

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

TRACFONE WIRELESS, INC.,

Plaintiff,

v.

CASE No.: 6:09-cv-1514-Orl-35KRS

**ADVANCE CELLTELL XESS, LLC, a
Florida corporation; SHAHABUDDIN P.
LAKHANI, individually; SALIM S.
“SUNNY” LAKHANI, individually;
SALIMA S. “SALINA” LAKHANI,
individually,**

Defendants.

**FINAL JUDGMENT AND PERMANENT INJUNCTION
AGAINST DEFENDANTS, ADVANCE CELLTELL XESS, LLC,
SHAHABUDDIN P. LAKHANI, SALIM S. LAKHANI AND SALIMA S. LAKHANI**

THIS CAUSE comes before the Court upon consideration of the parties' Stipulation for Entry of Final Judgment and Permanent Injunction against Defendants, Advance Celltell Xess, LLC, Shahabuddin P. Lakhani, Salim S. Lakhani and Salima A. Lakhani. Plaintiff, TRACFONE WIRELESS, INC. (“TracFone”), brought the above-captioned lawsuit against ADVANCE CELLTELL XESS, LLC a Florida corporation; (“Advance CellTel”), SHAHABUDDIN P. LAKHANI, individually (“S.P.”); SALIM S. LAKHANI, individually (“Sunny”) and SALIMA S. LAKHANI, individually (“Salima”) (collectively, “Defendants”), alleging that the Defendants are engaged in an unlawful enterprise involving the acquisition, sale and alteration of large quantities of TracFone,

NET10, Straight Talk and SafeLink branded prepaid wireless telephones (“TracFone/NET10 Prepaid Phones” or “Phones”) purchased from various retail outlets such as Wal-Mart, Target and Sam’s Club, the solicitation and payment of others to bulk purchase TracFone/NET10 Prepaid Phones for Defendants’ benefit, and computer hacking and erasing or otherwise disabling the prepaid software (“TracFone/NET10 Prepaid Software”) installed in the Phones and essential for consumers to access TracFone’s prepaid wireless network. This unlawful business practice involves the unauthorized and/or unlawful purchase, resale and/or trafficking of TracFone/NET10 Prepaid Phones, the unauthorized and/or unlawful unlocking and/or reflashing of TracFone/NET10 Prepaid Phones and/or alteration, copying, and/or accessing of TracFone’s copyrighted and proprietary software computer code installed in the Phones, or reselling the Phones to others who disable the software, and ultimately sell the altered Phones as new to unsuspecting consumers under the TracFone, NET10, Straight Talk or SafeLink trademarks for unauthorized use outside of the TracFone prepaid wireless system for profit (the “Illicit Bulk Resale Scheme”).

TracFone/NET10 Prepaid Phones are sold subject to terms and conditions (“Terms and Conditions”) which conspicuously restrict and limit the sale and use of TracFone/NET10 Prepaid Phones. These Terms and Conditions are set forth in printed inserts that are included in the packaging with every TracFone/NET10 Prepaid Phone, and are also available to the public on TracFone’s website. The Terms and Conditions are also referenced in printed warnings that are placed on the outside of the retail packaging of the Phones. The Terms and Conditions and language on the packaging constitute a valid binding contract between Defendants and TracFone.

Pursuant to the Terms and Conditions and the language on the packaging, purchasers of TracFone/NET10 Prepaid Phones agree: (a) to use the Phones only in conjunction with the TracFone or NET10 prepaid wireless service; (b) not to tamper with or alter TracFone/NET10 Prepaid Phones or the Phones' software, enter unauthorized PIN numbers in the Phones, engage in any other unauthorized or illegal use of the Phones or the TracFone, NET10, Straight Talk or SafeLink service, or assist others in such acts; and (c) not to export any TracFone/NET10 Prepaid Phones outside of the TracFone, NET10, Straight Talk or SafeLink wireless system coverage area ("Coverage Area"). In violation of the Terms and Conditions, Defendants have, among other things, unlawfully exported TracFone/NET10 Prepaid Phones to foreign countries outside of the Coverage area or knowingly facilitated others who have done so; facilitated others to use the Phones without the TracFone, NET10, Straight Talk or SafeLink prepaid wireless service; and altered TracFone/NET10 Prepaid Phones and the Phones' software or facilitated others who have done so.

As a result of Defendants' alleged involvement in the Illicit Bulk Resale Scheme, TracFone asserted claims against the Defendants for Breach of Contract; Federal Trademark Infringement in violation of 15 U.S.C. §1114.; Federal Unfair Competition in violation of 15 U.S.C. §1125(A); Common Law Unfair Competition; Contributory Trademark Infringement; Copyright Infringement of Software in violation of Title 17 of the United States Code; Circumvention of Technological Measures That Control Access to Copyrighted Software and Trafficking in Services That Circumvent Technological Measures Protecting Copyrighted Software in violation of the Digital Millennium Copyright Act ("DMCA"); dilution of TracFone's marks, 17 U.S.C. §1201, *et seq.*;

Tortious Interference with Business Relationships and Prospective Advantage; Tortious Interference with Contract; Dilution of TracFone's Trademarks under common law unfair competition; conspiracy to induce breach of contract; unfair competition unfair competition and false advertising under Fla. Stat. 501.204; civil conspiracy; and unjust enrichment.

Accordingly, **on stipulation of the Parties**, it is hereby,

ORDERED, ADJUDGED and DECREED that:

1. This Court has jurisdiction over all the parties and all of the claims set forth in TracFone's Complaint.

2. TracFone owns all right, title, and interest in and to United States Trademark Registration No. 2,114,692, for "TracFone," issued on November 18, 1997 and based on a first use date of June 30, 1996; United States Trademark Registration No. 2,761,017, for "TracFone," issued on September 9, 2003 and based on a first use date of December 2000; United States Trademark Registration No. 3,224,929, for "TracFone," issued on April 3, 2007 and based on a first use date of December 31, 2005; United States Trademark Registration No. 3,222,623, for "TracFone," issued on March 27, 2007 and based on a first use date of December 31, 2005; United States Trademark Registration No. 3,118,250, for "NET10," on July 18, 2006 and based on a first use date of March 1, 2005; United States Trademark Registration No. 3,255,754, for "NET10," issued on June 26, 2007 and based on a first use date of December 31, 2005; United States Trademark Registration No. 3,253,506, for "NET10," issued on June 19, 2007 and based on a first use date of December 31, 2005; United States Trademark Registration No. 3,251,389, for "NET10," issued on June 12, 2007 and based on a first use date of December 31, 2005; United States Trademark Registration

No. 3,630,321 for “SafeLink Wireless” and Design, issued on June 2, 2009 and based on a first use date of September 12, 2008; United States Trademark Application No. 77/740,346 for “SafeLink”, filed on May 19, 2009; United States Trademark Application No. 77/685,281 for “Straight Talk”, filed on March 6, 2009; United States Trademark Application No. 77/685,279 for “Straight Talk”, filed on March 6, 2009; United States Trademark Application No. 77/685,274 for “Straight Talk”, filed on March 6, 2009; United States Trademark Application No. 77/691,921 for “Straight Talk Wireless”, filed on March 16, 2009; United States Trademark Application No. 77/691,917 for “Straight Talk Wireless”, filed on March 16, 2009; and United States Trademark Application No. 77/691,925 for “Straight Talk Wireless”, filed on March 16, 2009 (collectively the “TracFone/NET10/Straight Talk/SafeLink Trademarks”).

3. The TracFone/NET10/Straight Talk/SafeLink Trademarks are valid, distinctive, protectable, famous, have acquired secondary meaning and are associated exclusively with TracFone. The Court finds that the trademark registered under Registration No. 2,114,692 is incontestable.

4. TracFone holds a valid and enforceable copyright registration, TX 6-515-894, on the TracFone Prepaid Software.

5. Defendants’ alleged involvement in the Illicit Bulk Resale Scheme, if proven, constitutes Breach of Contract; Federal Trademark Infringement in violation of 15 U.S.C. §1114; Federal Unfair Competition in violation of 15 U.S.C. §1125(A); Common Law Unfair Competition; Contributory Trademark Infringement; Copyright Infringement of Software in violation of Title 17 of the United States Code; Circumvention of Technological Measures That Control Access to Copyrighted Software and Trafficking in Services That Circumvent Technological Measures Protecting Copyrighted Software in violation of the Digital Millennium Copyright Act (“DMCA”); dilution of TracFone’s marks, 17 U.S.C. §1201, *et seq.*; Tortious Interference with

Business Relationships and Prospective Advantage; Tortious Interference with Contract; Dilution of TracFone's Trademarks under common law unfair competition; conspiracy to induce breach of contract; unfair competition; unfair competition and false advertising under Fla. Stat. 501.204; civil conspiracy; and unjust enrichment.

6. The Terms and Conditions constitute a valid binding contract enforceable against Defendants. The Court finds that: (a) facilitating others to use TracFone/NET10 Prepaid Phones in conjunction with service providers other than TracFone, (b) tampering with or altering TracFone/NET10 Prepaid Phones or the Phones' software, entering unauthorized PIN numbers in the Phones for purposes of unlocking or reflashing the Phones, or facilitating others in such acts, and/or (c) exporting TracFone/NET10 Prepaid Phones outside of the Coverage Area, or assisting others in such acts, respectively, constitute independent breaches of contract for which TracFone is entitled to relief.

7. Defendants' alleged involvement in the Illicit Bulk Resale Scheme, if proven, has caused substantial and irreparable harm to TracFone, and will continue to cause substantial and irreparable harm to TracFone unless enjoined.

8. TracFone is entitled to injunctive relief and damages on the claims set forth in the Complaint.

9. On November 27, 2006, the Librarian of Congress, upon the recommendation of the Register of Copyrights, issued a Final Rule setting forth six (6) classes of copyrighted works that are exempt from the provisions of the DMCA, including:

Computer programs in the form of firmware that enable wireless telephone handsets to connect to a wireless telephone communication network, when circumvention is

accomplished for the sole purpose of lawfully connecting to a wireless telephone communication network.

71 Fed. Reg. 68472 (Nov. 27, 2006) (amending 37 C.F.R. §201.40(b)). This exemption does not absolve the Defendants of liability for their violations of the DMCA as alleged in TracFone's Complaint, because the Defendants' conduct as alleged in this case does not come within the scope of the exemption. As alleged in the Complaint, the Defendants' purchase and resale of TracFone/NET10 Prepaid Phones was for the purpose of reselling those handsets for a profit, and not "for the sole purpose of lawfully connecting to a wireless telephone communication network." Because the exemption does not apply to the conduct alleged in this case, there is no need to address the validity of the exemption or the circumstances surrounding its enactment.

10. Final judgment is hereby entered against Defendants, ADVANCE CELLTELL XESS, LLC, a Florida corporation, SHAHABUDDIN P. LAKHANI, individually, SALIM S. LAKHANI, individually, and SALIMA S. LAKHANI, individually, jointly and severally, and in favor of the Plaintiff, TracFone Wireless, Inc., a Delaware corporation, on all of the claims set forth in TracFone's complaint. Final judgment is hereby entered against Defendants ADVANCE CELLTELL in the principal amount of ONE MILLION DOLLARS AND ZERO CENTS (\$1,000,000.00), which shall bear interest at the legal rate, and for which let execution issue forthwith.

11. Defendant, Advance CellTell and each and all of its respective officers, directors, successors, assigns, parents, subsidiaries, affiliates, related companies,

predecessors-in-interest, principals, agents, employees, attorneys, accountants, investigators, consultants, and all other persons or entities acting or purporting to act for him/her/it or on his/her/its behalf, including but not limited to any corporation, partnership, proprietorship or entity of any type that is in any way affiliated or associated with any Defendant or any Defendant's representatives, agents, assigns, parent entities, employees, independent contractors, accountants, attorneys, associates, servants, affiliated entities, and Defendants S.P., Sunny and Salima, and each of his/her heirs, assigns, personal representatives, beneficiaries, relatives, agents, employees, attorneys, accountants, investigators, consultants and all other persons and entities acting or purporting to act for him/her or on his/her behalf, including but not limited to any corporation, partnership, proprietorship or entity of any type that is in any way affiliated or associated with any Defendant, and any and all persons and entities in active concert and participation with any Defendant, are hereby PERMANENTLY ENJOINED from, on behalf of Defendant, Advance CellTell or Defendants S.P., Sunny and Salima,:

(A) purchasing and/or selling, any wireless mobile handset that they know, or should know, bears, or at one time bore, any TracFone/NET10/Straight Talk/SafeLink Trademark, any other trademark owned or used by TracFone, or any other model of wireless mobile phone sold or marketed by TracFone ("TracFone/NET10 Handsets"). Specifically, the Defendants are enjoined from purchasing and/or selling all models of wireless phones currently offered for sale by TracFone, or that may be offered for sale in the future, as listed and updated from time to time on TracFone's,

NET10's, Straight Talk's and SafeLink's websites, www.tracfone.com, www.net10.com, www.straighttalk.com and www.safelink.com, respectively, and including without limitation the following TracFone/NET10 handsets:

Kyocera K126C	Motorola C343	Nokia 1100
LG 1500	Motorola V170	Nokia 1112
LG 200C	Motorola V171	Nokia 1600
LG 200CM	Motorola RAZR V3a	Nokia 2126
LG 300G	Motorola V176	Nokia 2126i
LG 3280	Motorola W175g	Nokia 2285
LG 400G	Motorola W260g	Nokia 2600
LG 410G	Motorola W326g	Nokia 3390
LG 600G	Motorola W370	Samsung T101G
LG CG225	Motorola W375	Samsung T201G
Motorola C139	Motorola W376g	Samsung T301G
Motorola C155	Motorola W377g	
Motorola C261	Motorola W385	

- (B) rekitting, reflashing and/or unlocking of any TracFone/NET10 Handset;
- (C) accessing, altering, erasing, tampering with, deleting or otherwise disabling TracFone's proprietary prepaid cellular software contained within any model of TracFone/NET10 Handsets;
- (D) facilitating or in any way assisting other persons or entities who Defendants know or should know are engaged in rekitting, reflashing and/or unlocking TracFone/NET10 Handsets and/or hacking, altering, erasing, tampering with, deleting or otherwise disabling the software installed in TracFone/NET10 Handsets;
- (E) facilitating or in any way assisting other persons or entities who Defendants know or should know are engaged in any of the acts prohibited under

this Permanent Injunction including, without limitation, the buying and/or selling of unlocked TracFone/NET10 Handsets; and,

(F) knowingly using the TracFone/NET10/Straight Talk/SafeLink Trademarks or any other trademark owned or used by TracFone, or that is likely to cause confusion with TracFone/NET10/Straight Talk/SafeLink's Trademarks, without TracFone's prior written authorization.

12. If any Defendant to this action violates the terms of this Permanent Injunction, the Court will, upon TracFone's filing of an Affidavit or Declaration of Violation, order the payment of compensatory damages to TracFone in the amount of Five Thousand Dollars and No Cents (\$5,000.00 (U.S.)) for each Phone purchased, sold, unlocked, reflashed, altered, advertised, solicited and/or shipped in violation of the Permanent Injunction, or a single damages award of Five Hundred Thousand Dollars and No Cents (\$500,000.00 (U.S.)), whichever the Court deems to be appropriate at the time of the violation. The parties have stipulated these amounts are compensatory and reasonable estimations of the minimum damages suffered by TracFone for such a breach and will serve to compensate TracFone for its losses in the event a Defendant violates the terms of this Permanent Injunction.

13. The Court retains jurisdiction over this matter and the parties to this action in order to enforce any violation of the terms of this Permanent Injunction or the parties' settlement.

14. The last known address of Defendant, Advance CellTell Xess, LLC is 8104 Stonefield Way, Tampa, Florida 33635-6334.

15. The last known address of Defendant, Shahabuddin P. Lakhani is 8104 Stonefield Way, Tampa, Florida 33635-6334.

16. The last known address of Defendant, Salim S. Lakhani is 8104 Stonefield Way, Tampa, Florida 33635-6334.

17. The last known address of Defendant, Salima S. Lakhani is 8104 Stonefield Way, Tampa, Florida 33635-6334.

18. The address of Plaintiff, TracFone Wireless, Inc. is 9700 Northwest 112th Avenue, Miami, Florida 33178.

DONE and **ORDERED** in Orlando, Florida, this 5th day of April 2010.



MARY S. SCRIVEN
UNITED STATES DISTRICT JUDGE

Copies furnished to:
Counsel of Record

Copies furnished to:
James B. Baldinger Esq., *counsel for Plaintiff TracFone Wireless, Inc.*

Defendants, Advance CellTell Xess, LLC, Shahabuddin P. Lakhani, Salim S. Lakhani
and Salima S. Lakhani