



USA TODAY

NO. 1 IN THE USA

USA TODAY • THURSDAY, JULY 26, 2007 • 3B

Website trial ruling delayed

Facebook founder accused of fraud

By Jon Swartz
USA TODAY

A federal judge in Boston on Wednesday delayed ruling on whether to dismiss a lawsuit that charges the founder of Facebook.com with stealing the idea for the company from a rival social-networking website.

U.S. District Judge Douglas Woodlock gave ConnectU until Aug. 8 to refine accusations against Mark Zuckerberg, which include fraud, copyright infringement and misappropriation of trade secrets.

ConnectU, which first sued in 2004, could seek an injunction against Facebook, which has 31 million members.

"We are pleased with the outcome of the hearing today," Facebook spokesman Matt Hicks said in a statement. "We continue to disagree with the allegations that Mark Zuckerberg stole any ideas or code to build Facebook."

Facebook has requested that the lawsuit be dismissed. In court filings, its attorneys say ConnectU has no evidence for "broad-brush allegations" against Zuckerberg.

A ConnectU lawyer said it is not seeking a settlement.

The long-running dispute represents an "uphill battle for the ConnectU guys," says Ross Dannenberg, an intellectual property attorney. "Ideas are not copyrightable. That's a huge hurdle."

Still, for one of Silicon Valley's hottest start-ups, the case is a nettlesome distraction. Facebook is drawing intense speculation over whether it may be a takeover target or girding for an initial public stock offering.

Last year, Facebook turned down a \$1 billion buyout offer from Yahoo.

On Tuesday, Facebook named former YouTube CFO Gideon Yu as its new CFO, in what could be its latest move toward a stock offering.

According to court papers filed by ConnectU, Zuckerberg agreed to finish computer code for Harvard Connection founders Cameron and Tyler Winklevoss, who are brothers, and Divya Narendra, but dragged his feet before launching his own company, Thefacebook.com, in early 2004.

Thefacebook.com was a social site for Harvard students. It quickly spread to other U.S. college campuses, attracting hundreds of thousands of members, by the time the lawsuit was first filed in September 2004.

A separate lawsuit filed in California in 2005 by Facebook alleges ConnectU hired programmers to hack into Facebook's site and steal thousands of e-mail addresses. ConnectU then allegedly contacted Facebook members to recruit them, the lawsuit says. ConnectU denies the claims.