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The Honorable Ronald B. Leighton

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON, AT TACOMA

T-MOBILE USA, INC., a Delaware Corporation,
Plaintiff,
v.
SHERMAN TERRY, et al.,
Defendants.

No. 3:11-cv-5655-RBL

**ORDER GRANTING PARTIAL SUMMARY
JUDGMENT AND ENTERING PERMANENT
INJUNCTION AGAINST DEFENDANT
GEORGE COLLETT**

THIS MATTER is before the Court on Plaintiff, T-Mobile USA, Inc.’s (“T-Mobile”) Motion for Partial Summary Judgment Against Defendant George Collett (“Motion”). [Dkt. #134]. T-Mobile contends that there are no material facts in dispute and summary judgment should be granted in T-Mobile’s favor on its Federal Trademark Infringement and False Advertising (Count One), Trafficking in Computer Passwords (Count Three), Unauthorized Access With Intent to Defraud (Count Four), Theft of Computer Data (Count Five), Unauthorized Access (Count Six), Unfair Competition, O.C.G.A. §23-2-55 (Count Eight), Civil Conspiracy (Count Nine), Georgia Computer Systems Protection Act, O.C.G.A. §16-9-93 (Count Thirteen), and Deceptive Trade Practices, O.C.G.A. §10-1-372 (Count Fourteen) claims (collectively, T-Mobile’s “Claims”). The Court has reviewed the case file, considered testimony, and heard argument for and against the motion, and being otherwise duly and fully advised in the premises, . For the following reasons, the Court GRANTS the Motion for Partial Summary Judgment Against Defendant George Collett and enters a permanent injunction.

1 The Court makes the following findings:

2 This Court has jurisdiction over the parties and the claims set forth in T-Mobile's
3 Amended Complaint.

4 **A. T-Mobile's Business Model**

5 T-Mobile has the right to use and enforce said rights in the standard character mark T-
6 Mobile and a stylized T-Mobile Mark (collectively, the "T-Mobile Marks"), as depicted below:



9
10 T-Mobile uses the T-Mobile Marks on and in connection with telecommunications services and
11 products, which are provided nationwide.

12 T-Mobile's prepaid programs provide T-Mobile customers with wireless service without a
13 term contract, deposit or activation fee. To obtain service, customers purchase a T-Mobile phone
14 from T-Mobile or from an authorized T-Mobile dealer or retailer, pay for the first month of service,
15 and then pay a monthly fee in advance for their service on T-Mobile's wireless network for that
16 month. T-Mobile subsidizes each handset, or, in other words charges its customers less for the
17 prepaid phone than it cost T-Mobile to purchase it. T-Mobile recoups the loss over time through the
18 sale of T-Mobile services. Along with the phone, customers receive a SIM card, which is inserted in
19 the handset. The SIM card allows the phone to access the T-Mobile wireless network, and to track
20 and regulate airtime usage. Both T-Mobile SIM cards and handsets carry the T-Mobile Mark.

21 The SIM card provides access to T-Mobile's wireless network only if it is properly activated,
22 which can only be accomplished through a confidential and proprietary website or through a T-
23 Mobile customer service representative. To activate a T-Mobile SIM card, an authorized T-Mobile
24 dealer must enter a confidential activation code into T-Mobile's secure activation website or orally
25 give the code and customer-related information over the phone to the T-Mobile customer service
26 representative. Upon receiving all of the required information, T-Mobile then activates the SIM
27 card, and the customer may use the SIM card to access the T-Mobile wireless network.

1 T-Mobile's post-paid business accounts allow businesses to purchase and activate
2 numerous phone lines from T-Mobile on a post-paid basis, usually with unlimited airtime and a
3 variety of services. These activations can only be legitimately made in T-Mobile's computer
4 systems by a T-Mobile representative or authorized T-Mobile dealer.

5 **B. Defendant's Illegal Conduct**

6 Defendant and his co-conspirators engaged in unlawful business practices involving the
7 unauthorized use of T-Mobile's trademarks, the unlawful acquisition, purchase and sale of T-
8 Mobile SIM cards and airtime, the fraudulent activation of those SIM cards for use on T-Mobile's
9 prepaid services, the illegal procurement, use, and sale of proprietary codes, identifiers, and
10 methods for defrauding T-Mobile out of airtime and services, the bulk purchase and resale of T-
11 Mobile Phones, computer unlocking of T-Mobile Prepaid Phones, alteration of proprietary
12 software computer code installed in the Phones for T-Mobile, and trafficking of the Phones and
13 SIM cards for profit. Defendant conspired with others to acquire and resell T-Mobile prepaid
14 handsets in bulk to their financial benefit. Bulk purchase and resale of T-Mobile handsets in order
15 to profit from the subsidy that was intended to benefit T-Mobile customers violates T-Mobile's
16 rights. T-Mobile's rights are similarly violated by the purchase and resale of large quantities of
17 new T-Mobile phones by a entity that is not an authorized dealer of T-Mobile products.

18 Defendants also acquired large quantities of T-Mobile SIM cards and, through fraudulent
19 means activated those SIM cards on T-Mobile's network. There is no legitimate reason for
20 anyone to buy or sell bulk quantities of T-Mobile SIM cards. Defendant and his co-conspirators
21 utilize improperly-acquired confidential codes to hack into T-Mobile's proprietary database with
22 the intent of defrauding T-Mobile and stealing airtime and other services for their own use and
23 for sale. Defendant then affirmatively advertised to the public that the SIM cards for sale, which
24 were loaded with illegally-acquired airtime minutes, are authentic T-Mobile SIM cards properly
25 activated for use on T-Mobile's wireless service. Mr. Collett admits to this activity. He testified
26 that he sold T-Mobile Phones and SIM cards on eBay and Craigslist, purchased T-Mobile SIM
27 cards, pin numbers and activation codes, posted a sign in his store saying "unlimited T-Mobile

1 service \$50 a month” and falsely advertised that he was a T-Mobile dealer. Defendant, who is
2 not an authorized T-Mobile dealer, has also improperly advertised that his store is a T-Mobile
3 store and that his store has an unlimited T-Mobile service plan for \$45 per month without a
4 credit check. These representations were false, as George Collett’s store and the service plans
5 he offered were not sanctioned by T-Mobile.

6 **C. Harm Caused by Defendant’s Schemes**

7 Defendant’s actions have substantially harmed T-Mobile by, among other things: defrauding
8 T-Mobile into providing airtime without receiving compensation; causing T-Mobile to incur the cost
9 of paying a third-party carrier for roaming charges and overseas calls made using the fraudulently-
10 activated SIM cards; depriving T-Mobile of the opportunity to earn profits by providing service to
11 legitimate T-Mobile consumers; stealing handset subsidies provided for legitimate customers; and
12 tarnishing T-Mobile’s reputation.

13 The fraudulent activation of wireless service accounts by Defendant and his co-
14 conspirators irreparably harms T-Mobile because it deprives T-Mobile of the means to control
15 the quality of its product. Further, purchasers of Defendant’s “unlimited” service blamed T-
16 Mobile when their service was deactivated as a fraudulent account. As a result, T-Mobile’s
17 reputation is further harmed by Defendant’s conduct.

18 Similarly, Defendant’s unauthorized resale of T-Mobile SIM cards and handsets—which
19 still bear the T-Mobile Marks and under the false indication that he was an authorized T-Mobile
20 dealer—resulted in calls by confused and angry consumers to T-Mobile’s customer relations
21 department, for which T-Mobile incurs costs. T-Mobile’s reputation is further damaged when
22 T-Mobile is unable to assist those consumers because Defendant made false representations to
23 consumers that they paid for a particular level or amount of T-Mobile service or that they
24 received a genuine T-Mobile product. These problems do not exist for customers who receive
25 legitimate T-Mobile products and services.

26 The conduct of Defendant and his co-conspirators has resulted in the dilution of the T-
27 Mobile Marks, substantial harm to T-Mobile’s business reputation and goodwill and a greater

1 likelihood of confusion, mistake, and deception as to the source of origin of T-Mobile products
2 unlawfully sold by the Defendant and his co-conspirators and as to the relationship between T-
3 Mobile and Defendant.

4 Moreover, the use and trafficking of stolen activation codes and SIM cards over the
5 internet and throughout the United States, and fraudulent activation of the SIM cards and
6 business accounts, substantially affects interstate commerce. T-Mobile provided evidence that it
7 expended over \$18,125.88 in investigating Defendant and taking corrective measures to prevent
8 further fraudulent conduct.

9 In sum, the Court finds that T-Mobile was substantially harmed by Defendant's actions.

10 **SUMMARY JUDGMENT STANDARD**

11 The United States Supreme Court has held that the: “[s]ummary judgment procedure is
12 properly regarded not as a disfavored procedural shortcut, but rather as an integral part of the Federal
13 Rules as a whole, which are designed ‘to secure the just, speedy and inexpensive determination of
14 every action.’” *Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986). To prevail on summary
15 judgment, T-Mobile, as the movant, need only show that there is no genuine issue of material fact.
16 FED.R.CIV.P. 56(c); *Celotex*, 477 U.S. at 322. A material issue of fact is only “genuine” “if the
17 evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Anderson v.*
18 *Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). “Where the record taken as a whole could not lead a
19 rational trier of fact to find for the non-moving party, there is no ‘genuine issue for trial.’”
20 *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). Consequently,
21 Defendant must come forward with significant evidence and “must do more than simply show that
22 there is some metaphysical doubt as to the” merits of T-Mobile's claims. *Id.* at 586.

23 Furthermore, to overcome summary judgment Defendant must submit evidence
24 demonstrating that a genuine issue of material fact does exist. Defendant cannot merely rely
25 upon allegations, assumptions or speculations, which are legally insufficient to overcome a
26 Motion for Summary Judgment. *See Matsushita*, 475 U.S. at 585-89, *Celotex*, 477 U.S. at 325.

1 An issue cannot be genuine if it is unsupported by evidence or is created by evidence that is
2 “merely colorable” but “not significantly probative.” *Anderson*, 477 U.S. at 249-50.

3 For a transferred case, such as this one, “[a]fter a transfer pursuant to 28 U.S.C. § 1404(a), the
4 transferee district court generally must apply the state law that the transferor district court would have
5 applied had the case not been transferred.” *Shannon-Vail Five Inc. v. Bunch*, 270 F.3d 1207, 1210 (9th
6 Cir. 2001) (citing *Van Dusen v. Barrack*, 376 U.S. 612, 639 (1964) (“A change of venue under §
7 1404(a) generally should be, with respect to state law, but a change of courtrooms.”)); *see also*
8 *Eckstein v. Balcor Film Investors*, 8 F.3d 1121 (7th Cir. 1993) (same).

9 ANALYSIS

10 **A. Defendant has Violated the Lanham Act and Related State Law Claims**

11 To prevail on its trademark infringement claims, T-Mobile must prove: (1) it has rights
12 senior to Defendant in the T-Mobile Marks; and (2) there is a likelihood of confusion between
13 the T-Mobile Marks and Defendant’s marks as used or intended to be used in the marketplace.
14 *Goto.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000); *Brookfield*
15 *Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1046 (9th Cir. 1999).

16 With regard to the first element, the Court finds that T-Mobile has been assigned the
17 right to use and enforce the T-Mobile Marks by its parent company, Deutsche Telekom AG;
18 T-Mobile uses the T-Mobile Marks on and in connection with telecommunications services,
19 including on SIM cards and Prepaid Phones; and Defendant does not have rights to use the T-
20 Mobile Marks and his unauthorized use of the T-Mobile Marks began after T-Mobile’s use.

21 With regard to the second element, the Ninth Circuit assesses a likelihood of confusion with
22 reference to the eight (8) factors set forth in *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th
23 Cir. 1979), often called the *Sleekcraft* factors. These factors include: (1) the similarity of the marks;
24 (2) the relatedness of the two companies’ goods/services; (3) the marketing channel used; (4) the
25 strength of the Plaintiff’s mark; (5) the Defendant’s intent in selecting his mark; (6) evidence of
26 actual confusion; (7) the likelihood of expansion into other markets; and (8) the degree of care likely
27 to be exercised by purchasers. *Sleekcraft*, 599 F.2d at 348-49. “This list of factors, while perhaps

1 exhausting, is neither exhaustive nor exclusive. Rather, the factors are intended to guide the court in
2 assessing the basic question of likelihood of confusion. The presence or absence of a particular
3 factor does not necessarily drive the determination of a likelihood of confusion.” *E. & J. Gallow*
4 *Winery v. Gallow Cattle Co.*, 967 F.2d 1280, 1290-91 (9th Cir. 1992). Courts have noted that the
5 first three *Sleekcraft* factors are often controlling of the likelihood of confusion analysis. *Goto.com,*
6 *Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1207 (9th Cir. 2000) (“This trinity constitutes the most
7 crucial body of the *Sleekcraft* analysis.”). By addressing these factors, the totality of the evidence
8 compels the Court to hold as a matter of law that likelihood of confusion exists.

9 The undisputed evidence demonstrates that T-Mobile and Defendant sell identical-
10 looking, directly-competing products and services to the same purchasers—individuals looking
11 for affordable, high quality T-Mobile wireless telephones and service—through the same
12 channels of trade, utilizing the same advertising vehicles. Therefore, the trinity factors favor
13 confusion. *Goto.com*, 202 F.3d at 1207 (“This trinity constitutes the most crucial body of the
14 *Sleekcraft* analysis.”). Furthermore, there have already been several instances of documented
15 actual confusion, which “is the best evidence of likelihood of confusion.” *Nautilus Group, Inc.*
16 *v. Icon Health & Fitness, Inc.*, 308 F. Supp. 2d 1208, 1213 (W.D. Wash. 2003). Indeed, at least
17 three customers contacted T-Mobile to complain about the “T-Mobile service” they received
18 from Mr. Collett. George Collett’s store and the service plans he offered to these customers
19 were not sanctioned by T-Mobile in any way.

20 There can be no dispute that the T-Mobile Marks are strong marks. They are well
21 known and established to customers and the trade as symbols identifying and distinguishing T-
22 Mobile’s products and services, and signifying distinctive products and services of exceptional
23 quality. Moreover, Defendant’s bad faith intent to misappropriate the T-Mobile Marks and to
24 trade on Plaintiff’s established goodwill is further evidence of the likelihood that additional
25 consumers have been and will be confused.

26 The undisputed facts demonstrate that Defendant used the T-Mobile Marks without
27 permission. The Court finds that Defendant is not, and has never been, an authorized sales agent of

1 T-Mobile products and services with permission to use the T-Mobile Marks. Accordingly,
2 Defendant is committing trademark infringement and summary judgment is granted to T-Mobile on
3 this claim.

4 Defendant is also violating the Lanham Act through his false advertising. Section 43(a)
5 of the Lanham Act (15 U.S.C. § 1125(a)) makes it unlawful for “[a]ny person who...in
6 commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or
7 geographic origin of his or her or another person’s goods, services, or commercial activities.”
8 15 U.S.C. § 1125(a)(1)(B). To succeed on its false advertising claim, T-Mobile must show:

9 (1) a false statement of fact by the defendant in a commercial advertisement about its
10 own or another’s product; (2) the statement actually deceived or has the tendency to
11 deceive a substantial segment of its audience; (3) the deception is material, in that it is
12 likely to influence the purchasing decision; (4) the defendant caused its false
13 statement to enter interstate commerce; and (5) the plaintiff has been or is likely to be
14 injured as a result of the false statement, either by direct diversion of sales from itself
15 to defendant or by a lessening of the goodwill associated with its products.

16 *Nat’l Products, Inc. v. Gamber-Johnson LLC*, 699 F. Supp. 2d 1232, 1237 (W.D. Wash. 2010)
17 (citing *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139 (9th Cir. 1997)). “To
18 demonstrate falsity within the meaning of the Lanham Act, a plaintiff may show that the
19 statement was literally false, either on its face or by necessary implication, or that the statement
20 was literally true but likely to mislead or confuse consumers.” *Id.*

21 Defendant falsely advertised and promoted through interstate commerce that he was an
22 authorized T-Mobile dealer selling genuine T-Mobile products and services. Mr. Collett
23 testified that he sold T-Mobile Phones and SIM cards on eBay and Craigslist, purchased T-
24 Mobile SIM cards, pin numbers and activation codes, posted a sign in his store saying
25 “unlimited T-Mobile service \$50 a month” and advertised that he was a T-Mobile dealer.
26 Defendant also improperly advertised his store as a T-Mobile store with an unlimited T-Mobile
27 service plan for \$45 per month without a credit check. These representations were false, as the
Court finds that George Collett’s store and the T-Mobile products and service plans he offered
were not sanctioned by T-Mobile in any way.

1 Defendant's false advertising deceived consumers, as evidenced by them calling T-
2 Mobile regarding the service they purchased from Defendant. It is undeniable that Defendant's
3 advertisements misrepresent the nature, characteristics, and/or qualities of Defendant's
4 infringing products. Defendant's false and deceptive advertising on the internet and otherwise
5 has a material effect on purchasing decisions, affects interstate commerce, and continues to
6 cause irreparable harm to T-Mobile including, but not limited to, direct diversion of sales from
7 T-Mobile to Defendant and by lessening the goodwill associated with T-Mobile's products and
8 services. *Id.*; *see also Nat'l Products*, 699 F. Supp. 2d at 1237. Therefore, summary judgment
9 is granted in T-Mobile's favor on its false advertising claim.

10 Because T-Mobile has successfully established its trademark infringement claim, its
11 deceptive trade practices and unfair competition claims under Georgia state law must also
12 succeed. *See Jellibears, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 839 n.14 (11th
13 Cir. 1983) (test for deceptive trade practice and unfair competition under Georgia law same as
14 test for false designation of origin under Lanham Act).

15 In sum, T-Mobile has established that there are no disputed facts regarding its trademark
16 infringement, false advertising, unfair competition, and deceptive trade practices claims and,
17 that it is entitled to summary judgment on these claims.

18 **B. Defendant Violated the Computer Fraud and Abuse Act (“CFAA”)**

19 To prevail on a claim under 18 U.S.C. § 1030(a)(4) of the CFAA, T-Mobile must establish
20 that Defendant: (1) knowingly and with intent to defraud;¹ (2) accessed a protected computer
21 without authorization; (3) obtained anything of value; and (4) caused a loss and damages
22 aggregating at least \$5,000. *See* 18 U.S.C. §§ 1030(a)(4), 1030(c)(4)(A)(i)(I), 1030(g).

23 T-Mobile's wireless telecommunications network as well as its proprietary computer
24 system for activations are each a “protected computer” as defined in 18 U.S.C. §§ 1030(e)(2).

25 ¹ “Intent to defraud” under Section 1030(a)(4) “simply means wrongdoing...” whereby “the defendant participated in
26 dishonest methods to obtain the plaintiff's secret information.” *Shurguard Storage Ctrs., Inc. v. Safeguard Self Storage*,
27 *Inc.*, 119 F.Supp.2d 1121, 1126 (W.D. Wash. 2000); *see also U.S. v. Willis*, 476 F.3d 1121 (10th Cir. 2007); *eBay Inc. v.*
Digital Point Solutions, Inc., 608 F.Supp.2d 1156 (N.D. Cal. 2009) (fraud under the CFAA only requires a showing of
unlawful access; there is no need to plead the elements of common law fraud to state a claim under the Act).

1 Defendant with the assistance of his co-conspirators systematically accessed T-Mobile’s protected
2 computers, without authorization, in at least two separate ways. First, Defendant used improperly
3 obtained confidential T-Mobile activation codes to access T-Mobile’s proprietary computer
4 system to activate bulk quantities of SIM cards. Second, after activating the SIM cards, Defendant
5 again improperly accessed a T-Mobile computer system by using the (now counterfeit) SIM cards
6 to access T-Mobile’s computer-based wireless telecommunications network to obtain stolen
7 mobile airtime and services from T-Mobile.² Defendant then sold this stolen airtime (which he
8 obtained for free) to unwitting consumers who believed he was an authorized T-Mobile dealer.

9 T-Mobile has suffered the requisite “loss”³ and “damage”⁴ as defined under the CFAA. As
10 the *Shurguard* court noted, the “word ‘integrity’ in the context of data necessarily contemplates
11 maintaining the data in a protected state,” and when a defendant “infiltrated the plaintiff’s computer
12 network...and collected and disseminated confidential information [even if] no data was physically
13 changed or erase..., an impairment of its integrity occurred.” *Shurguard*, 119 F.Supp.2d 1126-27.

14 Defendant’s actions have substantially harmed T-Mobile by, among other things:
15 defrauding T-Mobile out of airtime and related services disrupting T-Mobile’s profitable
16 relationships with its dealers and customers, causing T-Mobile to incur the cost of investigating
17 and remedying the breaches and paying third-party carriers for roaming and overseas calls made
18 on the SIM card, diluting the T-Mobile Marks, depriving it of the means to control the quality of
19 its product, harming T-Mobile’s business reputation and goodwill and leading to a greater
20 likelihood of confusion, mistake, and deception as to the source of origin of T-Mobile products,
21 and depriving T-Mobile of the opportunity to earn profits by providing wireless service to
22 legitimate T-Mobile consumers.

23 ² T-Mobile’s proprietary activation computer system and its wireless telecommunications network both constitute a
24 “protected computer” for purposes of the CFAA, as defined at 18 U.S.C. § 1030(e)(2)(B). *See United States v. Trotter*,
478 F.3d 918, 920-22 (8th Cir. 2007) (company’s computer network is a “protected computer” under the statute).

25 ³ According to the statute, “loss” includes “any reasonable cost to any victim, including the cost of responding to an
26 offense, conducting a damage assessment, and restoring the data, program, systems, or information to its condition
27 prior to the offense, and any revenue lost, cost incurred, or other consequential damages incurred because of the
interruption of service.” *See* 18 U.S.C. § 1030(e)(11).

⁴ The term “damage” is defined in the statute to mean “any impairment to the integrity or availability of data, a
program, a system, or information.” *See* 18 U.S.C. § 1030(e)(8).

1 The Court further finds that T-Mobile has spent in excess of \$5,000 investigating and
2 assessing the possible impairment to the integrity of its proprietary computer system and
3 wireless network, conducting a damage assessment regarding Defendant’s collection and
4 dissemination of dealer codes, SIM cards, and wireless airtime, and tracking down and
5 deactivating improperly-activated SIM cards.

6 Defendant is also violating 18 U.S.C. §§ 1030(a)(2)(C) and 1030(a)(5)(C). Under 18
7 U.S.C. § 1030(a)(2)(C) it is unlawful to intentionally access a protected computer without
8 authorization and thereby obtain information from the protected computer. Section 1030(a)(5)(C)
9 makes it unlawful to intentionally access a protected computer without authorization and cause
10 damage and loss. For the reasons discussed above, Defendant has intentionally accessed T-
11 Mobile’s protected computers without authorization. By accessing the T-Mobile proprietary
12 database, Defendant obtained information that allowed him to activate the SIM cards, and gain
13 access to T-Mobile’s wireless network to obtain “free” airtime and stolen services from T-Mobile.
14 T-Mobile suffered loss and was damaged in the process, as set forth above.

15 Defendant is also violating Section 1030(a)(6) of the CFAA. A claim under 18 U.S.C. §
16 1030(a)(6) requires the following elements: (1) the Defendant knowingly; (2) trafficked in; (3) a
17 computer password; (4) in a manner that affects interstate commerce. *See* 18 U.S.C. §§
18 1030(a)(6); 1030(c)(4)(A)(i)(I); 1030(g). Defendant and his co-conspirators are doing exactly
19 that—they trafficked in T-Mobile’s confidential pass-codes that access its proprietary computer
20 systems. Defendant also has bought and sold counterfeit and illegally-activated SIM cards to
21 consumers. These illegally-activated SIM cards operate as a gateway (or computer password) to
22 T-Mobile’s nationwide wireless telecommunications network.

23 Defendant has violated the CFAA and summary judgment is granted in T-Mobile’s favor
24 on its CFAA claims.

1 **C. Defendant Violated the Georgia Computer Systems Protection Act**

2 Georgia Statute § 16-9-93 provides civil remedies for those engaging in computer theft,
3 computer trespass, and computer password disclosure.⁵

4 Defendant repeatedly committed computer theft, computer trespass and computer password
5 disclosure by illegally accessing T-Mobile’s computers and advertising, using, and selling codes that
6 allow the user to access T-Mobile’s computers to acquire airtime and services without remuneration
7 to T-Mobile. Accordingly, Defendant violated the Georgia Computer Systems Protection Act, and
8 summary judgment is granted in Plaintiff’s favor with respect to this claim.

9 **D. Defendant’s Unlawful Activities are Part of an Illegal Conspiracy**

10 To prove conspiracy, T-Mobile “must show that two or more persons combined either to
11 do some act which is a tort, or else to do some lawful act by methods which constitute a tort.”
12 *Tyler v. Thompson*, 308 Ga.App. 221, 224-225; 707 S.E.2d 137, 141 (Ga. Ct. App. 2011) (internal
13 quotations omitted). Mr. Collett admits that he affirmatively worked with Defendants Custom
14 Access, Inc. and Sherman Terry to engage in a variety of tortious conduct, including, but not
15 limited to, trademark infringement, false advertising, computer fraud, computer theft, computer
16 trespass, and computer password disclosure. Participation by unauthorized persons like Mr.
17 Collett in buying and selling large quantities of T-Mobile SIM cards or new T-Mobile handsets

18 ⁵ O.C.G.A. § 16-9-93 states in pertinent part:

19 (a) *Computer Theft*. Any person who uses a computer or computer network with knowledge that such use is without
20 authority and with the intention of:

21 (1) Taking or appropriating any property of another, whether or not with the intention of depriving the
22 owner of possession;

23 (2) Obtaining property by any deceitful means or artful practice; or

24 (3) Converting property to such person’s use in violation of an agreement or other known legal obligation
25 to make a specified application or disposition of such property...shall be guilty of the crime of computer theft.

26 (b) *Computer Trespass*. Any person who uses a computer or computer network with knowledge that such use is
27 without authority and with the intention of:

 (1) Deleting or in any way removing, either temporarily or permanently, any computer program or data
from a computer or computer network;

 (2) Obstructing, interrupting, or in any way interfering with the use of a computer program or data; or

 (3) Altering, damaging, or in any way causing the malfunction of a computer, computer network, or
computer program, regardless of how long the alteration, damage, or malfunction persists... shall be guilty of the
crime of computer trespass....

 (e) *Computer Password Disclosure*. Any person who discloses a number, code, password, or other means of access
to a computer or computer network knowing that such disclosure is without authority and which results in damages
(including the fair market value of any services used and victim expenditure) to the owner of the computer or
computer network in excess of \$500.00 shall be guilty of the crime of computer password disclosure.

1 constitutes a requisite act in furtherance of the conspiracy. Indeed, Mr. Collett admits to being a
2 dealer for Custom Access and working with Sherman Terry to activate T-Mobile SIM cards on T-
3 Mobile's wireless network. Furthermore, Mr. Terry admitted that he was using stolen dealer
4 codes to fraudulently access T-Mobile's computers to improperly activate customer accounts.
5 Based on the foregoing undisputed evidence, summary judgment in T-Mobile's favor on this
6 claim is appropriate. *Tyler*, 308 Ga.App. at 224-225; 707 S.E.2d at 141.

7
8 **RELIEF**

9 **A. Permanent Injunction**

10 On August 3, 2011, a preliminary injunction was entered against Defendant. (Dkt #82).
11 T-Mobile now seeks to make this injunction permanent based on Defendant's numerous
12 violations of the Lanham Act and CFAA. T-Mobile is entitled to a permanent injunction
13 because: (1) it has suffered an irreparable injury; (2) remedies available at law are inadequate to
14 compensate T-Mobile's injuries; (3) considering the balance of hardships between T-Mobile
15 and Defendant, a remedy in equity is warranted; and (4) the public interest would not be
16 disserved by a permanent injunction. *See eBay Inc. v. MercExchange LLC*, 547 U.S. 388, 390
17 (2006); *Reno Air Racing Ass'n v. McCord*, 452 F.3d 1126, 1137 n.11 (9th Cir. 2006).
18 Moreover, once infringement is shown, irreparable injury is generally presumed in a trademark
19 case. *See Abercrombie & Fitch Co. v. Moose Creek, Inc.*, 486 F.3d 629, 633 (9th Cir. 2007);
20 ("Once the plaintiff has demonstrated a likelihood of confusion, it is ordinarily presumed that
21 the plaintiff will suffer irreparable harm if injunctive relief is not granted."); *Vision Sports, Inc.*
22 *v. Melville Corp.*, 888 F.2d 609, 612 n.3 (9th Cir. 1989).

23 Even without the legal presumptions afforded it by the law of this Circuit, T-Mobile will
24 be irreparably harmed because Defendant's actions, if allowed to persist, will continue to cause T-
25 Mobile to suffer harm to its business reputation and dilution of the T-Mobile Marks as Defendant
26 introduces more and more infringing products and services into the marketplace. Moreover, the
27 actual irreparable harm that T-Mobile has suffered will worsen over time if Defendant is not

1 permanently enjoined by the Court. Defendant could sell T-Mobile's confidential and proprietary
2 codes, SIM cards and Phones throughout the world, making it virtually impossible for T-Mobile
3 to retrieve the infringing products, thereby causing T-Mobile further irreparable harm.

4 When these infringing products (which are advertised using the T-Mobile trademarks) fail
5 to meet the expectations of consumers, such as when they stop working, the consumers will
6 devalue T-Mobile's brand and products. *See eBay, Inc. v. Bidder's Edge, Inc.*, 100 F. Supp. 2d
7 1058, 1066 (N.D. Cal. 2000) ("Harm resulting from lost profits and lost customer goodwill is
8 irreparable because it is neither easily calculable, nor easily compensable and therefore is an
9 appropriate basis for injunctive relief."). Absent permanent injunctive relief, T-Mobile would be
10 forced to repeatedly file suit any time Defendant infringes its trademark rights in the future. *See*
11 *Continental Airlines, Inc. v. Intra Brokers, Inc.*, 24 F.3d 1099, 1104-05 (9th Cir. 1994) ("the
12 multiplicity of suits necessary to be engendered if redress was sought at law, all establish the
13 inadequacy of a legal remedy and the necessity for the intervention of equity"). This is
14 particularly salient here, where Defendant has already demonstrated an unwillingness to stop
15 advertising and selling T-Mobile products even after this suit was filed, a preliminary injunction
16 was issued, and an order of contempt for violating the injunction entered. Permanent injunctive
17 relief is the only adequate remedy to prevent the continued threat of infringement.

18 Furthermore, the balance of hardships weighs strongly in T-Mobile's favor. Defendant
19 has no legitimate interest in holding himself out as an authorized T-Mobile dealer, when he is
20 not, or in selling hacked SIM cards and Phones with T-Mobile Marks when, in fact, those SIM
21 cards and Phones are not genuine T-Mobile products. Defendant has no legitimate interest in
22 using and selling T-Mobile's proprietary codes. Defendant's business is not maintained solely
23 through the use and sale of T-Mobile proprietary codes and counterfeit T-Mobile SIM cards and
24 Phones. He can continue to conduct business in the telecommunications industry, buying and
25 selling other products and services.

26 T-Mobile, on the other hand, is threatened with irreparable injury if an injunction is not
27 issued. The continued use and sale of proprietary codes and counterfeit SIM cards and Phones

1 that contain the T-Mobile Marks, but no longer conform to T-Mobile's specifications and do not
2 operate as advertised on the T-Mobile wireless network, poses a substantial threat to T-Mobile's
3 business reputation. Additionally, by Defendant holding himself out as an authorized T-Mobile
4 dealer, who is providing illicit and defective products to customers, he is irreparably harming T-
5 Mobile's reputation. Defendant's continued violations of the Preliminary Injunction
6 demonstrate that he is unable to advertise and lawfully sell T-Mobile products and services. His
7 actions threaten to irreparably damage T-Mobile's hard-earned business reputation as a provider
8 of quality wireless service dedicated to customer service.

9 Furthermore, the monetary benefits that Defendant receives from his actions are not
10 benefits to be protected. *Ty, Inc. v. GMA Accessories, Inc.*, 959 F.Supp. 936, 945 (N.D. Ill.
11 1997) ("Loss of profits from infringing products warrant little consideration in the balancing of
12 harms analysis."). Defendant should not consider it a burden to follow the law by not infringing
13 T-Mobile's trademark rights, fraudulently holding himself out as a legitimate T-Mobile dealer,
14 and hacking into its computer systems. *See S&R Corp. v. Jiffy Lube Int'l, Inc.*, 968 F.2d 371,
15 375 (3d Cir. 1992) (infringer's "self-inflicted harm is far outweighed by the immeasurable
16 damage done Jiffy Lube by the infringement of its trademark"); *Burger King Corp. v. Majeef*,
17 805 F.Supp. 994, 1006 (S.D. Fla. 1992) (same).

18 Finally, the public interest will not be disserved by the issuance of a permanent injunction.
19 On the contrary, the permanent injunction will benefit the public by preventing likelihood of
20 confusion to consumers. *Hokto Kinoko Co. v. Concord Farms, Inc.*, No. 10-1384, 2011 WL
21 3625382, *30 (C.D. Cal. Aug. 16, 2011) (granting permanent injunction for defendant's infringing
22 conduct); *see also Competition Specialties, Inc. v. Competition Specialties, Inc.*, 87 Fed.Appx. 38,
23 42 (9th Cir. 2004) (upholding district court's entry of a permanent injunction under the Lanham
24 Act); *Creative Computing v. Getloaded.com LLC*, 386 F.3d 930, 933, 937-38 (9th Cir. 2004)
25 (upholding district court's entry of a permanent injunction for defendant's violations of the CFAA).

26 For these reasons, the Court enters a permanent injunction as further detailed below.
27

1 **B. Monetary Damages**

2 Damages under the Lanham Act include “(1) defendant’s profits; (2) any damages
3 sustained by the plaintiff, and (3) the costs of the action.” 15 USC §1117(a). Further the
4 Lanham Act provides for enhanced damages of up to three times the amount of actual damages.
5 *Id.* Under the CFAA, T-Mobile is entitled to recover its compensatory damages. *See* 18 U.S.C.
6 § 1030(g). Damages under the Georgia Computer Systems Protection Act “shall include loss of
7 profits and victim expenditure.” Ga. Code Ann., § 16-9-93(g)(1). When a conspiracy exists, as
8 it does here, “members of the conspiracy are jointly and severally liable for acts of co-
9 conspirators done in furtherance of the conspiracy.” *Tyler v. Thompson*, 308 Ga. App. 221,
10 225; 707 S.E.2d 137, 141 (Ga. Ct. App. 2011).

11 T-Mobile has established that Defendant and his co-conspirators, including Sherman
12 Terry and Custom Access, Inc., collectively activated at least 824 fraudulent prepaid accounts and
13 104 fraudulent business accounts. *See Tyler*, 308 Ga. App. at 225; 707 S.E.2d at 141 (“After the
14 conspiracy is formed, members of the conspiracy are jointly and severally liable for acts of co-
15 conspirators done in furtherance of the conspiracy.”); *Cook v. Robinson*, 216 Ga. 328, 329; 116
16 S.E.2d 742, 745 (Ga. 1960) (“where a cause of action is alleged, the fact of conspiracy, if proved,
17 makes any actionable deed by one of the conspirators chargeable to all....The liability is joint and
18 several.”). T-Mobile submitted evidence that for each line that is fraudulently activated, T-
19 Mobile suffers at least \$106 in lost revenue. Therefore, the Court awards T-Mobile lost revenues
20 in the amount of \$98,368.00 for Defendant’s unlawful activations.

21 In addition, T-Mobile established that it expended over \$18,125.88 in investigating
22 Defendant and taking corrective measures to prevent further fraudulent conduct, excluding
23 litigation costs or attorneys’ fees. T-Mobile is entitled to actual damages in the amount of
24 \$116,493.88. As a result of Defendant’s willful conduct as described above, the Court finds it
25 proper to treble T-Mobile’s award of actual damages. Therefore, the Court awards T-Mobile
26 \$349,481.64 in damages. *See* 15 USC §1117(a).

1 Unauthorized Access (Count Six), Unfair Competition, O.C.G.A. §23-2-55 (Count Eight), Civil
2 Conspiracy (Count Nine), Georgia Computer Systems Protection Act, O.C.G.A. §16-9-93
3 (Count Thirteen), and Deceptive Trade Practices, O.C.G.A. §10-1-372 (Count Fourteen) claims.

4 2. Plaintiff, T-Mobile USA, Inc. is awarded damages in the principal amount of
5 Three Hundred and Forty-Nine Thousand, Four Hundred and Eighty-One Dollars and Sixty-
6 Four Cents (\$349,481.64) for monetary and exemplary damages against Defendant George
7 Collett, which shall bear interest at the legal rate, for which let execution issue forthwith.

8 3. Defendant George Collett, and each of his respective partners, agents, representatives,
9 employees, servants, heirs, personal representatives, beneficiaries, relatives, contractors, companies,
10 corporations, including, but not limited to, Cell Phone George Inc., and each and all of their
11 respective past and present officers, directors, successors, assigns, parents, subsidiaries, affiliates,
12 related companies, predecessors-in-interest, agents, representatives, and employees, and all other
13 persons acting on behalf of or for the benefit of Defendant or who are in active concert or
14 participation with Defendant, including but not limited to any corporation, partnership, association,
15 proprietorship or entity of any type that is in any way affiliated or associated with Defendant or
16 Defendant's representatives, agents, assigns, employees, servants, affiliated entities, and any and all
17 persons and entities in active concert and participation with Defendant who receive notice of this
18 Order, shall be and hereby are PERMANENTLY ENJOINED from:

- 19 a. purchasing, selling, providing, altering, advertising, soliciting, using, and/or
20 shipping, directly or indirectly, any T-Mobile "Activation Materials,"
21 which consist of SIM cards, PIN numbers, activation and proprietary codes,
22 and/or other mechanism, process or materials used to activate service or
23 acquire airtime in connection with an activation on the T-Mobile network;
- 24 b. purchasing, selling, unlocking, reflashing, altering, advertising, soliciting, using,
25 and/or shipping, directly or indirectly, any T-Mobile products or services;
- 26 c. purchasing, selling, unlocking, reflashing, altering, advertising, soliciting
27 and/or shipping, directly or indirectly, any Activation Materials or T-

1 Mobile mobile device that Defendants know or should know bears any T-
2 Mobile marks or any marks likely to cause confusion with the T-Mobile
3 marks, or any other trademark, service mark, trade name and/or trade
4 dress owned or used by T-Mobile now or in the future;

- 5 d. accessing, directly or indirectly, personally or through an agent or
6 associate, any of T-Mobile's internal computers or computer systems;
- 7 e. accessing, altering, erasing, tampering with, deleting or otherwise
8 disabling the software contained in any T-Mobile mobile device;
- 9 f. supplying T-Mobile Activation Materials or mobile device(s) to or facilitating
10 or assisting in any way other persons or entities who Defendants know or
11 should know are engaged in selling SIM cards, Activation Materials, and/or
12 methods or processes to defraud T-Mobile or are unlocking T-Mobile mobile
13 device and/or hacking, altering, erasing, tampering with, deleting or otherwise
14 disabling the software installed in T-Mobile mobile device(s);
- 15 g. supplying T-Mobile Activation Materials or devices to or facilitating or in
16 any way assisting other persons or entities who Defendants know or
17 should know are engaged in any of the acts prohibited under this
18 Permanent Injunction, including, without limitation, the buying and/or
19 selling of T-Mobile Activation Materials or mobile device; and
- 20 h. using the T-Mobile Marks or any other trademark, service mark, trade
21 name and/or trade dress owned or used by T-Mobile now or in the future,
22 or that is likely to cause confusion with T-Mobile's marks, without T-
23 Mobile's prior written authorization.

24 4. The purchase, sale, trafficking, use, or shipment of any T-Mobile mobile device,
25 SIM card, accessory, or Activation Material without T-Mobile's prior written consent within
26 and/or outside of the continental United States is and shall be deemed a presumptive violation of
27 this permanent injunction.

