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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

**SPRINT SOLUTIONS INC. and
SPRINT COMMUNICATIONS
COMPANY L.P.,**

Plaintiffs,

v.

**ZHIWEI LIAO individually and
d/b/a Z-TECH LOOP, ANTHONY
FAY, PHONE MONSTER INC.
and MAXIMIANO OLIVA,**

Defendants.

Case No.: 14-cv-00249-DMS-DHB

**STIPULATED FINAL
JUDGMENT AND PERMANENT
INJUNCTION AGAINST
DEFENDANT ZHIWEI LIAO
INDIVIDUALLY AND D/B/A Z-
TECH LOOP**

Plaintiffs Sprint Solutions, Inc. and Sprint Communications Company L.P. (collectively, “Sprint” or “Plaintiffs”) brought the above-captioned lawsuit against Defendant Zhiwei Liao individually and d/b/a Z-Tech Loop (“Defendant”), alleging that Defendant is engaged in an unlawful enterprise involving the unauthorized and deceptive bulk purchase and resale overseas of specially-manufactured wireless telephones designed for use on Sprint’s wireless service, including the Sprint iPhone (collectively, “Sprint Phones” or “Sprint Handsets” or “Phones” or “Handsets”), the

1 theft of Sprint's subsidy investment in the Phones, the unlawful access of Sprint's
2 protected computer systems and wireless network, the trafficking of Sprint's
3 protected and confidential computer passwords, and the willful infringement of
4 Sprint's trademarks (collectively, the "Bulk Handset Trafficking Scheme" or the
5 "Scheme").

6 Sprint alleges that Defendant perpetrated the Bulk Handset Trafficking
7 Scheme by acquiring large quantities of Sprint Phones from Sprint and/or Sprint
8 authorized retailers and dealers, and by soliciting others to purchase Sprint Phones
9 in large quantities for the benefit of Defendant. Defendant acquired the Sprint
10 Phones with the knowledge and intent that the Phones will not be used on the Sprint
11 wireless network (as required by the Sprint contracts). Instead, Sprint alleges that
12 the Phones are trafficked and the vast majority are resold as new overseas where the
13 Phones are not subsidized by wireless carriers (as they are in the United States) and
14 where the Phones are not as readily available. In some cases, Sprint asserts that
15 Defendant acquired the Sprint Phones with the knowledge and intent that the Phones
16 will be computer-hacked. The purpose of this hacking, known as "unlocking," is to
17 disable software installed in the Phones by the manufacturers at the request and
18 expense of Sprint, which enables the activation of the Sprint Phones exclusively on
19 Sprint's wireless system. The purpose of the software is to allow Sprint to offer the
20 Phones at a discount to the consumer while protecting Sprint's subsidy investment
21 in the Phone. Sprint further contends that the illegally unlocked Phones are
22 trafficked and resold as new by Defendant, at a premium, under the Sprint
23 trademarks.

24 Sprint Phones are sold subject to terms and conditions ("Terms and
25 Conditions") which conspicuously restrict and limit the sale and use of the Phones.
26 These Terms and Conditions are set forth in printed inserts that are packaged with
27 each Phone and are posted on Sprint's website. Pursuant to the Terms and Conditions
28 of Sprint Phones, purchasers agree, among other things: (a) to pay the applicable

1 service charges and other related fees; (b) to activate the Sprint Phones on the Sprint
 2 CDMA network; (c) not to resell the Sprint Phones and related products and services;
 3 and (d) not to use the Phones for a purpose that could damage or adversely affect
 4 Sprint.

5 Sprint has asserted claims against Defendant for unfair competition, tortious
 6 interference with business relationships and prospective advantage, civil conspiracy,
 7 unjust enrichment, conspiracy to induce breach of contract, common law fraud,
 8 fraudulent misrepresentation, violations of the federal Computer Fraud and Abuse
 9 Act, 18 U.S.C. § 1030, *et seq.*, federal trademark infringement under 15 U.S.C. §
 10 1114, federal common law trademark infringement and false advertising under 15
 11 U.S.C. § 1125(a)(1)(A) and (B), contributory trademark infringement, conversion,
 12 and unfair competition under California Business & Professions Code § 17200, *et*
 13 *seq.* The Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and
 14 1367.

15 Based on the stipulation of the parties filed February 23, 2015, and having
 16 reviewed the Complaint and file, this final judgment is entered based on the
 17 following stipulated findings of fact and conclusions of law:

18 1. Sprint has the right to use and enforce rights in the standard character
 19 Sprint® mark and stylized Sprint® Virgin Mobile, payLo, Assurance Wireless and
 20 Boost Mobile trademarks (collectively, the “Sprint Marks”), as depicted below:



1 Sprint uses the Sprint Marks on and in connection with its telecommunications
2 products and services. The Sprint Marks are valid, distinctive, protectable, famous,
3 have acquired secondary meaning, and are associated exclusively with Sprint.

4 2. The Terms and Conditions and the language in and on the packaging
5 constitute a valid and binding contract enforceable between Sprint and each of its
6 customers. The Terms and Conditions set forth certain rights and restrictions on the
7 use of Sprint Phones. Among other things, the Terms and Conditions: (a) require
8 that the customer pay applicable service charges and other related fees; (b) indicate
9 that the Phone is designed to be activated on the Sprint CDMA network; (c) prohibit
10 resale of Sprint Phones and related products and services; and (d) prohibit using the
11 Phones for a purpose that could damage or adversely affect Sprint, for which Sprint
12 is entitled to relief.

13 3. The conduct set forth in the Complaint constitutes violations of the
14 Lanham Act, 15 U.S.C. §§ 1114 and 1125(a)(1)(A) and (B) (federal trademark
15 infringement and false advertising). The conduct also constitutes unfair
16 competition, tortious interference with business relationships and prospective
17 advantage, civil conspiracy, unjust enrichment, conspiracy to induce breach of
18 contract, common law fraud, fraudulent misrepresentation, violations of the federal
19 Computer Fraud and Abuse Act, 18 U.S.C. § 1030, *et seq.*, contributory trademark
20 infringement, conversion and and unfair competition under California Business &
21 Professions Code § 17200, *et seq.*

22 4. Sprint has suffered damages, including loss of goodwill and damage to
23 its reputation, as a result of Defendant's conduct. On review and consideration of
24 all relevant factors, Sprint is entitled to damages and injunctive relief on the claims
25 as set forth in the Complaint.

26 Based on the foregoing, it is **ORDERED** and **DECREED**:

27 5. Final judgment is hereby entered against Defendant, and in favor of the
28 Plaintiffs, on all of the claims set forth in Plaintiffs' Complaint in the principal

1 amount of One Million Dollars and Zero Cents (\$1,000,000.00 (U.S.)), which shall
2 bear interest at the legal rate, for which let execution issue forthwith.

3 6. The address of Defendant is 8747 Longwood Street, San Diego,
4 California 92111.

5 7. Defendant waives any and all rights to challenge the validity of this
6 Final Judgment in this Court or in any other court, and specifically waives his right
7 of appeal from the entry of this Final Judgment.

8 8. This Final Judgment incorporates by reference and in no way
9 supersedes or amends the Permanent Injunction Against Defendant Zhiwei Liao
10 individually and d/b/a Z-Tech Loop entered by the Court on November 26, 2014
11 [DE 58].

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

15
16 IT IS SO ORDERED this 13th day of April, 2015.

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18 
19 _____
20 UNITED STATES DISTRICT JUDGE

21 Copies furnished to:
22 All Counsel of Record
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