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Party	Plaintiff Facebook, Inc.
Correspondence Address	JEFFREY T NORBERG COOLEY LLP 777 6TH ST NW, SUITE 1100 WASHINGTON, DC 20001 UNITED STATES trademarks@cooley.com, krobinson@cooley.com, gcharlston@cooley.com, nmcMahon@cooley.com, jnorberg@cooley.com, mweiand@cooley.com, peckah@cooley.com
Submission	Testimony For Plaintiff
Filer's Name	Brendan J. Hughes
Filer's e-mail	bhughes@cooley.com, vbadolato@cooley.com
Signature	/Brendan J. Hughes/
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# **Exhibit 11**

**BEYOND IRAQ**

**IEDs GO GLOBAL**

**THE HOTTEST SCHOOLS**

SPECIAL DOUBLE ISSUE

# Newsweek

August 27, 2007 \$5.95

## The Facebook Effect

Add Mark as a friend?



At 23, Mark Zuckerberg has already changed the way millions of us connect. Now he's facing a new challenge: how to turn an online obsession into a fixture of the digital age. **By Steven Levy**

Add Friend

Cancel

EXHIBIT 11

Ashley Soovyn, CSR No. 12019

Date

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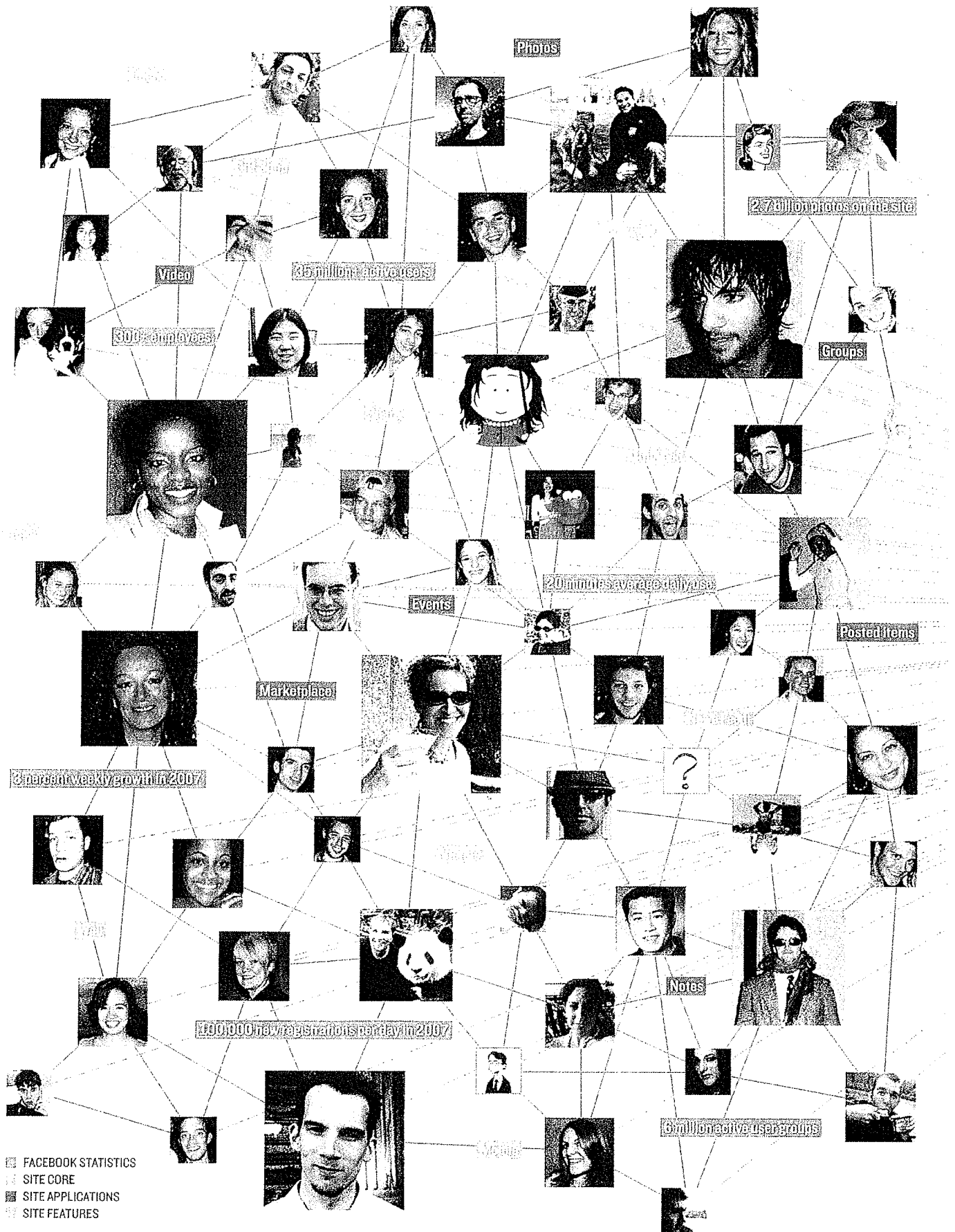
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# Business



# Facebook Grows Up

At 19, Mark Zuckerberg came up with a new way for college kids to connect—and started an online revolution. Now 23, he's trying to build out his business without losing its cool.



BY STEVEN LEVY

**O**N TUESDAY, JULY 31, SHARA Karasic's world came to a temporary halt. Facebook was down. She could not follow the fortunes and foibles of her friends. She could not see if any photos had been posted that were tagged as including her. She could not even know if anyone had "poked" her (which is not a sexual act, but just a little cozier way of saying "hey, you" online). Even though she had the entire Internet to entertain her and connect her, she felt the loss. "Over the course of those four hours," Karasic says, "I probably tried to get in five or more times."

This would not be surprising if Karasic were a college student. Facebook is as much a part of campus as finals, iPods and beer—the contempo-

rary equivalent of jamming several people into a phone booth is squeezing one's entire social life onto a series of photo shows, news feeds, invitations, friend requests and status updates on the spare blue-and-white grid of a Facebook page. Nor would it be remarkable if she were in high school, where millions of Facebook users, feeling very much like their big brothers and sisters in college, log on as soon as they toss their books on the bed, forming outrageously named groups and moving their lunchroom cliques and locker-room gossip online. Shara Karasic, however, is 40 years old, a Santa Monica, Calif., working mother with a young son. Despite a suspicion that the site was only for college students, she signed on a year ago and found professional people like herself; she quickly got requests to be "friended" from two

40-year-old cousins. And on July 31, when she couldn't get in for a few hours, she realized something: "I'm addicted to Facebook."

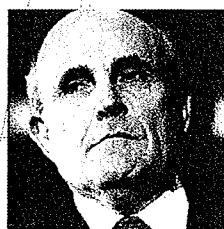
Addictions like hers bring joy to the already bursting hearts of the geeky, soon-to-be-loaded executives of Facebook, the hottest tech start-up in Silicon Valley since Sergey and Larry made us feel lucky. Everyone knows that Facebook is the online hangout of just about every college student in the nation as well as the inevitable source of photos of nominees for the Supreme Court in 2038 cavorting in their underwear as youths. But the student population is only a beachhead in the vast ambitions of Facebook. Its people claim that more than half its 35 million active users are not college students, and that by the end of this year less than 30 percent of Facebook users will sport college IDs.

Anything goes in the spirited Facebook world. Just about everybody updates his or her status line with pithy, haiku-ish and often profane precision. For only a dollar you can send a friend a "gift"—an image of a cute item like a polka-dot thong, a champagne glass or sushi. Thousands of groups form daily: sufferers of cancer, conjunctivitis or bad taste. People who scale public buildings in Princeton. Supporters of every politician imaginable. Facebook last year took down the student-only sign and instituted an open-enrollment policy. The idea is that as more people do this—and invite their friends to join the fun—there will be a mass movement to access the world through the interests of, and interests in, the people you know personally. Karel Baloun, an engineer who worked at Facebook until last year, recalls vividly the baldly stated prediction of one of the company's cofounders: "In five years," he said, "we'll have everybody on the planet on Facebook."

That's far from a given: just because older people sign up, there's no evidence yet that it's ubiquitous in their lives the way Facebook is in the school world. Nonetheless, "Facebook has emerged as the 'it' service and company ... It represents the next logical progression," says former AOL CEO Steve Case (via the messaging system on



**POLITICS**  
Rudy Giuliani's daughter (below left) joined a Facebook group supporting Barack Obama, causing a stir in her father's presidential campaign when it was discovered.



Jonathan Frist (right), son of former senator Bill Frist (above), had a page with what a D.C. paper called "colorful language."



Will Ritter (above), an aide to Mitt Romney (above center), made online claims that he worked in "special ops." Underage Pierce Bush (above right), nephew of W and son of Neil Bush (right), posted shots of himself drinking.



Facebook, where Case has been digitally hanging out of late; he's even friended Bill Gates). Mark Zuckerberg, the 23-year-old Harvard dropout who started the site, is high tech's new prince. Having turned down a reported \$1 billion offer from Yahoo last year—and enduring the taunts of bloggers who predicted that he'd rue the day—Zuckerberg in May took Facebook in a new direction: he opened up the Web site to thousands of developers, who can now unilaterally install applications designed to take advantage of Facebook's people connections. This, along with an astonishing growth rate of 3 percent a week, has triggered a Facebook mania in the Valley. Early investor Peter Thiel, who sits on Facebook's board, believes that a measly billion dollars for this 300-person company spread over three buildings in downtown Palo Alto, Calif., is a risible sum. Instead, he compares Facebook's current price tag to that of MTV, which he values at about

seven or eight billion bucks. "Between the two, I'd want to own Facebook," he says. Not that it's for sale. Thiel and other Facebook folk are now talking about an IPO in perhaps two years that would almost certainly be the biggest public offering since Google.

Zuckerberg himself, whose baby-faced looks at 23 would lead any bartender in America to scrutinize his driver's license carefully before serving a mojito, eschews talk about money. It's all about building the company. Speaking with NEWSWEEK between bites of a tofu snack, he is much more interested in explaining why Facebook is (1) not a social-networking site but a "utility," a tool to facilitate the information flow between users and their compatriots, family members and professional connections; (2) not just for college students, and (3) a world-changing idea of unlimited potential. Every so often he drifts back to No. 2 again, just for good measure. But the nub of his vision revolves around a concept he calls the "social graph."

As he describes it, this is a mathematical construct that maps the real-life connections between every human on the planet. Each of us is a node radiating links to the people we know. "We don't own the social graph," he says. "The social graph is this thing that exists in the world, and it always has and it always will. It's really most natural for people to communicate through it, because it's with the people around you, friends and business connections or whatever. What [Facebook] needed to do was construct as accurate of a model as possible of the way the social graph looks in the world. So once Facebook knows who you care about, you can upload a photo album and we can send it to all those people automatically."

Zuckerberg believes that this is what makes Facebook so compelling: as your friends join Facebook, that part of the social graph—the part that matters to you—moves into the digital fast lane and you're getting more out of your connections than you ever could have imagined. (Of course, since your friends on the graph are connected to other people, you have the advantage of seeing *their* friends, and expanding your circle.)

Unlike services like the giant MySpace—which at more than 70 million users still wins in raw numbers—Facebook is not a place where emerging stand-up comics, hip indie bands and soft-porn starlets try to break out by tagging thousands of people as virtual friends. Zuckerberg even says Facebook isn't intended as a venue to seek out new people, though certainly it's possible to locate promising strangers whose relationship status is "anything I can get." (Proof of concept is Aaron Byrd, who as a Texas-born Harvard senior searched through Facebook networks looking for women named Grace—hey, he likes the name—lighting on a pretty U of Georgia sophomore. First he friended her and then, reader, he married her.)

Still, the Facebook experience is built around people you know, and the center of the page is a News Feed where the stories largely consist of the activities, brief status reports, photo and video postings, and comments from those you have earmarked as friends. Facebook also places ads on the News Feed, so after learning that Sue is out of her relationship and Francis has posted a picture, you may get a "sponsored story" featuring the Geico cavemen. News Feed ads are "well targeted—people like the content," Zuckerberg says, unconvincingly. Facebook also takes in revenue, from banner ads sold by Microsoft, in a partnership that's contracted until 2011.

These were stakes undreamed of when Zuckerberg, a computer-savvy Harvard sophomore who grew up in Westchester County, N.Y., started a site called thefacebook.com in February 2004. The name refers to the yearbook-style booklets of photos and vital statistics that incoming freshmen receive at Harvard. (Late the previous year Zuckerberg had apparently agreed to do some of the computer coding for a different planned social-networking site. The founders of that site, ConnectU, are suing Zuckerberg, charging that the then sophomore intentionally stalled, then took the idea from them.) Last month a Massachusetts judge indicated that ConnectU's case might be flimsy,



## SCANDAL

Miss New Jersey Universe Amy Polumbo posted to her Facebook profile several pictures of herself partying. They were later mailed anonymously to the pageant's board, in an alleged smear campaign. The pageant trustees saw nothing objectionable in the pics, and let her keep the crown.



asking the plaintiffs to come up with more evidence than "dorm-room chitchat.")

Zuckerberg's site was an instant success. "It was a pretty bare-bones, uploaded Harvard directory when I signed up on the first day—but it became an immediate distraction," says Olivia Ma, user No. 51, who knew Zuckerberg because he lived in her dorm. "Within a few weeks it seemed the whole school signed up." Indeed, two weeks after its release The Harvard Crimson reported the site had already attracted 4,300 students, faculty and alumni.

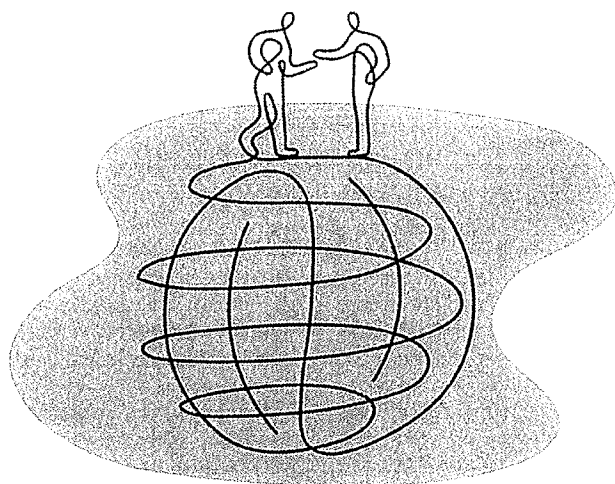
Zuckerberg had done some things very right. "In the Ivy League, where very few incoming freshmen know more than one or two people, the facebook is a really key piece of the social infrastructure," says

tire college market. But even more extraordinary was the way people used it. Facebook, as it became after a name change, was permeating every aspect of campus social life. Students even came to use its messaging function instead of e-mail.

That spring, Zuckerberg quit school, and he and his partners moved to Silicon Valley, where they met with investor Peter Thiel. "Mark was clearly a brilliant engineer with a great vision for his product," explains Thiel, who kicked in \$500,000. "Mark's plan had all the fundamental characteristics you would see in a Google or eBay in the early days of those companies," says Matt Cohler, an executive who sat in on the meeting and wound up working at Facebook himself.

Later Facebook received \$12.7 million in venture-capital money from Accel Partners. (Zuckerberg took this in preference to an investment offer from Don Graham—chairman of NEWSWEEK's parent, The Washington Post Company—with whom he is friendly.) Accel's Jim Breyer recalls the 2005 dinner that clinched the deal: "I ordered a nice pinot noir and Mark ordered a Sprite, telling me he was underage." Breyer was impressed with Zuckerberg's youthful passion for his product, though he says the investment was controversial within his firm—some colleagues wondered whether social networking was a fad. (The early leader in the field, Friendster, had fizzled.)

Armed with cash (the most recent influx was \$25 million in

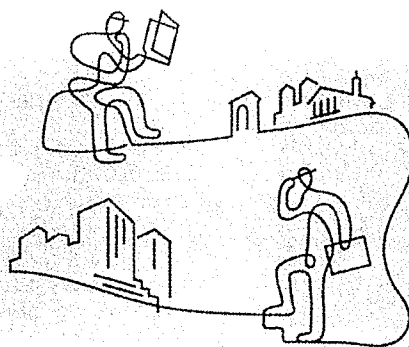


**A 'social graph' links us all. People 'communicate through those connections,' Zuckerberg says.**



2006), Facebook began its march beyond colleges, adding high schools in 2005 (no one under 13 is permitted to register) and then "work networks" within corporations in early 2006. By September of last year, anyone could register, and the site's numbers started climbing. That's when Terry Semel, who was then Yahoo's CEO, dangled a billion dollars in front of Zuckerberg—which he blithely ignored.

Zuckerberg's next big move was to fill Facebook with all sorts of applications people could use without leaving the site—programs that took advantage of Facebook's vast social networks. "There are a ton of different ways that people can share information, and rather than trying to develop all those ourselves, we wanted to allow anyone worldwide to create any kind of application," says Zuckerberg. Thousands of



## It's not just for college anymore: more than half of Facebook's 35 million users are off campus.

developers, from big companies to kids in dorm rooms, instantly began creating applications that piggybacked on Facebook's infrastructure. The new applications could get instant viral distribution, since the News Feed blasts a report to friends every time someone installs a new app (in other

words, free promotion). Developers could make money from Facebook-embedded apps by taking ads or selling things—without sharing a penny of the proceeds with Facebook.

For instance, one company took two weeks to create a Facebook version of iLike, a music-recommendation and band-tracking service, and within a month more than doubled its users. A 22-year-old college student stayed up all night to hack a free (though less polished) version of Facebook's \$1 graphic "gifts"—and 5 million people downloaded his application.

What does Facebook get from this? If all goes well, much of what people do on the Internet will be accomplished within Facebook. Instead of eBay, you can buy in Facebook's marketplace. Instead of iTunes, there's iLike. In other words, Zuckerberg wants to keep you—student, graduate or graybeard—logged

# Why I Love It ...

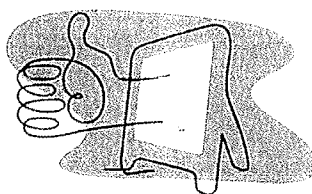
Facebook has become the dry-erase tabula rasa of my life—and of my 1,042 closest friends (and counting).

BY KURT SOLLER

I have three fond memories from my senior year of high school: the day I got my college acceptance letter, the day I graduated and the day I joined Facebook. The latter happened on a May afternoon before graduation, when a college friend e-mailed me an invitation to join. I was 17, and anything the older kids were doing was automatically cool. All I needed was an attractive profile photo (easier said than done) and a well-curated list of interests to meet the friends I always dreamed I'd have in college: people who preferred Faulkner over Hemingway, liked thrift shopping and wanted to sneak into Chicago jazz clubs. Facebook became my dry-erase tabula rasa. Under favorite quote, I wrote "True friends stab you in the front," as Oscar Wilde said. For the section titled "About Me," I said, "I like to write, but writing 'about me' is difficult."

As summer days passed and friend requests poured in, it didn't matter that I'd never met these people, because soon we'd be on campus together at Northwestern. When I landed at O'Hare that September, I met a girl who had seen my profile and wanted to introduce herself. Later, when I walked in on her in bed with a dormmate, she told me, "Don't be awkward." After all, we'd already met on Facebook.

As Facebook grew up alongside us, it improved our collective social lives—all 1,042 friends of mine and counting. I can't go to a sorority formal or football game without photos from the event winding up on Facebook, uploaded by me or a friend. Sure, it may be overly indulgent,



All I needed to meet friends was an attractive photo and a well-curated list of interests.

and some of the pictures are unflattering, but this constant chronicling of life eliminates the secret diary or crafty scrapbook. Before Facebook, I may have written some words in my journal about a wild night in Chicago; now my friends and I are building each other's collective stories one photo, caption and poke at a time.

Facebook is my personal assistant, allowing me to catch up on my social life without telephone tag, awkward lunches and five-, 10-, 15-year reunions. We write on each other's Wall, a message board, when we want to say happy birthday without singing into an answering machine. When I'm having a hectic week at my internship, I can change my status so that people know why I haven't returned their telephone calls—much better than wasting time calling people to tell them you're too busy to talk.

It may seem artificial that I don't have to go out of my way to get in touch. But in the end,

I've beaten the system. I have more time for my closest friends, those whose relationships transcend computers. And Facebook enriches those close friendships: when a best friend changed her dating status from "In a Relationship" to "Single," I brought over a movie, one that she had listed as a fave.

You've heard criticism that Facebook makes us robotic, but history shows we've always feared new communication tools. In 360 B.C., Plato criticized writing, saying that it would induce forgetfulness; 2,200 years later, the telephone was seen as invasive and unnecessary. Mark Zuckerberg is no more, or no less, than the next Samuel Morse or Alexander Graham Bell. We all want to interact as best we can, and Facebook allows us to do that. That said, if you're thinking of friending me after reading this, you should know: I'm not in the market for any more friends.



on to Facebook, organizing virtually everything you do via the social graph.

Though some are grumbling about this "walled garden" system's being overly cloistered—and others believe that adding all those applications muddies up Facebook's austere appearance—1 million people a week are flocking to Facebook. And the international push is only beginning. While the site is now available only in English, Zuckerberg says that versions in other languages will appear soon. (Facebook is already the top Web site in Canada, and the geographic network with the most Facebookers is London.)

Still, one big question dogs the company in its attempt to leverage the social graph in the same felicitous—and wildly profitable—way that Google found fame and riches through search. Can Facebook be as much a presence in the life of graduates and geezers as it is to college students? Zuckerberg can't see why not. "Adults still communicate



Grace Jones was at the University of Georgia and Aaron Byrd at Harvard when they met on Facebook in 2005. They married last year.



with the people they're connected with."

At this point, though, much of the grammar of the site (as well as much of the first wave of applications) is still tilted toward student life. David Rodnitzky, 35, a San Francisco marketing executive, was having a fine time on Facebook until he in-

stalled a widget called "My Questions." Unbeknownst to him, it sent out a query to people on his friend list, specifically: "Do you kiss on the first date?" "Here I was, asking some of my company's venture capitalists, along with some of my guy friends, if they kiss on the first date," says Rodnitzky. "Probably not the best way to interact." Nor is it clear whether grown-ups embrace the new SuperPoke third-party application: instead of a mere poke you can bite, slap, bump, spank, lick, grope or head-butt friends, acquaintances and, uh, business colleagues.

Also, there's a question of whether older people want to interact with fewer or more people as they nestle into their family and work lives. For some, use drops off right after they grab their diplomas; Stephanie Shapiro, 21, a recent Dickinson College grad, has seen her Facebook time drop from up to two hours a day to

## ... And Why I Hate It

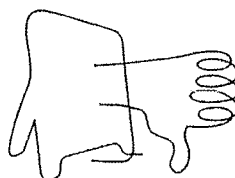
The site nurses my worst self-indulgent instincts. Does anyone really care that I love penguins?

BY SARAH KLIFF

I have no idea how many hours of my life I've wasted on Facebook. When I wake up each morning, with my laptop sitting on the edge of my futon, I check it.

Before I've thought about brushing my teeth, I have already seen the photographs of my brother's new apartment in San Francisco and discovered the evidence of my friend's tumultuous breakup: she changed her relationship status from "In a Relationship" to "Single" to "It's Complicated," all while I was sleeping. As best I can figure, since joining the site in 2004 when I was a freshman at Washington University in St. Louis, I've been logging on a dozen times a day. When I should have been studying or working, I found myself instead doing tasks like flipping through 400 photos of myself online, debating whether I wanted the picture where I have food in my hair to be on display to the world. (I decided to leave it: while it's not the most attractive pose, I think it indicates that I am a laid-back, good-humored person.)

I spend an inordinate amount of time like this, worrying about what's in my online profile. When I graduated from college this May, I decided it was time for a Facebook makeover. Looking to present a more "professional" image, I stripped my profile of many of my collegiate interests—you'll no longer know from Facebook that I'm obsessed with penguins—and I purged my membership in questionable Facebook groups such as "Scotland? Sounds more like Hotland" (tamer than it sounds). I know I'm not the only one constantly revamping my cyber-



**I spend an inordinate amount of time worrying about what's in my online profile.**

image: according to my Facebook account, 109 of my friends have changed something over the past two days. One friend added "goofy dads" to her interests, and another let it be known that he "falls asleep easily" and "loses things all the time."

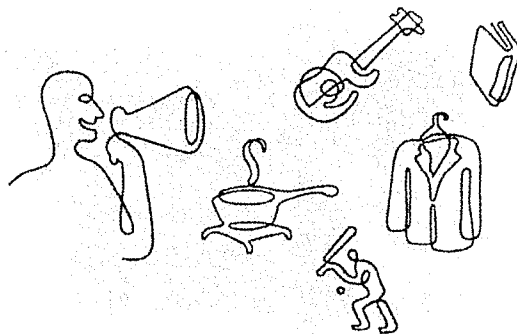
What is with all this time we've spent, thinking about ourselves and creating well-planned lists of our interests? Facebook is much worse than e-mail, cell phones, instant messaging and the other devices that keep me constantly connected. It nurses every self-indulgent urge I could possibly have. I hate that Facebook encourages me to home in on each of my idiosyncrasies—that I like running in Central Park, for example, or that my favorite forms of punctuation are the dash and semicolon—and broadcast them to a largely uninterested world. I have a sneaking suspicion that very few people want to know that I am particularly fond of bagels. And no one really cares when I change my Facebook

status, a fill-in-the-blank feature where users can let people know what they're up to at any moment. Mine is currently set to "Sarah is trying to write an article about Facebook ... but is ironically too distracted by Facebook." The network is as much about obsessing over the dull details of my life as it is about connecting with others.

As a recent college graduate, with my friends scattered across the globe, I understand the communicative value of Facebook. Right now, I have 469 "friends"—though I admit many of these virtual relationships are tenuous at best. Still, I would be hard-pressed to give up my four-year-long membership or leave Facebook out of my early morning routine. But who knows what I'm missing out on in the real world while sitting at my laptop, debating whether penguins or bagels are more respectable?

less than an hour a week. "It's almost an afterthought," she says. It's often one of life's pleasures to lose touch gracefully with people you'd had quite enough of—with a lifetime of Facebook you will have to delete them cruelly if you want to get free. "The social graph will get incredibly meaningless," says Berkeley's Danah Boyd. "Do you really want to be speaking with everyone you ever met?"

Facebook must also deal with persistent privacy concerns. When the company first rolled out the News Feed, and any change on a user's page suddenly began scrolling on the screens of anyone who'd added him or her as a friend, the social graph went bonkers: more than 700,000 people joined a user group called "Students Against Facebook News Feed." The company acted quickly to install privacy controls to let people opt out of the information flow, and the crisis cooled, though Marc Rotenberg of the Electronic Privacy Information Center says that setting privacy preferences is still too complicated. The company says that plenty of protections are built in. "Facebook is about replicating the social restrictions of the offline world," says its chief privacy officer, Chris Kelly. The problem is that Facebook is on the Internet, and it's all too easy to circumvent those and



## Facebook does complicate the pleasure of gently losing touch with people you're tired of.

dig up private stuff. This is all too clear from the experience of political offspring who seem engaged in perpetual competition to embarrass their parents.

Meanwhile, some in the college community—the company's most passionate users—are not happy that Facebook is welcoming swarms of people whose absence was previously appreciated: older people. "Facebook is becoming a different place as it attempts to mass-market itself," says Fred Stutzman, a University of North Carolina grad student who researches social networks. "Do I want to be friends with my uncle?" Robert Putnam, author of "Bowling Alone," a book about the disconnectedness of contemporary Americans, worries that

the site is becoming less useful as it reaches a broader audience and adds applications. "Facebook was originally a classic 'alloy,' bonding the Internet and the real world," he says. But now he says it feels less rooted in real life.

Zuckerberg and his team feel certain that the Facebook idea will trump all these concerns. He's built a superhigh-IQ engineering team (after three years of living on Facebook, top grads desperately want to work there) who drift in late and stay much later at the cheerfully cluttered Palo Alto Facebook headquarters. "Absolutely yes," says Facebook's COO, Owen Van Natta,

to the question of whether it will change the world of 30-, 40- and 50-year-olds the way it has on campus. He then amends the question to conform to the company's new unofficial, and weirdly defensive, motto: it's not just students. "Facebook did not change college life, but it changed the lives of the early adopters ... many of whom were in college. We're entering a phase where every single day we have more people over 25 entering Facebook than any other demographic. So, absolutely, yes."

Expect a lot of poking.

With KAREN BRESLAU in Palo Alto, JENNIFER ORDOÑEZ and TARA WEINGARTEN in Los Angeles, TEMMA EHRENFELD, CHARLENE DY, BRIAN BRAIKER and NICK SUMMERS in New York and SAM STEIN in Washington, D.C.

# Is It OK to Poke You?

Like any social interaction, Facebook has its own etiquette.

Once upon a time, before the Internet, calling after 9 p.m. was the most serious communication taboo. But with new technology comes new rules, and Facebook is no exception. Before your kids, co-workers or parents ask you "WTF?", read our guide to Facebook politesse.

**The friend request:** This tool lets you invite anyone on the site to become your friend. But don't go overboard. In the beginning, seek out your freshman-year roommate and high-school boyfriend. But get to know someone before pressing the request button. Is the woman

you spent five minutes in line with at Wal-Mart truly one of your "friends"? If someone denies your request, sending another request is sure to annoy. **Photographs:** Ideally, your profile picture clearly displays your face. And only yours. No need to cloud your image with

friends, lovers or an homage to your favorite Nick@Nite star. This is Facebook, not fakebook, after all. When "tagging" others (attaching their names below the photos), refrain from posting anything people wouldn't have

put up there themselves. You might want to showcase your best friend's bawdy bachelorette party, but if her boss clicks on your name, then your friend's the one in trouble.

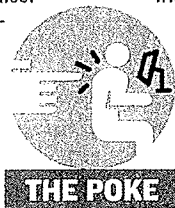
**The poke:** Like friend requests, you're allowed to "poke" anyone (it shows up privately on that person's home page as a visual icon). But just because

something is allowed doesn't mean it should be encouraged. With strangers, poking is the digital equivalent of eyeing someone across the room without working up the courage to say

"hello." With friends, it's a quick way to remind them you exist. **Messages:** Think e-mail, but even quicker and less formal. Use these to privately invite a group of friends to a party or banter about the embarrassing changes other friends have made to their profiles. No need to include a subject line or salutation. Refrain from sending spam or group advertisements. **The Wall:** As the backbone of Facebook, this message board is where

you can show others how clever, insightful and friendly you are. Like your profile, your Wall can be seen by hundreds. So don't share secrets. This is the best place to wish someone a happy birthday, and the worst place to be passive-aggressive.

—KURT SOLLER



# **Exhibit 12**

Yeah Yeah Yeahs

Panic! At the Disco

# Rolling Stone

rollingstone.com

Issue 998 >> April 20, 2006 >> \$3.95

Is Saving the  
World Killing

Kiefer  
Sutherland?

The  
Dark  
Life of  
24's  
Tortured  
Action  
Hero

THE PENTAGON'S  
SPY COMPLEX  
WIRETAPS ARE ONLY  
THE BEGINNING

Summer  
Tour  
Preview

The Who

Pearl Jam

Bruce  
Springsteen

Madonna

Tom Petty

Red Hot  
Chili  
Peppers

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IT'S AN UNSEASONABLY WARM AFTERNOON in Palo Alto, California, as Silicon Valley's hottest whiz kid hurries down the street. Mark Zuckerberg, slight and bushy-haired, strides quickly past the tree-lined shops and cafes. He's late for a meeting with the venture capitalist who just gave him \$12.7 million. And after another all-nighter plotting world domination, fending off investors and wooing execs from dot-com rivals, this Harvard dropout is feeling the heat. "Being a CEO at twenty-one is not normal," he says wearily.

Zuckerberg is the face of Facebook, the most popular and controversial site to hit college campuses since Napster. What makes the site—with its candid photos, booty shots and cheeky profiles—unique from networks like Friendster and MySpace is that it's exclusively for academia. Which is precisely how students like it, thanks. And with a whopping 7 million members from more than 2,100 universities and 22,000 high schools, Facebook is now the seventh-most-trafficked site on the Net, valued at over \$1 billion. While other online communities are rife with poseurs, Facebook members use their ".edu" e-mail addresses; as a result, there's inherent social pressure to be real.

Ostensibly, this gives the site academic potential, and plenty of people are using it for stuff like Chaucer study groups and car pools to ichthyology lab. But these are the children of the *Real World* nation, and Facebook is their chance to let it all hang out: cell-phone numbers, spring-break plans, topless photos.

Surfing the site can feel like wandering through a giant dorm where every door is open and every kid is swilling Jack Daniel's.

As Zuckerberg and his legions are discovering, though, openness has a price. With students posting their skin shots and class schedules, Facebook has been called a stalkers' handbook. Employers are using the site to weed out applicants based on their profiles. Blogs have been buzzing about celebs and their spawn supposedly shown in *flagrante*: the son of NBC's Tim Russert and a bevy of scantily clad beauties in a hot tub; Tony Danza's daughter ripping bong hits; Lindsay Lohan acting naughty



Zuckerberg in Facebook's Palo Alto office. Below: Two of Facebook's 7 million members

## Face to Face

Meet the boy wonder behind Facebook.com, the hottest Web site on the Internet BY DAVID KUSHNER

with her girlfriends. Twenty years from now, presidential candidates will have to answer to Facebook.



Zuckerberg grew up in tony Dobbs Ferry, New York, a gifted prodigy with a knack for computers. After creating a custom MP3 player for a school project, he was courted by Musicmatch and Microsoft but brashly turned down a \$950,000 offer in order to go to Harvard. Once there, frustrated by the school's delay in getting a campus-wide student directory online, he hacked together his own solution and launched Facebook.com in February 2004. Within weeks, the site exploded—but not without a few setbacks. A trio of Harvard classmates soon claimed he stole the idea and are suing Zuckerberg. Though he maintains his innocence and is countersuing for defamation of character, Zuckerberg figures if Harvard's other be-

leaguered dropout Bill Gates is any indication, it's par for the course. "This won't be the last time I get sued," he says coldly.

It's 10 A.M., midday at Facebook HQ, the dormlike office that houses the company's nearly 100 employees. Tonight the team is getting ready to launch the Pulse, which enables students to get weird stats on their school, such as the fact that sixty percent of Berkeley students prefer *The Simpsons* to *Arrested Development*. It's the stuff of a direct-marketer's dream, and another reason why this hub for the eighteen-to-twenty-four-year-old demographic has been valued by industry insiders at more than \$1 billion. Zuckerberg insists, however, "We're not

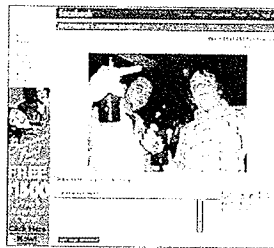
doing this to cash in. We're doing this to build something cool."

Cool, as he's learning, is often controversial. Even though students can restrict access to their pages, some neglect to do so and are paying a price. North Carolina State and Northern Kentucky University have disciplined underage students shown drinking on their Facebook pages. In January, Michael Guinn, a student at John Brown University in Siloam Spring, Arkansas, was expelled when authorities at his Christian college discovered through his page that he is gay. And sometimes where there's smoke, there's fire: In January, Matthew Cloyd, a student at Alabama-Birmingham, posted, "It is time to reconvene the season of evil" on his friend's page. He was arrested in March, along with two other students, for setting fire to nine Alabama churches.

But it's not just bad behavior that's raising red flags. Cameron Walker, the twenty-year-old student-body president of Fisher College in Boston, and another student were expelled after starting a Facebook group to rally against an unpopular campus cop. First Amendment or not, John McLaughlin, Fisher College spokesman, says Walker's conspiratorial language violated the campus code of conduct. "As a private institution, we have the ability to decide what discipline is appropriate," he says. Sarah Wunsch, an attorney with the ACLU, is concerned that the reactionary uproar over Facebook is just that. "Colleges are supposed to be places where students can engage in heated debate," she says.

Zuckerberg is doing his best to endure the growing pains. "I was just a shy kid and computer dork," he says. "Being a CEO is as far from being a student as you can get." But he's learning: There are two

versions of business cards in Zuckerberg's wallet. One has the title CEO, the other I'M CEO... BITCH. He's phasing out the latter. "Now I can look someone in the eye and say, 'I want you to give me a half-million dollars,'" he says. "I can feel myself changing."



## On the Web

### Office Space

The *Office* continues its conquest of the Web by airing ten "webisodes" this summer. With the spotlight on the supporting cast, the underlings of Dunder Mifflin finally get a chance to hog a few plotlines—and punch lines, too. [nbc.com](http://nbc.com)



### Apocalypse Now

Forget nuclear holocaust, hurricanes and the avian-flu pandemic. It's the impending global oil shortage, driven by a runaway population boom, that's going to doom us all. Get all the details of the grim prognosis at [LifeAfterTheOilcrash.net](http://LifeAfterTheOilcrash.net)

### White Chocolate Salty Balls?

With Chef gone but not forgotten from the *South Park* cafeteria (thanks to that fruity little club), fans can go to the show's site and design their own replacement. Goodbye, Isaac Hayes... hello, Jack White? [images.southparkstudios.com/games/create/](http://images.southparkstudios.com/games/create/)



### Udder Nonsense

If one nipple was too much, then four nipples is out of the question. Check out the stomach-churning, pro-vegan PETA ad that was banned from the Super Bowl—complete with soundtrack by Yeah Yeah Yeahs guitarist Nick Zinner. You may never look at a glass of chocolate milk—or your girlfriend's chest—the same way again. [www.milkgonewild.com](http://www.milkgonewild.com)

### Six Degrees of Abramoff



As the creepily fedora-ed Jack Abramoff goes off to the big house, the fine folks at National Public Radio offer

a handy user's guide to help sort through the Republican bagmen, hatchetmen and bogeymen sullied in the scandal. [www.npr.org/news/specials/abramoff/sixdegrees/](http://www.npr.org/news/specials/abramoff/sixdegrees/)

# **Exhibit 13**

**Withdrawn**

# **Exhibit 14**



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## Brand Permissions Center

### Usage Guidelines

Welcome to the Facebook Brand Resource and Permissions Center. We have provided the resources below to help you clearly and effectively promote your presence on Facebook.

[Referencing Facebook](#) [Logos & Trademarks](#) [Using Screenshots](#) [On Facebook](#) [FAQ](#)

#### What are trademarks?

Trademarks are words, logos, designs, symbols, or a combination of any of those things that identify a unique source of products or services. Trademarks help a company distinguish its products and services from those of other companies, and act as assurance of quality to consumers.

#### Why does Facebook need all of these rules regarding its trademarks and logos?

Because of the importance of trademarks, improper use can damage a company's valuable trademark rights and create confusion among consumers. Owners of famous brands, like Facebook, must take steps to ensure that their brands are not misused.

#### How does Facebook protect its trademarks?

Facebook dedicates substantial resources to the development and protection of its intellectual property portfolio. In addition to seeking registration of its trademarks and logos around the world, Facebook also enforces its rights against those who misuse its marks. Facebook has developed this Brand Resource Center to provide guidance on which trademarks may be used, and what rules apply to that use.

#### Can I use Facebook in my business name or domain name?

No. Use of the Facebook trademark or something confusingly similar in your company name or domain name, even in connection with goods/services that are arguably unrelated to those offered by Facebook, can both create consumer confusion as well as dilute the distinctiveness of the Facebook brand and weaken Facebook's trademark rights. It is also a violation of our Statement of Rights and Responsibilities.

#### Why do I need Facebook's permission if I want to use its trademarks or logos in my play/movie/book in a way that's positive for Facebook?

We very much appreciate positive recognition of the Facebook brand, but we must go to extra lengths to protect our brand when it's used by others in media that will be broadcast, distributed, or otherwise publicized. So we require that you obtain prior written permission before using Facebook's trademarks in media that will be disseminated publicly.

#### Can I combine Facebook's trademarks or logos with new terms or artwork to create my own marks and logos?

No. Mutilating Facebook's logos or trademarks in order to create new, derivative marks can harm Facebook's trademark rights. We cannot allow such modifications to our marks under any circumstances.

#### Can I modify the design of the "f" logo so that it better fits with the structure of my website?

You may scale the size to suit your needs, but you may not modify the "f" logo in any other way without entering into a written licensing agreement with Facebook and obtaining Facebook's prior written approval.

#### Can I copy logos from the Facebook website?

No. Facebook has, however, made certain logos and other brand assets available for your use, including the "f" logo and certain Widgets and Badges (e.g. the "Find Us on Facebook" Badge).

EXHIBIT 14  
Ashley Soevyn, CSR No. 12019

Date 12/22/11  
Witness: YU

[Chat \(Offline\)](#)

# **Exhibit 15**



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## Analysts weigh in on effect of FaceMail on Google, Yahoo, others

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By Seth Weintraub November 16, 2010: 4:30 PM ET

Facebook's "don't call it email" email will have some effect on major email players, with Yahoo and MSN being exposed more than Google.

The first thing I thought of when Facebook released its FaceMail integrated product yesterday was that Google has SMS, email and IM built into Gmail/Google Voice already (along with Voice, calendar and a slew of other stuff as well). Perhaps Google's solution isn't as elegant and its attempts at integration were clumsy (Wave), but they have certainly been more powerful and more open. Analysts seem to agree, pointing out that Yahoo (YHOO) Mail and Microsoft's (MSFT) Hotmail are more exposed than Google (GOOG). Below are four analysts takes:

William Blair's Meggan Friedman:

Implications and Investment Perspectives: Although it will take some time for the long-term effects of this new system to materialize, we view this as more of a near-term

About This Author



Seth Weintraub  
Google went from

EXHIBIT 15  
Ashley Secryn, CSR No. 12019  
Date 10/22/11  
Witness: YW

threat to Yahoo than to Google as we view email as being more central to Yahoo's business model. Up until the announcement, the press had been speculating that Facebook would be launching a "Gmail killer"; however, we note that according to Compete, Yahoo Mail is the predominant e-mail client in the U.S., with nearly 73 million users and a 44% share. Hotmail follows with a 30% share, and then Gmail, with a 15% share. In addition, unlike Google, display ad revenues represent a much bigger portion of Yahoo's business and are influenced by users' engagement with Yahoo sites; as management noted at the Analyst Day in May, mail is the most important property at Yahoo for engagement.

As Facebook adds more functionality to its messaging system over time (including attachments, capabilities and iMAP support so that external email accounts can be pulled into Facebook), we believe it could become a real competitor for Yahoo Mail (despite recent integrations with Facebook itself that allows Yahoo Mail users to view and publish status updates within Yahoo Mail). In the future, we believe Yahoo Mail users could eventually elect to consolidate the view of their messages through Facebook rather than physically visiting mail.yahoo.com. With user engagement already an ongoing concern for Yahoo, and with what we believe is the introduction of a potential threat to Yahoo Mail, we would look for a sustained improvement in engagement metrics before becoming more constructive on Yahoo.

We believe the risk is slightly lower for Gmail, as some of its organizational capabilities such as the ability assign tags to an e-mail or chat conversation affords more granular organization controls than Facebook's messaging at present. We view Google as attractively valued at 17.8 times pro forma 2011 earnings, with continued strength in its core search business and renewed confidence in the materiality and growth prospects of the company's emerging display and mobile businesses, and we recommend purchase.

#### Wedbush's Lou Kerner:

The announcement of a major game-changing initiative is almost becoming commonplace. It was less than two weeks ago that Facebook introduced Facebook Deals. Like most of Facebook's announcements, we believe today's announcement is more evolution than revolution. It's another step forward in how we communicate. It's not the deathbed of Gmail or Yahoo Mail as had been broadly written about prior to the announcement.

It's easy to see the benefits to Facebook as members spend ever increasing amounts of



searching the Web to worming its way into nearly every facet of business and government. Seth Weintraub unveils where the company is going, who it's about to compete with and how market forces push the company to veer or adhere to its Don't Be Evil motto. For 15 years, Weintraub was a global IT director for a number of companies before becoming a blogger.

Email Seth

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time on Facebook.com. This new feature will certainly add to the amount of "social graph" information Facebook has access to. Facebook will now have additional signals telling them who is most important to each individual member, and who is less important in terms of a members social graph connections, and that will be increasingly valuable for advertising purposes, as well as for providing the most facile communications platform.

But we also recognize this is not a zero sum game. By creating this social layer, Facebook is dramatically enhancing the amount of time we'll all spend connected to the web. Odds are, the more time we're connected, the more Google searches we'll all do. The more goods we'll buy from Amazon or eBay. The more articles we'll read on CNN.com.


Facebook eventually wants its members to stop using ten digit numbers or bizarre sequences of characters to connect to each other. Facebook wants us to use our connections and share with them instantly. We may never get there, but undoubtedly, today's announcement is a step in that direction.

Kaufman Bros.' Mayuresh Masarekar adds:


So is it an email killer? We do believe this Facebook product launch is incrementally negative for email providers such as Google, Yahoo!, Microsoft and AOL. That said, we believe the shift from email to Facebook messaging (whether Messages or just status updates) has been in progress for years. At 550M global users and 350M users using Facebook messages, Facebook is already almost at par or ahead of other email providers such as Hotmail (363M unique monthly users per comScore), Yahoo! Mail (273M) and Gmail (193M). We view email as a web 1.0 version, a digital interpretation of written letters. We believe email usage will drop off over time, especially on the consumer side, to be replaced by newer, better forms of communication.

- **Comments on Google:** We note that: 1) Google had already launched a similar attempt to unify multiple forms of communication in a single product called "Google Wave", which it abandoned after a year's work in Aug-2010 due to lack of user adoption; 2) Google has historically been innovative in the email space with conversation threads, email search ability, priority inbox etc... and we expect it to follow the Facebook announcement with competitive product launches; 3) Having Microsoft's Office Web Apps integrated into Facebook messages is incrementally negative for Google Apps; and 4) recent news reports


### Contributors




**PHILIP ELMER-DEWITT**  
How much do the Chinese love their Apple iPads?




**JESSI HEMPEL**  
IBM's new chief: "Don't accept inevitable"




**ADAM LASHINSKY**  
Remembering Warren Heitman



**MICHAL LEV-PAM**  
Is there a cloud bubble?



**JP MANGALINDAN**  
Today in Tech: What happens to T-Mobile?



**SCOTT WOOLLEY**  
AT&T-Verizon: The inevitable duopoly?

### Markets

MARKET MOVERS	US INDICES	Price	Change	% Change
Bank of America Corp...	5.33	0.10	1.91%	
Micron Technology In...	6.28	0.74	13.27%	
General Electric Co	18.01	0.49	2.79%	
Citigroup Inc	27.32	1.22	4.67%	
Ford Motor Co	10.88	0.22	2.11%	

highlight the (unofficial) formation of a Microsoft/Yahoo!/Facebook axis to compete against Google.

Deutsche Bank's Alan Hellawell III says:

Facebook's new paradigm for communication. Facebook has unveiled its new messaging service, which will combine traditional email, instant messaging and cellphone text messaging into one system. Messages will be routed to whichever service is deemed best for each user, and an archive of everything will be kept. This will allow Facebook to emulate what Google (GOOG, Buy, USD595.47) has done and moreover successfully use this messaging service to target ads based on what people write and share.

All about capturing users' online activity. Internationally, Microsoft's (MSFT, Buy, USD26.2) Hotmail has 362 mn users, Yahoo (YHOO, Hold, USD16.59) Mail has 273 mn users and Gmail has 193 mn users. With Facebook's roughly 500 mn users, of which 350 mn are currently actively messaging, this new communication service has the potential to elbow its way past Gmail and Yahoo Mail in the fight for a larger share of user activity and data, which in turn is critical to better online ad targeting, already a \$26 billion industry in the U.S.

Posted in: Chat, Facebook, Gmail, Google, IM, SMS, Zuckerberg

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