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19 Attorneys for Plaintiff  
20 T-Mobile USA, Inc.

21 **UNITED STATES DISTRICT COURT**  
22 **CENTRAL DISTRICT OF CALIFORNIA**

23 T-MOBILE USA, INC., a Delaware  
24 Corporation

25 Plaintiff,

26 v.

27 CALIFORNIA PRODUCTS  
28 INTERNATIONAL, INC., a  
California Corporation; MOHAMAD  
KHALIL; and DOES 1-10,

Defendants.

) Case No. CV08-3502 SGL (SSx)

) **FINAL JUDGMENT AND**  
) **PERMANENT INJUNCTION**  
) **AGAINST DEFENDANTS**  
) **CALIFORNIA PRODUCTS**  
) **INTERNATIONAL, INC. AND**  
) **MOHAMAD KHALIL**  
)  
)  
)  
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)

29 Plaintiff T-Mobile USA, Inc. (“T-Mobile”), brought the above-captioned  
30 lawsuit against Defendants California Products International, Inc. and Mohamad

1 Khalil (“Defendants”) alleging that Defendants are engaged in an unlawful  
2 enterprise involving the acquisition, sale, and alteration of large quantities of T-  
3 Mobile prepaid wireless telephones (“T-Mobile Prepaid Handsets” or “Handsets”)  
4 and 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  
8 substantial and irreparable harm to T-Mobile (the “Bulk Resale Enterprise”).  
9

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

2 T-Mobile Prepaid Handsets are sold subject to terms and conditions (“Terms  
3 and Conditions”) which conspicuously restrict and limit the sale and use of the T-  
4 Mobile Prepaid Handsets. These Terms and Conditions are set forth in printed  
5 inserts that are included in the packaging with every T-Mobile Prepaid Handset,  
6 and are also available to the public on T-Mobile’s website. The Terms and  
7 Conditions are referenced in printed warnings that are placed on the outside of the  
8 retail packaging of the Handsets. The Terms and Conditions and language on the  
9 packaging constitute a valid binding contract.  
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13 Pursuant to the Terms and Conditions and the language on the packaging,  
14 purchasers of T-Mobile Prepaid Handsets agree, among other things: not to use the  
15 Handsets for a fraudulent purpose that “negatively impact[s] [T-Mobile’s]  
16 customers, employees, business, ability to provide quality service, [and]  
17 reputation.” T-Mobile Terms and Conditions, ¶ 7.  
18  
19

20 As a result of the Bulk Sale Enterprise, T-Mobile has asserted claims against  
21 Defendants for breach of contract; federal trademark infringement and false  
22 advertising under 15 U.S.C. § 1125(a)(1)(A) and (B); unfair competition under Cal.  
23 Bus. & Prof. Code. § 17200, *et seq.*, contributory trademark infringement; tortious  
24 interference with business relationships and prospective advantage; harm to T-  
25 Mobile’s goodwill and business reputation; civil conspiracy; unjust enrichment; and  
26 conspiracy to induce a breach of contract.  
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1 The Court, having reviewed the Complaint and file and being otherwise duly  
2 advised in the premises, it is hereby:

3  
4 **ORDERED, ADJUDGED and DECREED** that:

5 1. This Court has jurisdiction over all the parties and all of the claims set  
6 forth in T-Mobile's Complaint.

7 2. The Court finds that T-Mobile has the right to use and enforce said  
8 rights in the standard character mark T-Mobile and a stylized T-Mobile Mark  
9 (collectively, the "T-Mobile Marks"), as depicted below:



11 T-Mobile uses the T-Mobile Marks on and in connection with its  
12 telecommunications products and services. If proven as alleged, Defendants' use of  
13 the T-Mobile Marks without authorization in connection with the Bulk Resale  
14 Enterprise has caused, and will further cause, a likelihood of confusion, mistake and  
15 deception as to the source of origin of the counterfeit products, and the relationship  
16 between T-Mobile and Defendants. If proven as alleged, Defendants' activities  
17 constitute false designation of origin, false descriptions and representations, and  
18 false advertising in commerce in violation of § 43(a) of the Lanham Act, 15 U.S.C.  
19 §1125(a)(1)(A) and (B).  
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23 3. The Court finds that the Terms and Conditions and the language on  
24 the packaging constitute a valid binding contract. The Court finds that facilitating  
25 others to use T-Mobile Prepaid Handsets in conjunction with service providers  
26 other than T-Mobile; tampering with or altering T-Mobile Prepaid Handsets, SIM  
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1 cards and/or the Handsets' software; and/or entering unauthorized PIN numbers in  
2 the Handsets for purposes of unlocking the Handsets or facilitating others in such  
3 acts, constitute independent breaches of contract for which T-Mobile is entitled to  
4 relief.  
5

6           4. The Court finds that the conduct set forth in the Complaint, if proven  
7 as alleged, constitutes violations of 15 U.S.C. § 1125(a)(1)(A) and (B) (federal  
8 trademark infringement and false advertising), and Cal. Bus. & Prof. Code. §  
9 17200, *et seq.* (California unfair competition). The Court further finds that the  
10 conduct, if proven as alleged, constitutes contributory trademark infringement;  
11 tortious interference with business relationships and prospective advantage; harm  
12 to T-Mobile's goodwill and business reputation; civil conspiracy; unjust  
13 enrichment; and conspiracy to induce a breach of contract, and has caused  
14 substantial and irreparable harm to T-Mobile, and will continue to cause  
15 substantial and irreparable harm to T-Mobile unless enjoined.  
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20           5. T-Mobile has suffered damages, including loss of goodwill and  
21 damage to its reputation, as a result of Defendants' alleged conduct if proven as  
22 alleged. T-Mobile is entitled to injunctive relief on the claims set forth in the  
23 Complaint  
24

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

3  
4 7. Defendants California Products International, Inc. and Mohamad  
5 Khalil, and each and all of their past, future, and present respective officers,  
6 directors, successors, predecessors, assigns, parents, subsidiaries, affiliates, related  
7 companies, predecessors-in-interest, agents, employees, attorneys, accountants,  
8 investigators, consultants, heirs, personal representatives, beneficiaries, relatives,  
9 independent contractors, and all other persons or entities acting or purporting to act  
10 for him/it or on his/its behalf, including but not limited to any corporation,  
11 partnership, proprietorship or entity of any type that is in any way affiliated or  
12 associated with any Defendant or any Defendant's representatives, agents, assigns,  
13 parent entities, employees, independent contractors, associates, servants, affiliated  
14 entities, and any and all persons and entities in active concert and participation  
15 with any Defendant who receive notice of this Order, shall be and hereby are  
16 PERMANENTLY ENJOINED from:  
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- 18  
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20  
21 a. purchasing, selling, unlocking, reflashing, altering, advertising,  
22 soliciting and/or shipping, directly or indirectly, any T-Mobile Prepaid  
23 Handsets or Activation Materials;  
24 b. purchasing, selling, unlocking, reflashing, altering, advertising,  
25 soliciting and/or shipping, directly or indirectly, any T-Mobile mobile  
26 device or Activation Material that Defendants know or should know  
27 bears any T-Mobile marks or any marks likely to cause confusion with  
28

1 the T-Mobile marks, or any other trademark, service mark, trade name  
2 and/or trade dress owned or used by T-Mobile now or in the future.  
3 Specifically, Defendants are enjoined from purchasing, selling, and/or  
4 shipping, directly or indirectly, all models of T-Mobile Prepaid  
5 Handsets and related Activation Materials currently offered for sale by  
6 T-Mobile or that may be offered for sale in the future, as listed and  
7 updated from time to time on T-Mobile's website: [http://www.t-](http://www.t-mobile.com)  
8 [mobile.com](http://www.t-mobile.com), regardless of whether such devices are, new or used,  
9 whether in or out of their original packaging, or whether "locked,"  
10 "unlocked," or otherwise modified in any way by any person;

- 11 c. unlocking of any T-Mobile Handset;
- 12 d. accessing, altering, erasing, tampering with, deleting or otherwise  
13 disabling the software contained in any T-Mobile Prepaid Handset;
- 14 e. supplying T-Mobile Handsets or Activation Materials to or facilitating  
15 or in any way assisting other persons or entities who Defendants know  
16 or should know are engaged in unlocking T-Mobile Handsets and/or  
17 hacking, altering, erasing, tampering with, deleting or otherwise  
18 disabling the software installed in T-Mobile Handsets;
- 19 f. supplying T-Mobile Handsets or Activation Materials to or facilitating  
20 or in any way assisting other persons or entities who Defendants know  
21 or should know are engaged in any of the acts prohibited under this  
22 Permanent Injunction, including, without limitation, the buying and/or  
23 selling of locked or unlocked T-Mobile Handsets or Activation  
24 Materials; and
- 25 g. knowingly using the T-Mobile Marks or any other trademark, service  
26 mark, trade name and/or trade dress owned or used by T-Mobile now  
27 or in the future, or that is likely to cause confusion with T-Mobile's  
28 marks, without T-Mobile's prior 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  
6           9.     The address of California Products International, Inc. is 7182 Luxor  
7     Street, Downey, California 90241.

8  
9           10.    The address of Mohamad Khalil is 7182 Luxor Street, Downey,  
10    California 90241.

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

14          12.    Any bank account information disclosed to T-Mobile by Defendants  
15    shall be kept confidential by T-Mobile, except to the extent necessary for T-Mobile  
16    to enforce its rights under this judgment or for T-Mobile's investigation or pursuit  
17    of others whom T-Mobile suspects may be involved in the Bulk Resale Enterprise.

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19          13.    Defendants waive their right of appeal from the entry of this Final  
20    Judgment.

21  
22          14.    The Court retains jurisdiction over this matter to enter a subsequent  
23    judgment for damages against Defendant Khalil.

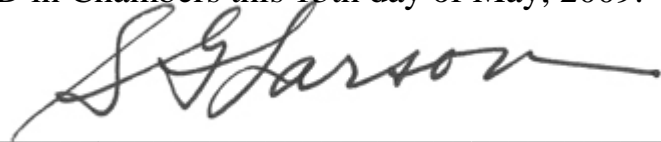
24  
25          15.    The Court retains jurisdiction over this matter and the parties to this  
26    action in order to enforce any violation of the terms of this Permanent Injunction  
27    by a finding of contempt and an order for payment of compensatory damages to T-  
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1 Mobile in an amount of \$5,000 for each T-Mobile prepaid handset or item of  
2 Activation Material that Defendants are found to have purchased, sold, or unlocked  
3 in violation of this Injunction. The Court finds that these amounts are  
4 compensatory and will serve to compensate T-Mobile for its losses in the event a  
5 Defendant violates the terms of this Order. The Court also retains jurisdiction over  
6 this matter and the parties to this action to enforce the terms of the parties'  
7 settlement agreement.  
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10           **16.** The Court hereby finds, pursuant to Fed. R. Civ. P. 54(b), that there is  
11 no just reason for delay and orders that Judgment shall be entered against  
12 Defendants as set forth herein.  
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14  
15           DONE AND ORDERED in Chambers this 13th day of May, 2009.

16  
17 

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

20 Copies furnished to:  
21 James B. Baldinger, counsel for Plaintiff  
22 Hussein Chahine, counsel for Defendants  
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