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16 Attorneys for Plaintiff  
 17 T-Mobile USA, Inc.

18 **UNITED STATES DISTRICT COURT**  
 19 **CENTRAL DISTRICT OF CALIFORNIA**

|    |                                                                      |   |                                 |
|----|----------------------------------------------------------------------|---|---------------------------------|
| 18 | T-MOBILE USA, INC., a Delaware Corporation                           | ) | Case No. CV-09-8232 VBF(PJWx)   |
| 19 | Plaintiff,                                                           | ) |                                 |
| 20 | v.                                                                   | ) | <b>FINAL JUDGMENT AND</b>       |
| 21 |                                                                      | ) | <b>PERMANENT INJUNCTION</b>     |
| 22 | C-Tech Wholesale Inc., a California Corporation; and Hassan Chaalan, | ) | <b>AGAINST DEFENDANTS C-</b>    |
| 23 | Defendants.                                                          | ) | <b>TECH WHOLESALE, INC. AND</b> |
| 24 |                                                                      | ) | <b>HASSAN CHAALAN</b>           |
| 25 |                                                                      | ) |                                 |

26  
 27 Plaintiff T-Mobile USA, Inc. (“T-Mobile”), brought the above-captioned  
 28 lawsuit against Defendants C-Tech Wholesale, Inc. and Hassan Chaalan

1 (“Defendants”) asserting that Defendants are engaged in an unlawful enterprise  
2 involving the acquisition, sale, and alteration of large quantities of T-Mobile  
3 prepaid wireless telephones (“T-Mobile Prepaid Handsets” or “Handsets”) and  
4 SIM Cards, PIN numbers, and/or other mechanism, process or materials used to  
5 activate service or acquire airtime in connection with an activation, including but  
6 not limited to T-Mobile’s FlexPay<sup>SM</sup> program (“Activation Materials”) that causes  
7 substantial and irreparable harm to T-Mobile (the “Subsidy Theft Scheme”).

8 Defendants allegedly perpetrate the Subsidy Theft Scheme by acquiring bulk  
9 quantities of T-Mobile Prepaid Handsets, which include T-Mobile Activation  
10 Materials, from retail stores, such as Wal-Mart or Target. Defendants allegedly  
11 solicit others to purchase T-Mobile Prepaid Handsets and Activation Materials in  
12 bulk for their own benefit. Defendants allegedly acquire the T-Mobile Prepaid  
13 Handsets with the actual or constructive knowledge and intent that they will not be  
14 activated for use on the T-Mobile prepaid wireless network and that the Handsets  
15 will be computer-hacked. The purpose of this hacking, known as “unlocking,” is  
16 to erase, remove and/or disable proprietary software installed in the Handset,  
17 which enables the use of the T-Mobile Prepaid Handsets exclusively on T-  
18 Mobile’s prepaid wireless system. The unlocked Handsets are then allegedly  
19 trafficked and resold overseas, at a premium, under the T-Mobile trademarks for  
20 unauthorized use outside of Plaintiff’s prepaid wireless system and the Activation  
21 Materials that come with the Handsets are illicitly sold and/or fraudulently  
22 activated to appropriate airtime.

23 T-Mobile Prepaid Handsets are sold subject to terms and conditions (“Terms  
24 and Conditions”) which conspicuously restrict and limit the sale and use of the T-  
25 Mobile Prepaid Handsets. These Terms and Conditions are set forth in printed  
26 inserts that are included in the packaging with every T-Mobile Prepaid Handset,  
27 and are also available to the public on T-Mobile’s website. The Terms and  
28 Conditions are referenced in printed warnings that are placed on the outside of the

1 retail packaging of the Handsets. T-Mobile alleges that the Terms and Conditions  
2 and language on the packaging constitute a valid binding contract.

3 Pursuant to the Terms and Conditions and the language on the packaging,  
4 purchasers of T-Mobile Prepaid Handsets agree, among other things: not to use the  
5 Handsets for a fraudulent purpose that “negatively impact[s] [T-Mobile’s]  
6 customers, employees, business, ability to provide quality service, [and]  
7 reputation.” T-Mobile Terms and Conditions, ¶ 7.

8 As a result of the Subsidy Theft Scheme, T-Mobile has asserted claims  
9 against Defendants for breach of contract; federal trademark infringement and false  
10 advertising under 15 U.S.C. § 1125(a)(1)(A) and (B); unfair competition under  
11 Cal. Bus. & Prof. Code. § 17200, *et seq.*, contributory trademark infringement;  
12 tortious interference with business relationships and prospective advantage; harm  
13 to T-Mobile’s goodwill and business reputation; civil conspiracy; unjust  
14 enrichment; and conspiracy to induce a breach of contract.

15 The Court, having reviewed the Complaint and file and being otherwise duly  
16 advised in the premises, it is hereby:

17 **ORDERED, ADJUDGED and DECREED** that:

- 18 **1.** This Court has jurisdiction over all the parties and all of the claims set  
19 forth in T-Mobile’s Complaint.
- 20 **2.** The Court finds that T-Mobile has the right to use and enforce said  
21 rights in the standard character mark T-Mobile and a stylized T-Mobile Mark  
22 (collectively, the “T-Mobile Marks”), as depicted below:



24  
25 T-Mobile uses the T-Mobile Marks on and in connection with its  
26 telecommunications products and services. Defendants’ alleged use of the T-  
27 Mobile Marks without authorization in connection with the Subsidy Theft Scheme  
28 has caused, and will further cause, a likelihood of confusion, mistake and

1 deception as to the source of origin of the counterfeit products, and the relationship  
2 between T-Mobile and Defendants. Defendants' alleged activities constitute false  
3 designation of origin, false descriptions and representations, and false advertising  
4 in commerce in violation of § 43(a) of the Lanham Act, 15 U.S.C. §1125(a)(1)(A)  
5 and (B). Defendants knew or should have known that T-Mobile is the exclusive  
6 licensee of the T-Mobile Marks and that Defendants had no legal right to use the  
7 T-Mobile Marks on infringing products.

8 **3.** The Court finds that the Terms and Conditions and the language on  
9 the packaging constitute a valid binding contract enforceable against purchasers of  
10 T-Mobile Phones. The Court finds that facilitating others to use T-Mobile Prepaid  
11 Handsets in conjunction with service providers other than T-Mobile; tampering  
12 with or altering T-Mobile Prepaid Handsets, SIM cards and/or the Handsets'  
13 software; and/or entering unauthorized PIN numbers in the Handsets for purposes  
14 of unlocking the Handsets or facilitating others in such acts, constitute independent  
15 breaches of contract for which T-Mobile is entitled to relief.

16 **4.** The Court finds that the conduct set forth in the Complaint, if proven  
17 as alleged, would constitute breach of contract; federal trademark infringement and  
18 false advertising under 15 U.S.C. § 1125(a)(1)(A) and (B); unfair competition  
19 under Cal. Bus. & Prof. Code. § 17200, et seq., contributory trademark  
20 infringement; tortious interference with business relationships and prospective  
21 advantage; harm to T-Mobile's goodwill and business reputation; civil conspiracy;  
22 unjust enrichment; and conspiracy to induce a breach of contract. The Court further  
23 finds that the alleged Subsidy Theft Scheme would cause substantial and  
24 irreparable harm to T-Mobile, and would continue to cause substantial and  
25 irreparable harm to T-Mobile unless enjoined.

26 **5.** T-Mobile has suffered damages, including loss of goodwill and  
27 damage to its reputation, as a result of Defendants' alleged conduct. T-Mobile is  
28 entitled to injunctive relief on the claims set forth in the Complaint.

1           **6.**     Final judgment is hereby entered in the principal amount of Five  
2 Million Dollars and Zero Cents (US \$5,000,000) that shall bear interest at the legal  
3 rate for which let execution issue forthwith, against Defendant C-Tech Wholesale,  
4 Inc., and in favor of the Plaintiff, T-Mobile USA, Inc., on all of the claims set forth  
5 in T-Mobile's Complaint.

6           **7.**     Defendants C-Tech Wholesale, Inc. and Hassan Chaalan, and each  
7 and all of their respective officers, directors, successors, predecessors, assigns,  
8 parents, subsidiaries, affiliates, related companies, predecessors-in-interest, agents,  
9 employees, investigators, personal representatives, beneficiaries, and all other  
10 persons or entities acting or purporting to act for him/it or on his/its behalf,  
11 including but not limited to any corporation, partnership, proprietorship or entity of  
12 any type that is in any way affiliated or associated with any Defendant or any  
13 Defendant's representatives, agents, assigns, parent entities, employees, associates,  
14 servants, affiliated entities, and any and all persons and entities in active concert  
15 and participation with any Defendant who receive notice of this Order, shall be and  
16 hereby are PERMANENTLY ENJOINED from:

- 17           a.     purchasing, selling, unlocking, reflashing, altering, advertising,  
18                 soliciting and/or shipping, directly or indirectly, any T-Mobile  
19                 Prepaid Handsets or Activation Materials;
- 20           b.     purchasing, selling, unlocking, reflashing, altering, advertising,  
21                 soliciting and/or shipping, directly or indirectly, any T-Mobile  
22                 mobile device or Activation Material that Defendants know or  
23                 should know bears any T-Mobile marks or any marks likely to  
24                 cause confusion with the T-Mobile marks, or any other  
25                 trademark, service mark, trade name and/or trade dress owned  
26                 or used by T-Mobile now or in the future. Specifically,  
27                 Defendants are enjoined from purchasing, selling, and/or  
28                 shipping, directly or indirectly, all models of T-Mobile Prepaid

1 Handsets and related Activation Materials currently offered for  
2 sale by T-Mobile or that may be offered for sale in the future, as  
3 listed and updated from time to time on T-Mobile's website:  
4 <http://www.t-mobile.com>, regardless of whether such devices  
5 are, new or used, whether in or out of their original packaging,  
6 or whether "locked," "unlocked," or otherwise modified in any  
7 way by any person;

- 8 c. unlocking of any T-Mobile Handset;
- 9 d. accessing, altering, erasing, tampering with, deleting or  
10 otherwise disabling the software contained in any T-Mobile  
11 Prepaid Handset;
- 12 e. supplying T-Mobile Handsets or Activation Materials to or  
13 facilitating or in any way assisting other persons or entities who  
14 Defendants know or should know are engaged in unlocking T-  
15 Mobile Handsets and/or hacking, altering, erasing, tampering  
16 with, deleting or otherwise disabling the software installed in T-  
17 Mobile Handsets;
- 18 f. supplying T-Mobile Handsets or Activation Materials to or  
19 facilitating or in any way assisting other persons or entities who  
20 Defendants know or should know are engaged in any of the acts  
21 prohibited under this Permanent Injunction, including, without  
22 limitation, the buying and/or selling of locked or unlocked T-  
23 Mobile Handsets or Activation Materials; and
- 24 g. knowingly using the T-Mobile Marks or any other trademark,  
25 service mark, trade name and/or trade dress owned or used by  
26 T-Mobile now or in the future, or that is likely to cause  
27 confusion with T-Mobile's marks, without T-Mobile's prior  
28 written authorization.

1           **8.** The purchase, sale or shipment of any T-Mobile Handsets or  
2 Activation Materials without T-Mobile’s prior written consent within and/or  
3 outside of the continental United States and/or the sale of Activation Materials is  
4 and shall be deemed a presumptive violation of this permanent injunction.

5           **9.** The address of C-Tech Wholesale, Inc. is 4141 Ball Road, Cypress,  
6 California 90630.

7           **10.** The address of Hassan Chaalan is 4122 Elizabeth Court, Cypress,  
8 California 90630.

9           **11.** The address of Plaintiff, T-Mobile USA, Inc. is 12920 S.E. 38th  
10 Street, Bellevue, Washington 98006.

11           **12.** Defendants waive their right of appeal from the entry of this Final  
12 Judgment.

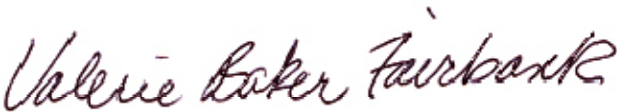
13           **13.** The Court retains jurisdiction over this matter and the parties to this  
14 action in order to enforce any violation of the terms of this Permanent Injunction  
15 and to enforce the terms of the parties’ settlement agreement (including providing  
16 any rights or remedies contained therein). Upon T-Mobile’s filing of an affidavit  
17 or declaration that any one or all of the Defendants have defaulted under the  
18 settlement agreement or/or violated the Permanent Injunction, the Court shall find  
19 the Defendants in contempt and shall award T-Mobile compensatory damages in an  
20 amount of \$5,000 for each T-Mobile prepaid handset or item of Activation  
21 Material that Defendants are found to have purchased, sold, or unlocked in  
22 violation of this Injunction. The Court finds that these amounts are compensatory  
23 and will serve to compensate T-Mobile for its losses in the event a Defendant  
24 violates the terms of this Order.

25           **14.** The Court retains jurisdiction over this matter to enter a subsequent  
26 judgment for damages against Defendant Chaalan in the event of a violation of the  
27 terms of this injunction or the settlement agreement.

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**15.** The Court hereby finds, pursuant to Fed. R. Civ. P. 54(b), that there is no just reason for delay and orders that Judgment shall be entered against Defendants as set forth herein.

DONE AND ORDERED in Chambers this 24TH day of November, 2009.



\_\_\_\_\_  
JUDGE, UNITED STATES DISTRICT COURT