

XPRT Files \$3.8 Billion Lawsuit Against eBay Charging Patent Infringement and Misappropriation of Trade Secrets

July 13, 2010

(Wilmington, DE) - July 13, 2010 - XPRT VENTURES, LLC, which holds significant patents covering e-commerce payment systems and methods, today announced that it has filed a lawsuit against eBay, Inc, its subsidiaries, PayPal, Inc. and Bill Me Later Inc., Shopping.com, Inc., and StubHub, Inc. The lawsuit, filed in the United States District Court for the District of Delaware, asserts trade secret theft and patent infringement claims with respect to six XPRT patents. In a nutshell, XPRT asserts eBay unfairly stole the idea and method of payment used in eBay's PayPal and similar electronic payment systems. The suit seeks monetary damages in excess of \$3.8 billion.

The complaint alleges that the Inventors listed on XPRT's patents shared their patent applications, and ideas on how to implement such concepts taught therein, with eBay in confidence. eBay incorporated such inventive concepts and ideas into its auction payment process during current California gubernatorial candidate Meg Whitman's tenure as eBay's CEO. eBay's unauthorized incorporation was a misuse of Inventors' confidential and proprietary material.

XPRT claims that eBay's upper management knew or should have known, that the unauthorized use of Inventors' confidential and proprietary material ran the risk of patent infringement if XPRT's patent applications issued as patents.

According to the complaint, although eBay knew of the confidential and proprietary nature of the Inventors' disclosures, eBay nevertheless filed a U.S. patent application, using the same attorney who had reviewed XPRT's disclosures, which incorporated numerous disclosures set forth in XPRT's patent applications. However, eBay did not disclose XPRT's patent applications to the U.S. Patent and Trademark Office, until a search report issued for eBay's corresponding foreign patent application and cited one of XPRT's published patent applications as relevant prior art. Only then did eBay cite XPRT's published patent application to the USPTO.

eBay's U.S. patent application has been rejected four times based on the earliest filed XPRT patent application, which was filed more than two years before eBay's patent application was filed.

As a result of eBay's duty of candor before the USPTO to prosecute only claims believed by it to be patentable, XPRT asserts that eBay has admitted the patentability of the subject matter of numerous claims contained in XPRT's patent applications.

According to the complaint, a Confidentiality Agreement, provided by eBay and signed by XPRT's Inventors, was later unilaterally altered in respect of its effective date by eBay's senior patent

counsel to make it appear as if eBay's obligation to keep XPRT's information confidential only arose on the date eBay's patent application was filed, when in fact eBay's confidentiality obligations arose significantly earlier.

XPRT claims that eBay used XPRT's confidential and proprietary information to modify and incorporate PayPal into its e-commerce platform and to roll out several features incorporated into eBay's payment systems. These features include PayPal Pay Later, PayPal Buyer Credit, PayPal's Balance Manager Service and the Checkout payment system.

XPRT seeks in excess of \$3.8 billion in present and future damages on a present value basis.

For additional information about background, associated patents and the charges raised, please view the attached complaint.

XPRT Ventures, LLC is represented by attorneys at **Kelley Drye & Warren LLP**.

Founded in 1836, Kelley Drye & Warren LLP is a multidisciplinary law firm with eight offices in the United States and an office in Brussels, Belgium.

Contact:

XPRT VENTURES, LLC

PublicRelations@XPRTVenturesllc.com

Kelley Drye & Warren LLP

[Thomas B. Kinzler](#)

(212) 808-7775

tkinzler@kelleydrye.com

To view the complaint, click below: