9, paragraphs 11 through 22, paragraph 36, paragraphs 43 through 57,  
7 paragraph 82, paragraph 85, and paragraph 91, inclusive, of this complaint, as though  
8 fully set forth herein.

9 122. Tilenius and Google intentionally acted to disrupt Bedier's economic  
10 relationship with PayPal by recruiting him to work at Google. The relationship was in  
11 fact disrupted when Bedier resigned from PayPal to go work at Google.

12 123. Plaintiffs have suffered damages in an amount to be determined at  
13 trial due to Bedier's departure, which was proximately caused by Google's and Tilenius'  
14 acts.

15 124. Plaintiffs are informed and believe and on that basis allege that  
16 Tilenius' disruptive actions were independently wrongful because they occurred in  
17 violation of Tilenius' contractual obligations to eBay not to solicit or induce the departure  
18 of PayPal employees or disclose Proprietary Information about PayPal's employees.

19 125. Plaintiffs are informed and believe and on that basis allege that  
20 Google acted disruptively and independently wrongfully when it knowingly and  
21 intentionally encouraged and induced Tilenius to breach her contractual obligations to  
22 eBay by recruiting Bedier from PayPal.

23 126. Plaintiffs are informed and believe and on that basis allege that  
24 Tilenius and Google's actions were further or in the alternative independently wrongful  
25 because they actively encouraged Bedier to breach his fiduciary duty and duty of loyalty  
26 to PayPal. Plaintiffs are informed and believe and on that basis allege that Tilenius and  
27 Google's actions were further or in the alternative independently wrongful because they  
28 actively encouraged Bedier to misappropriate PayPal's trade secrets when soliciting him

1 to join Google.

2 127. On information and belief, Google's and Tilenius' acts that  
3 constitute an intentional interference with prospective economic relations were carried  
4 out willfully, fraudulently, maliciously and with a wanton disregard of Plaintiffs' rights,  
5 thereby entitling Plaintiffs to punitive damages to be proven at trial.

6 **NINTH CAUSE OF ACTION**

7 **(Unfair Competition Under California Business and Professions**  
8 **Code Section 17200, et seq. against Google, Bedier and Tilenius)**

9 128. Plaintiffs hereby allege and incorporate by reference paragraphs 1  
10 through 9, paragraphs 11 through 22, paragraphs 32 through 36, paragraphs 38 through  
11 41, paragraphs 43 through 57, and paragraphs 114 through 120.

12 129. California Business and Professions Code Section 17200, *et seq.*  
13 prohibits acts of unfair competition, including any and all "unlawful, unfair or fraudulent  
14 business act or practice."

15 130. Defendants' actions, as described above, are unfair, unlawful, and  
16 fraudulent.

17 131. Plaintiffs have suffered damages because of Defendants' unfair,  
18 unlawful, and fraudulent actions.

19 132. Plaintiffs are further entitled to injunctive relief as set forth below.

20 **PRAYER FOR RELIEF**

21 WHEREFORE, Plaintiffs pray for judgment as follows:

22 133. Preliminary and permanent injunctive relief which assures that any  
23 future misappropriation of PayPal's trade secrets be immediately stopped on the part of  
24 Defendants, all those acting in concert with Defendants, and other appropriate persons  
25 and/or entities, irrespective of whether under the control of Defendants;

26 //


27 //

28 //

- 1           134. Further equitable relief in the most appropriate form that will have
- 2 the effect of “undoing” any past and current misappropriations of PayPal’s trade secrets
- 3 on the part of Defendants, all those acting in concert with Defendants and other
- 4 appropriate persons and/or entities, irrespective of whether under the control of
- 5 Defendants;
- 6           135. Compensatory damages, past and future, in an amount adequate to
- 7 compensate Plaintiffs;
- 8           136. General damages;
- 9           137. An accounting to establish, and an order requiring restitution
- 10 and/or disgorgement of, the sums by which Defendants have been unjustly enriched;
- 11           138. A reasonable royalty for Google’s and Bedier’s misappropriation of
- 12 PayPal’s and eBay’s trade secrets;
- 13           139. Disgorgement and/or restitution of compensation paid by Plaintiffs
- 14 to Bedier during the time period he was disloyal to Plaintiffs;
- 15           140. Exemplary and punitive damages for Defendants’ willful and
- 16 malicious actions;
- 17           141. Pre-judgment and post-judgment interest at the maximum rate
- 18 allowed by law;
- 19           142. Attorneys’ fees and costs incurred by virtue of this action; and
- 20           143. For such other and further relief as the Court may deem proper.

21 Dated: May 26, 2011

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