

Online game rivals settle suit over stolen secrets

November 23 2010, by Glenn Chapman

Online social networking game king Zynga on Tuesday said a settlement was reached with a rival accused of stealing its secrets and coaxing employees to betrayal.

Zynga and Playdom did not reveal details of the deal struck to end a lawsuit filed in September of last year in a state court near Playdom's headquarters in the northern California city of Mountain View.

"Zynga is extremely pleased with the final resolution of its trade secret suit against Playdom and various individuals," said Zynga general counsel Reggie Davis.

"We have great respect for Disney and are thankful that following its acquisition of Playdom, Disney resolved the matter to our satisfaction," Davis said.

The Walt Disney Co. announced in July that it was buying Playdom in a deal worth up to 763 million dollars.

Disney said Playdom shareholders will receive up to 563.2 million dollars and performance-linked bonuses of up to 200 million dollars.

Playdom is the developer of popular online games such as "Social City," "Sorority Life," "Market Street" and "Bola" and claims some 42 million active players a month on social networks such as Facebook and MySpace.

Playdom's chief rival in the fast-growing social games space is Zynga.

Zynga claims more than 230 million monthly active users of its games, which include "FarmVille," "Mafia Wars" and "Treasure Isle."

The legal settlement "reflects the very serious nature of the conduct involved," according to Davis.

Playdom top executives, frustrated with continually being steps behind market-leading Zynga, launched a campaign to steal game ideas and other inside information, court documents charged.

"We're already in the process of copying," Playdom co-founder Dan Yue is quoted as saying in an internal email exchange that was part of the court record. "Let's all be evil."

Playdom wooed Zynga workers, getting them to reveal inside secrets while luring them with new jobs competing with their former employer.

Email gathered as evidence in the case showed a "shocking level of hatred and anger toward Zynga that led to illegal and unethical acts," court documents indicated.

"I don't think (Zynga CEO) Mark Pincus realizes it, but a good part of my motivation to drive forward on 100-plus hour work weeks is simply my personal dislike of him," Yue is quoted as saying in an email.

"God, do I hate that guy."

Playdom used a "back door" to hack into Zynga's popular online poker game to get a roster of players in January 2009, according to the legal complaint.

The following day, 1.6 million players of the game were invited to play Playdom's version and told that the amount of chips waiting for each of them was 125 percent more than in their Zynga poker accounts."

The lawsuit targeted Playdom and eight one-time Zynga game makers accused of slipping secrets to the rival.

Playdom released a joint statement with Zynga announcing that a settlement had been reached but did not comment further.

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