

Google vows to fight suit over mobile 'Wallet'

May 27 2011, by Glenn Chapman



A visitor walks past the logo of Internet search engine giant Google at a trade fair. Google faced a lawsuit on Friday hours after it unveiled a free mobile application that turns a smartphone into an electronic wallet and is designed to replace plastic credit cards.

Google on Friday rejected a charge that it [swiped PayPal trade secrets](#) to build its new mobile application that turns a smartphone into an electronic wallet.

Within hours of the unveiling of "Google Wallet" on Thursday, [eBay](#) and PayPal filed a lawsuit charging the Internet giant tapped into the online [financial transaction](#) service's know-how for the mobile payments project.

PayPal spent three years trying to work out a deal in which it would handle payments for Android smartphones, only to see Google scuttle the talks and hire PayPal lead negotiator Osama Bedier, according to

court documents.

"Silicon Valley was built on the ability of individuals to use their knowledge and expertise to seek better employment opportunities, an idea recognized by both California law and public policy," a Google spokesman told AFP.

"We respect trade secrets, and will defend ourselves against these claims."

Bedier worked at the eBay-owned online financial services unit as a vice president of platform, mobile, and new ventures until being hired in January by Google.

He played a central role at Google's official unveiling of Google Wallet on Thursday with financial partners Citibank, MasterCard and First Data and telecom ally Sprint.

"(Bedier) had an intimate knowledge of PayPal's capabilities, strategies, plans, and market intelligence regarding [mobile payment](#) and related technologies," the lawsuit said.

"He is now leading Google's efforts to bring point of sale technologies and services to retailers on its behalf."

Google Wallet is being field tested and will be available this year.

Google Wallet will initially work with Google's Nexus S 4G smartphone from Sprint, the third-largest US [wireless provider](#), and will eventually be expanded to other phones equipped with near field communication (NFC) technology.

An NFC chip in a phone allows a user who has entered his or her [credit](#)

[card details](#) to "tap-and-pay" for purchases at a checkout register equipped with the PayPass system from CitiMasterCard.

Customers can also use Google Prepaid cards to pay for purchases and take advantage of Google Offers, the Mountain View, California-based company's online discount coupon program.

The company said Google Wallet will be accepted at more than 124,000 US merchants at launch and more than 311,000 around the world.

Stephanie Tilenius, Google's vice president for commerce and payments, described Google Wallet as the "next generation of mobile commerce."

The [PayPal](#) lawsuit contends that Tilenius helped Google poach Bedier and named both executives and the Internet company as defendants in a civil case alleging misappropriation of trade secrets.

Mobile payments are being tested or used in a number of countries already, notably France and Japan, but Google Wallet will be among the first to bring NFC technology to stores in the United States.

NFC technology uses short-range, high frequency wireless to enable the encrypted exchange of information between devices at a short distance.

Google said it has built security systems into [Google](#) Wallet including the need for a PIN number and credit card encryption. If lost, the payment system can be disabled with a phone call.

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