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11 Attorneys for Plaintiff
 12 COUPONS, INC.

13 UNITED STATES DISTRICT COURT
 14 NORTHERN DISTRICT OF CALIFORNIA
 15 SAN JOSE DIVISION

16 COUPONS, INC.,

17 Plaintiff,

18 vs.

19 JOHN STOTTMIRE,

20 Defendant.

Case No. 5:07-CV-03457 HRL

**DECLARATION OF STEVEN BOAL IN
 OPPOSITION TO DEFENDANT'S
 MOTION TO SUMMARILY ENFORCE
 SETTLEMENT AGREEMENT**

Date: February 24, 2009
 Time: 10:00 a.m.
 Courtroom: 2
 Judge: Honorable Howard R. Lloyd

21 I, Steven Boal, declare as follows:

22 1. I am the founder and Chief Executive Officer of Coupons, Inc. I submit this
 23 declaration in opposition to Defendant's Motion to Summarily Enforce the Settlement
 24 Agreement. Coupons, based in Mountain View, California, provides marketing and technology
 25 solutions for delivering consumer-printed coupons on behalf of Coupons' clients. Coupons' core
 26 couponing, customer acquisition, and e-mail marketing services provide clients with creation,
 27 distribution, tracking, and reporting of consumer-printed coupons that can be redeemed in-store,
 28 alongside traditional paper clipped coupons.

2. Coupons' clients include prominent consumer product manufacturers, advertising
 agencies, retailers, promotional marketing companies and Internet portals. The coupons are
 subject to copyright protection under federal law.

1 3. Advertisers usually want wide distribution of coupons across the target market.
2 They always want to set and limit the total number available in order to control the total amount
3 of discounts, and therefore the cost, of the marketing program.

4 4. Advertisers' goals require Coupons to ensure both wide distribution and control
5 over the total number of coupons available in order to provide a valuable product to its customers.
6 Coupons provides technological solutions to these challenges by, among other things:
7 (1) controlling the number of total prints of a coupon per uniquely identified computer; and
8 (2) uniquely identifying each coupon within a particular promotion to ensure each coupon's
9 validity.

10 5. Whenever a computer seeks to have a coupon printed, Coupons' security system
11 sends the computer's unique identifier to Coupons' server for verification. Coupons' system and
12 technology determine if a computer is authorized to obtain a particular print, and if so, the system
13 transmits the coupon directly to the consumer's printer. Thus, the consumer's computer must
14 seek and obtain access each time it asks to have a coupon printed. If authorized, the computer
15 prints the coupon, which the consumer can redeem at a local store.

16 6. Defendant Stottlemire created, used and distributed a method and software
17 program designed to circumvent these security features with the express objective of having
18 consumers print more than their authorized number of unique coupons from an individual
19 computer. His scheme was effective at that time, in part because he is an expert in online
20 coupons and software programming. Stottlemire understands the technology of coupons
21 management in general, and many of Coupons' coupon generation procedures.

22 7. Stottlemire has developed some notoriety in the digital coupons industry. For
23 instance, Stottlemire owned and operated the online forum called The Coupon Queen
24 (www.thecouponqueen.net), in which consumers discuss and trade coupons (the "Coupon Queen
25 Forum"). The Coupon Queen Forum advertised coupons for sale in exchange for a handling fee,
26 all to Stottlemire's financial benefit.

27 8. Stottlemire used this lawsuit to promote his views and to encourage others to
28 circumvent Coupons' security procedures to misappropriate coupons by printing unauthorized

1 copies. He encouraged others to use those unauthorized coupons, which undermined our clients'
2 advertising campaigns and misappropriated the value our clients provided in the coupons used in
3 these campaigns.

4 9. His activities, including his public pronouncements and exhortation of others to
5 attempt to circumvent our technology, injured Coupons and our clients. Every time Stottlemire or
6 one of his followers attempted to circumvent Coupons' security measures to produce an
7 unauthorized coupon, Stottlemire and his followers undermined the reputation of Coupons and
8 the value of its services by creating doubts about Coupons' ability to protect the integrity and
9 value of Coupons' clients' campaigns.

10 10. One piece of Stottlemire's pitch to his followers was that he was doing nothing
11 wrong or illegal. He featured this argument on his website and in his pronouncements about the
12 litigation. *See* exhibit A attached hereto, a part of his website. He also persuaded the Electronic
13 Frontier Foundation to file an amicus brief in support of Stottlemire's motion to dismiss the
14 Second Amended Complaint. The EFF reported this Court's Order on the motion to dismiss the
15 Second Amended Complaint as a victory. *See* EFF website report attached hereto as Exhibit B.

16 11. The Court's denial of Stottlemire's motion to dismiss the DMCA and other claims
17 in the Third Amended Complaint, was a new public fact that I understand led Stottlemire to agree
18 to settle this case. Coupons was in part willing to settle the case because this Order appeared to
19 support in principle Coupons' ability to state a cause of action based on the DMCA and other
20 common law theories. This fuller picture of Coupons' claims against Stottlemire allowed the
21 public to draw conclusions about whether the law protected Coupons' rights to prevent
22 circumvention schemes such as Stottlemire's and thereby to protect Coupons' technology, its
23 copyrights and its brand. We were also willing to settle this case because Coupons had developed
24 and implemented new software that prevented Stottlemire and similar hackers from
25 circumventing Coupons' security measures.

26 12. That was the record when the parties agreed to settle the case at the ENE. The
27 settlement agreement, and particularly the confidentiality term, speaks for itself. The parties were
28 to keep everything confidential so that neither party could tout a "victory," and the public could

1 not infer that any side won the controversy. This confidentiality term was the core of the
2 settlement for Coupons. There was no other serious consideration that Coupons was receiving
3 from the settlement given Stottlemire's inability to fund a settlement. We were obviously not
4 concerned about his malicious prosecution threat. That threat was frivolous given this Court's
5 denial of Stottlemire's motion to dismiss Coupons' Third Amended Complaint and Stottlemire's
6 admissions to the fundamental facts of his violations.

7 13. I understand that Coupons could have pushed for another type of settlement that
8 did not dismiss our claims against Stottlemire with prejudice, or even dismiss the case at all.
9 Coupons proposed such a settlement to Stottlemire shortly after the case was filed, which would
10 have enjoined Stottlemire from attempting to circumvent Coupons' security measures.

11 14. Coupons instead chose to enter into a settlement agreement with the term that
12 required the parties to keep all settlement terms confidential. We would not have settled without
13 the confidentiality term, which was critical to the settlement because of the predictable prejudice
14 to Coupons had Stottlemire used the settlement terms to confuse the market with false claims of
15 victory and of his right to develop workarounds to circumvent Coupons' new security software.
16 And that prejudice occurred when he breached the confidentiality term, as discussed below.

17 15. Stottlemire breached the confidentiality term with his website comments and his
18 interviews, as demonstrated in Exhibits C, D, and E, attached hereto.

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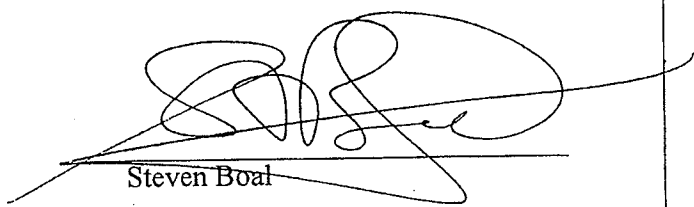
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REDACTED

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24. I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge. Executed this 3rd day of February, 2009, in MOUNTAIN VIEW, California


Steven Boal