

DOJ investigating alleged criminal actions by eBay

September 14 2011, By RACHEL METZ , AP Technology Writer

(AP) -- Federal prosecutors are investigating whether employees of online marketplace operator eBay Inc. wrongfully used confidential information from Craigslist to build its own classifieds site.

The investigation was disclosed in a copy of a grand jury subpoena obtained by The Associated Press on Tuesday. The subpoena was issued Sept. 7 by the [Department of Justice](#) in U.S district court in San Jose.

The subpoena seeks information and documents about incidents in which eBay employees allegedly misappropriated confidential information from the online classifieds site. The subpoena, which was reported previously by Reuters, aims to gather information and supporting documents related to a number of incidents in which eBay employees "engaged in alleged criminal activities and misconduct focused around the misappropriation of proprietary/confidential information from [Craigslist](#)."

Incidents outlined in the subpoena include a request in 2005 by eBay founder and Chairman Pierre Omidyar for information about how Craigslist went about adding new cities and for advance notice of its launch plans. It also alleges that eBay "engaged in false advertising and trademark and trade-name infringement in order to exploit Craigslist's trade rights."

It was unclear how many parties had been served with subpoenas related to the investigation.

EBay, which is based in San Jose, bought a stake in Craigslist in 2004. Craigslist has long accused eBay of using [confidential information](#) to start its own classifieds site in the U.S. in 2007.

Last September, a judge in Delaware's Court of Chancery ruled that Craigslist founder [Craig Newmark](#) and CEO Jim Buckmaster violated their responsibilities to eBay with antitakeover measures they implemented. The moves diluted eBay's share from 28.4 percent to 24.9 percent and made it harder for eBay to sell the stake.

Craigslist, which is based in San Francisco, adopted the measures in 2008 after deciding eBay had moved from being a partner to a threat. Buckmaster testified in a nine-day trial that after starting its own classifieds site in the U.S., eBay began buying online ads steering Internet users looking for Craigslist to its own sites.

EBay spokeswoman Amanda Miller said the company plans to cooperate in any inquiry related to disputes between the online marketplace and Craigslist. She noted that both companies are currently pursuing civil claims against each other in California.

"EBay believes that Craigslist's allegations against eBay are without merit. We will continue to vigorously defend ourselves, and we will aggressively pursue our claims against Craigslist," she said.

Craigslist spokeswoman Susan MacTavish Best said the company had no comment. Justice Department spokesman Jack Gillund said the agency had no comment.

Shares in [eBay](#) slipped 40 cents, or 1.4 percent, to \$29 in extended trading on Tuesday after reports of the investigation emerged.

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