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1 BINGHAM MCCUTCHEN LLP  
 2 Geoffrey M. Howard (SBN 157468)  
 Email: geoff.howard@bingham.com  
 3 Bree Hann (SBN 215695)  
 4 Email: bree.hann@bingham.com  
 Chad Russell (SBN 246046)  
 5 Email: chad.russell@bingham.com  
 6 Three Embarcadero Center  
 San Francisco, CA 94111-4067  
 7 Telephone: 415.393.2000  
 8 Facsimile: 415.393.2286

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BY \_\_\_\_\_

9 Attorneys for Plaintiff  
 10 Yardi Systems, Inc.

**BY FAX**

11 UNITED STATES DISTRICT COURT  
 12 CENTRAL DISTRICT OF CALIFORNIA

13  
 14 Yardi Systems, Inc., a California  
 15 company,  
 16 Plaintiff,  
 17 v.  
 18 RealPage, Inc., a Delaware  
 19 corporation, and DC Consulting, Inc.,  
 20 a Washington, D.C. corporation,  
 21 Defendants.

No. **CV 11 00690** - ODW  
 (JEM)

**COMPLAINT AND DEMAND FOR  
 JURY TRIAL FOR:**

- (1) VIOLATIONS OF THE COMPUTER FRAUD AND ABUSE ACT (18 U.S.C. §§ 1030 *et seq.*);
- (2) VIOLATIONS OF THE COMPREHENSIVE COMPUTER DATA ACCESS AND FRAUD ACT (CAL. PENAL CODE § 502);
- (3) VIOLATIONS OF THE DIGITAL MILLENNIUM COPYRIGHT ACT (17 U.S.C. § 1201 *et seq.*);
- (4) COPYRIGHT INFRINGEMENT (17 U.S.C. § 101 *et seq.*);
- (5) TRADE SECRET MISAPPROPRIATION (CAL. CIV. CODE §§ 3426-3426.11); AND
- (6) UNFAIR COMPETITION (CAL. BUS. & PROF. CODE § 17200 *et seq.*)

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1 Plaintiff Yardi Systems, Inc. (“Yardi”), by and through its attorneys,  
2 submits the following Complaint and Jury Trial Demand against Defendants  
3 RealPage, Inc. (“RealPage”) and DC Consulting, Inc. (“EverGreen”) (collectively  
4 referred to as “Defendants”).

5 **INTRODUCTION**

6 1. Yardi brings this case to stop its competitor RealPage from  
7 wrongfully infiltrating Yardi’s password-protected internal website, altering  
8 Yardi’s confidential internal data, and illegally downloading Yardi’s copyrighted  
9 and trade secret software, software manuals, price lists, and other confidential  
10 information.

11 2. For almost thirty years, Yardi has been a leading developer of  
12 database and application software for real estate and property management clients.  
13 Its integrated suite of software products for this market, and the related services it  
14 provides, have earned Yardi a reputation for quality throughout the real estate and  
15 property management industry.

16 3. Defendant RealPage competes with Yardi for clients of  
17 property management software and related services. In 2009, unable to compete  
18 with Yardi on its own, RealPage acquired Defendant EverGreen.<sup>1</sup> At the time,  
19 EverGreen was best known for providing technology and software support services  
20 almost exclusively for users of Yardi software. As a then-member of the Yardi  
21 Independent Consultant Network, EverGreen had access to Yardi’s confidential,  
22 proprietary, and copyrighted information pursuant to a strict confidentiality  
23 agreement. It also had access to Yardi’s password-protected client support  
24 website, called Client Central. EverGreen also employed (and still employs)

25 <sup>1</sup> Prior to the acquisition, EverGreen called itself “EverGreen Solutions, Inc.” It  
26 then sold the name EverGreen to RealPage, which continues to operate a division  
27 by that name as a continuation of the EverGreen Solutions, Inc. enterprise. The  
28 corporate entity previously called EverGreen Solutions, Inc. exists today as DC  
Consulting, Inc.

1 former Yardi employees – including EverGreen’s current Chief Technology  
2 Officer – with knowledge of Client Central’s structure and the location of  
3 proprietary, trade secret information on Client Central.

4           4. Yardi terminated EverGreen’s access to Client Central when it  
5 learned about EverGreen’s imminent acquisition by RealPage. Yardi then warned  
6 RealPage and EverGreen in writing to respect Yardi’s confidential information and  
7 intellectual property.

8           5. RealPage and EverGreen ignored Yardi’s warnings. Instead,  
9 RealPage announced that it would use EverGreen to service and support Yardi  
10 Voyager clients. On information and belief, to do so, RealPage knew it would  
11 exploit the Yardi confidential information that Evergreen had by virtue of its prior  
12 status as an authorized member of the Yardi Independent Consultants network.

13           6. To meet its commitments to the market, RealPage also wanted,  
14 for its own competitive use, ongoing access to Yardi’s confidential, copyrighted,  
15 and trade secret information. Unwilling to replicate Yardi’s effort to develop this  
16 material independently, RealPage instead chose to circumvent the access controls  
17 on Client Central. Since the EverGreen acquisition, Defendants continually have  
18 accessed Client Central using a variety of credentials they have stolen from Yardi.  
19 These credentials include ones belonging to certain high-ranking Yardi employees  
20 whose credentials give them special access to the most protected information  
21 stored in Client Central. This protected information includes additional  
22 confidential credentials of other Yardi employees, Yardi clients, and members of  
23 the Yardi Independent Consultant Network. Defendants have taken and used these  
24 Yardi employee, Yardi client, and independent consultant credentials to steal  
25 Yardi’s trade secret and copyrighted software and related support documentation,  
26 price lists, and other proprietary information, and to alter the confidential data  
27 stored in Client Central. On information and belief, Defendants have used the  
28 illicit copies and proprietary, trade secret information taken from Client Central to

1 enhance RealPage's own software offerings and to unfairly compete with Yardi.  
2 7. Yardi's intellectual property and proprietary data are the  
3 cornerstone of its business. While Yardi welcomes fair competition, if RealPage  
4 chooses to service Yardi customers, it must do so without stealing Yardi's  
5 intellectual property.

6 **THE PARTIES**

7 8. Plaintiff Yardi is a private, California corporation with its  
8 principal place of business in Goleta, California. Yardi designs, develops, licenses,  
9 hosts, manages, and supports software programs for managing real estate  
10 investments and properties.

11 9. Defendant RealPage is a publicly-traded Delaware corporation  
12 with its principal place of business in Carrollton, Texas. RealPage competes with  
13 Yardi in the design, development, and support of software programs for managing  
14 real estate investments and properties.

15 10. Defendant EverGreen is a subsidiary or division of RealPage  
16 with its principal place of business in the District of Columbia. According to  
17 public filings, RealPage acquired substantially all of EverGreen's assets in  
18 September 2009. As part of RealPage, EverGreen provides technological  
19 consulting and software support services for RealPage's clients that also use Yardi  
20 software. Prior to its acquisition by RealPage, EverGreen was a member of the  
21 Yardi Independent Consultant Network, described in more detail below.

22 11. Defendants all do business in, and/or have directed their  
23 activities at, California, and specifically this judicial district. For example,  
24 RealPage and EverGreen advertise, promote, sell, license, service, and support  
25 clients in California and in this judicial district. Further, Defendants have accessed  
26 and downloaded copyrighted and trade secret materials from Yardi's Client Central  
27 servers, which are located in this district.

28 12. At all material times, each Defendant was the agent, partner,

1 representative, subsidiary, parent, affiliate, alter ego, or co-conspirator of the  
2 others, had full knowledge of and gave substantial assistance to the alleged  
3 misconduct, and, in doing the things alleged, each was acting within the scope of  
4 such agency, partnership, representation, affiliation, or conspiracy. Each is legally  
5 responsible for the acts and omissions of the others.

6 **JURISDICTION AND VENUE**

7 13. Yardi's first cause of action arises under the Computer Fraud  
8 and Abuse Act, 18 U.S.C. § 1030 *et seq.* Its third cause of action arises under the  
9 Digital Millennium Copyright Act, 17 U.S.C. § 1201 *et seq.* Its fourth cause of  
10 action arises under the Copyright Act, 17 U.S.C. § 101 *et seq.* Accordingly, this  
11 Court has subject matter jurisdiction over this action pursuant to 18 U.S.C.  
12 § 1030(g), 28 U.S.C. § 1331, and 28 U.S.C. § 1338.

13 14. This Court has supplemental subject matter jurisdiction over the  
14 pendent state law claims pursuant to 28 U.S.C. § 1367 because these claims form  
15 part of the same case or controversy as the claims brought pursuant to the  
16 Computer Fraud and Abuse Act and the Digital Millennium Copyright Act and  
17 derive from a common nucleus of operative fact.

18 15. This Court also has subject matter jurisdiction over all the  
19 claims in this action pursuant to 28 U.S.C. § 1332, as Yardi and all Defendants are  
20 citizens of different states and the amount in controversy exceeds the sum or value  
21 of \$75,000, exclusive of interest and costs.

22 16. Venue is appropriate in this district, pursuant to 28 U.S.C.  
23 § 1391, because a substantial part of the events giving rise to the dispute occurred  
24 in this district, a substantial part of the property that is the subject of the action is  
25 situated in this district (including Yardi's Client Central servers, which Defendants  
26 improperly accessed and from which they downloaded Yardi's copyrighted and  
27 trade secret materials), and the Court has personal jurisdiction over each of the  
28 parties as alleged throughout this Complaint.

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**FACTUAL ALLEGATIONS**

**Background**

17. Yardi began as a modest start-up in 1982 with a single software offering and a single client. Since then, Yardi has grown to become the global leader in asset and property management solutions, servicing more than 15,000 businesses representing seven million residential units and seven billion square feet of commercial space in the United States, Canada, Europe, Asia, and Australia. Yardi now employs over 1,900 professionals in offices around the world.

18. Yardi’s flagship enterprise software product, Yardi Voyager (“Voyager”), is a fully-integrated, web-based, enterprise management system designed for property owners, managers, and investors in global real estate markets. Yardi offers Voyager solutions designed to meet the specific requirements of every real estate market, including commercial (office, retail, industrial), multifamily housing, affordable housing, senior housing, public housing, military housing, investment management, association management, and student housing.

19. Yardi also licenses its Yardi Genesis product (“Genesis”), a fully-integrated accounting and property management software system for mid-size residential, commercial, industrial, retail, and condominium/co-operative properties.

20. In addition to Voyager, Genesis, and other software products, Yardi offers its clients add-on products and service modules that integrate with each other to provide complete property management services. These products, which include payment processing, utility billing, call centers, portals, resident screening, and many others, allow Yardi clients to customize their software and business solutions to best address their needs.

21. Yardi clients sometimes desire assistance with their licensed software, add-on products, or service modules. A client may choose, consistent

1 with the client's license agreement, to work with an independent consultant. To  
2 promote and facilitate its clients' wishes to work with such independent  
3 consultants, Yardi occasionally enters into cooperation, consulting, and/or non-  
4 disclosure or confidentiality agreements with certain independent consultants.  
5 These independent consultants constitute the Yardi Independent Consultant  
6 Network.

7           22. For almost all of its software systems, add-on products, or add-  
8 on service modules, Yardi creates detailed, technical accompanying documentation  
9 in the form of user guides, release notes, and other written materials  
10 ("Documentation"). Yardi spends enormous time and resources researching,  
11 developing, writing, improving, acquiring the technology for, and integrating its  
12 software systems, add-on products, add-on service modules, and associated  
13 Documentation. Yardi faces substantial competition from RealPage and other  
14 companies. The confidential and trade secret information in Yardi's software  
15 products and related Documentation is valuable because it allows Yardi to compete  
16 effectively and advantageously. Yardi is the exclusive owner and copyright holder  
17 of all the software systems, add-on products, add-on service modules, and  
18 Documentation that it offers to its clients.

19           23. The Documentation explains, with detailed references to the  
20 underlying software, how to customize and use the specific Yardi software  
21 product. The Documentation includes details about the logic, design, inputs,  
22 methods, functionality, value, upgrades, and operation of the software product.  
23 Often, the guides provide screenshots and other excerpts from the underlying  
24 software product. The Documentation includes information resulting from the  
25 years of effort and great expense it has taken Yardi to develop its software to  
26 contain the features that are specific to property management and each of Yardi's  
27 target markets.

28           24. For example, Yardi International Management has hundreds of

1 features unique to international properties, as opposed to other properties, such as  
2 domestic commercial, senior, or affordable housing. Yardi's years of experience  
3 and efforts to understand these unique features, and its translation of these features  
4 into its Voyager International Management software and accompanying  
5 Documentation, reflect trade secrets that give Yardi a competitive advantage.

6           25. The Documentation contains sufficient detail about Yardi's  
7 software, including the features specific to each of Yardi's target markets, that a  
8 competitor could use the Documentation substantially to shortcut the effort  
9 otherwise required to understand those features. Doing so could result in the  
10 development of a competitive product at a fraction of the time and expense  
11 invested by Yardi.

12           26. To protect its Documentation, Yardi designates it as  
13 copyrighted, confidential, and trade secret, and provides it only to clients and  
14 consultants pursuant to licenses or other contracts with strict confidentiality  
15 provisions. Yardi's employment agreements and Employee Handbook, to which  
16 Yardi employees must agree, also contain confidentiality provisions that remain in  
17 effect even after an employee's termination. For instance, the Employee  
18 Handbook generally prohibits the disclosure of "confidential information,"  
19 including without limitation, "company financial information, data or reports;  
20 customer account or contract information; competitive secrets; or any other  
21 information that might compromise the company or our employees [including]  
22 intellectual property, product algorithms, and source code."

23           27. Yardi provides clients and consultants with access to its  
24 software and Documentation through a password-protected website called Client  
25 Central. When a client licenses Yardi software, or when a consultant contracts to  
26 become a member of the Yardi Independent Consultant Network, Yardi issues a  
27 unique credential for use in accessing Client Central, consisting of a unique user  
28 name and password ("Credential"). As evidenced by the log-on screen on Client

1 Central, a user is only authorized to search for, read, and download Yardi software  
2 and Documentation available on Client Central after the user has logged in with a  
3 valid Credential issued to that user. These Credentials are valuable because they  
4 provide access to Yardi's copyrighted and trade secret information, and because  
5 they are restricted (outside of Yardi personnel) to licensees and authorized  
6 consultants.

7           28. Different Credentials provide different levels of access within  
8 Client Central. For example, Credentials issued to clients and consultants allow  
9 access to certain Documentation and software, but not to portions of Client Central  
10 restricted to internal use by Yardi employees. The restricted portions of the site,  
11 sometimes called Client Central Employee Resources, are visible to, and accessible  
12 by, only Yardi employees based on their unique and confidential Credential. Only  
13 a user logging in with a Yardi employee Credential will be able to see or access  
14 those portions of the site. The Client Central Employee Resources section of the  
15 site contains highly proprietary, confidential, and trade secret Yardi information.  
16 This information includes the Yardi client and consultant database and detailed  
17 information about Yardi's services, sales practices, client tools, internal  
18 procedures, and product pricing. As an example, Yardi's price lists, available on  
19 Client Central only to Yardi employees, are a valuable collection of detailed data  
20 about all of Yardi's products that Yardi uses to negotiate contracts and pricing  
21 specific to the unique needs of its customers. With access to these price lists, a  
22 competitor could more effectively direct its sales efforts to potential customers that  
23 were also considering or using Yardi products.

24           29. The most restricted level of the Client Central Employee  
25 Resources area includes the Site Control Center, referred to below as the "Vault."  
26 Only a small handful of Yardi employees' Credentials allow access to the Vault.  
27 The Vault contains highly proprietary, confidential, and trade secret Yardi  
28 information, including the Credentials of all Yardi employees, clients, and

1 consultants. Access to the Vault also permits a user to update or change sensitive  
2 client and consultant data.

3 **Defendants' Unauthorized Access To, and Downloading From, Client Central**

4 30. On or about September 23, 2009, RealPage, Yardi's main  
5 competitor in the multi-family market segment, acquired EverGreen. At the time,  
6 according to industry analysts, EverGreen was the largest consultant for Yardi  
7 products. Analysts believed EverGreen's familiarity with Yardi clients, products,  
8 and services would serve as an "entry point," giving RealPage "the ability to sell  
9 its solutions into Yardi's large base of residential units," and that "[t]argeting the  
10 Yardi base in this way is clever."

11 31. Yardi learned of the potential acquisition shortly before it was  
12 finalized. Because RealPage competes directly with Yardi, Yardi became  
13 concerned about EverGreen's knowledge of and access to Yardi's software,  
14 Documentation, and other confidential intellectual property and trade secrets. To  
15 protect itself, on September 3, 2009, Yardi terminated its cooperation agreement  
16 with EverGreen in writing, and informed EverGreen that its access to Yardi's  
17 support systems, including Client Central, was also terminated. Yardi has never  
18 issued Client Central Credentials to RealPage.

19 32. On information and belief, despite knowing that EverGreen no  
20 longer had Yardi's permission to access Client Central, RealPage nonetheless  
21 completed its acquisition of EverGreen's assets, including its employees. On  
22 information and belief, it did so knowing that, without any form of authorized  
23 access, Defendants would instead choose to force their way into Yardi's systems.  
24 To gain access to Client Central, Defendants circumvented the access restrictions  
25 on Client Central and obtained unauthorized, illegal access to the Vault. Once  
26 inside, Defendants altered the data in the Vault, including, on information and  
27 belief, by deleting and creating Client Central Credentials. From inside the Vault,  
28 Defendants took an assortment of confidential Credentials belonging to Yardi

1 employees, clients, and consultants. Defendants used these Credentials to access  
2 Client Central from internet protocol (IP) addresses registered to and/or used by  
3 Defendants at locations in or near their offices. From these locations, Defendants  
4 used an assortment of Yardi employee, client, and consultant Credentials to access  
5 Client Central and to download copies of Yardi's copyrighted and trade secret  
6 software, Documentation, and price lists.

7           33. By way of example only, on April 1, 2010, some person logged  
8 into Client Central using the Credential of Yardi Senior Vice President Terri  
9 Downen (user ID "terrid") from the IP address 70.184.249.191. On information and  
10 belief, that IP address belongs to one of Defendants' satellite offices or employees  
11 in the vicinity of Tulsa, Oklahoma. Ms. Downen was not in Oklahoma on April 1,  
12 2010, and has never provided her Credential to any Defendant. With her  
13 Credential, the user accessed and downloaded Yardi's internal price lists for *all* of  
14 Yardi's products.

15           34. Similarly, on May 5, 2010, some person logged into Client  
16 Central using the Credential of Yardi Senior Vice President John Pendergast (user  
17 ID "johnp") from the 76.115.144.5 IP address. On information and belief, that IP  
18 address belongs to one of Defendants' satellite offices or employees in the vicinity  
19 of Eugene, Oregon. Mr. Pendergast was not in Oregon on May 5 and has never  
20 provided his Credential to any Defendant. With his Credential, this user accessed  
21 and downloaded Yardi's internal price lists.

22           35. As another example, on November 4, 2010, some person  
23 logged into Client Central using the Credential of Yardi employee Jackie Mills  
24 (user ID "jackiem") from the IP address 71.56.157.127. On information and belief,  
25 that IP address belongs to one of Defendants' satellite offices or employees in the  
26 vicinity of Eugene, Oregon. Ms. Mills was not in Oregon on November 4, 2010,  
27 and has never provided her Credential to any Defendant. Defendants used Ms.  
28 Mills' Credential to access and download several pieces of copyrighted and trade

1 secret Documentation for the latest release of Yardi's Voyager 7.0 software. A  
2 competitor with access to these and similar materials could reverse-engineer the  
3 unique functionality of Yardi's software, which took Yardi years to develop. It  
4 also could gain an unfair competitive advantage by using Yardi's confidential  
5 intellectual property not otherwise available to the competitor to focus its  
6 marketing and sales efforts against competing Yardi products.

7           36. Defendants took and used Yardi client and consultant  
8 Credentials too, likely in an effort to make their illegal access appear normal, and  
9 to thereby obscure their tracks. By way of example only, on October 7, 2010, a  
10 user from the IP address 71.166.161.111, which on information and belief belongs  
11 to one of Defendants' satellite offices or employees in the vicinity of Washington,  
12 D.C., logged into Client Central with the "dts" Credential, which Yardi had issued  
13 to Yardi consultant Darlene Sears. Ms. Sears was not in Washington, D.C. on  
14 October 7, 2010, and has never provided her Credential to any Defendant. The  
15 user then downloaded a Voyager Debt Mortgage User's Guide. The first page of  
16 this manual included a notice, which read in part:

17           This product or document is protected by copyright and  
18 distributed under licenses restricting its use, copying,  
19 distribution, and decompilation. No part of this product  
20 or document may be reproduced in any form by any  
21 means without prior written authorization of Yardi  
Systems, Inc. and its licensors, if any.

22 Defendants had no authorization from Yardi to copy this manual. A competitor  
23 could use the detailed information contained in this manual to develop a competing  
24 software product at a fraction of the cost required to create this program  
25 independently, as Yardi did.

26           37. By way of further example, on November 10, 2010, a user from  
27 the same 71.166.161.111 address logged into Client Central with the "dts"

28

1 Credential and downloaded a Voyager International User's Guide, which included  
2 the same copyright notice as in the preceding paragraph. Ms. Sears was not in  
3 Washington, D.C. on November 10, 2010. Defendants had no authorization from  
4 Yardi to copy these materials on November 10, 2010. Yardi spent over seven  
5 years creating the specific functionality contained within its International program.  
6 Access to this detailed manual would allow a competitor to reverse-engineer  
7 critical International-specific functions without devoting the time or resources that  
8 Yardi did.

9           38. Users from IP addresses belonging to Defendants also  
10 download materials related to products Defendants do not even service. On  
11 information and belief, neither Defendant has ever serviced Yardi International  
12 software. Yet, (as one example), on November 4, 2010, some person logged into  
13 Client Central using the "jackiem" Credential from the IP address 71.56.157.127  
14 and downloaded a Voyager International User's Guide (Version 7.0) and a  
15 Voyager International Currency User's Guide (Version 7.0). Less than a week  
16 later, on November 10, 2010, a user using the "dts" Credential from the IP address  
17 71.166.161.111 downloaded a Voyager International User's Guide (Version  
18 6.08.22). Defendants have no license to (or apparent legitimate business use for)  
19 the International User's Guides they downloaded. They also have no license or  
20 right to use Ms. Sears' credential.

21           39. When users log in with Yardi client Credentials, they also  
22 download materials related to products not licensed to those clients. For example,  
23 on January 3, 2011, just days after Yardi posted its year-end instructional  
24 materials, a user from an IP address believed to belong to RealPage (71.154.18.2),  
25 using the Credential of Jessica Brock (user ID "jbrock") of Yardi client  
26 Progressive Development, Inc. ("PRI"), downloaded Yardi's Enterprise 1099  
27 Installation Utility and QuickSteps and Enterprise 2010 End-of-Year Procedures  
28 Guide. However, as a Voyager client, PRI has no license to (or legitimate business

1 use for) the Enterprise materials downloaded with its Credential.

2 40. In all, Defendants appear to have engaged in a widespread  
3 pattern of gaining unauthorized access to Yardi's Vault, stealing Yardi Credentials  
4 from it (or obtaining them by other illicit means), and then using those Credentials  
5 routinely to access additional confidential and trade secret information and to make  
6 illegal downloaded copies of Yardi's copyrighted and trade secret Documentation.  
7 To date, Yardi has identified more than two hundred log-ins to Client Central by  
8 Defendants from multiple IP addresses in various locations believed to be  
9 associated with Defendants, and multiple Credentials that Defendants have  
10 apparently taken from Yardi and used from these multiple IP addresses. All told,  
11 Defendants have illegally downloaded over one hundred individual Documentation  
12 files.

13 41. Defendants are fully aware they have no authorization to obtain  
14 or use Yardi employee Credentials, access restricted portions of Client Central  
15 (including the Vault), or download unlicensed Yardi Documentation or other Yardi  
16 proprietary and trade secret information. At the time of the illegal access and  
17 downloads, neither RealPage nor EverGreen had a valid Credential from Yardi of  
18 its own. Moreover, after RealPage acquired EverGreen, Yardi explicitly withdrew  
19 its permission for EverGreen to access Client Central and Yardi's confidential  
20 information. Further, there is no possibility that RealPage and EverGreen  
21 employees, who include former Yardi employees with specific knowledge about  
22 Yardi's policies, could reasonably have believed they were authorized to access  
23 and use Yardi's confidential and trade secret information. Neither RealPage nor  
24 EverGreen can claim permission to access the internal Yardi portions of Client  
25 Central. No one other than a Yardi employee ever has legitimate access to those  
26 areas.

27 **Defendants' Competitive Use of the Illegal Access and Copies**

28 42. After EverGreen's acquisition, and despite Defendants' lack of

1 legitimate access to Client Central and Yardi's confidential information,  
2 Defendants nevertheless successfully convinced several existing Yardi clients to  
3 become RealPage clients. These clients include Pinnacle, Riverstone, and PRI.  
4 On information and belief, Defendants' illicit knowledge of and access to Yardi's  
5 trade secret and copyrighted materials helped them win these clients, and they  
6 needed that illicit access and knowledge to fulfill their claims that they are able to  
7 host and support Yardi software.

8           43. Yardi's process of software development is an iterative process  
9 of perfecting trade secret data models, user interfaces, and process workflows. A  
10 competitor with access to Yardi's trade secret specifications, data models, user  
11 interfaces, and process workflows would significantly advance the development  
12 cycle of the competitor's analogous product, allowing it to compete much earlier in  
13 the market and reduce or eliminate Yardi's competitive advantage.

14           44. For example, Yardi has spent over seven years developing its  
15 International Property Management software (first released in 2002) and five years  
16 completing its Budgeting & Forecasting product (first released in 2002). Each  
17 year, Yardi improves these products to better suit the needs of its clients.

18           45. After RealPage acquired EverGreen, RealPage began  
19 expanding its own software offerings to match Yardi's, releasing its own  
20 International and Budgeting & Forecasting systems in 2010. Defendants released  
21 these competing products during the time they had illegal access to Yardi's most  
22 valuable competitive information and trade secrets about Yardi's analogous  
23 products. On information and belief, Defendants have used Yardi's confidential  
24 information and trade secrets to enhance their own software offerings and to  
25 improve their competitive positioning against Yardi in the market. In other words,  
26 RealPage is competing with Yardi by using Yardi's own intellectual property  
27 against it – the epitome of unfair competition.

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**FIRST CLAIM FOR RELIEF**

**Violation of Federal Computer Fraud and Abuse Act**

**(18 U.S.C. §§ 1030(a)(2)(C), (a)(4) & (a)(5))**

**(Against All Defendants)**

46. Yardi incorporates by reference each of the allegations in the preceding paragraphs of this Complaint as though fully set forth here.

47. Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(2)(C), by intentionally accessing a computer used for interstate commerce or communication, without authorization or by exceeding authorized access to such a computer, and by obtaining information from such a protected computer.

48. Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(4), by knowingly, and with intent to defraud Yardi, accessing a protected computer, without authorization or by exceeding authorized access to such a computer, and by means of such conduct furthered the intended fraud and obtained one or more things of value, including but not limited to Yardi's trade secrets and copyrighted materials.

49. Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(5)(A), by knowingly causing the transmission of a program, information, code, or command, and as a result of such conduct, intentionally causing damage without authorization to Yardi's protected computer.

50. Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(5)(B), by intentionally accessing Yardi's protected computers without authorization, and as a result of such conduct, recklessly causing damage to Yardi.

51. Defendants have violated the Computer Fraud and Abuse Act, 18 U.S.C. § 1030(a)(5)(C), by intentionally accessing Yardi's protected computers without authorization, and as a result of such conduct, causing damage and loss to

1 Yardi.

2 52. The computer system or systems that Defendants accessed as  
3 described above constitute a “protected computer” within the meaning of 18  
4 U.S.C. § 1030(e)(2).

5 53. Yardi has suffered damage and loss by reason of these  
6 violations, including, without limitation, harm to its computer systems and  
7 confidential data, impairment to the security of Yardi’s systems and the integrity of  
8 its confidential Credentials, investigative and remedial time, labor, and expenses,  
9 and other losses and damage in an amount to be proved at trial, but, in any event,  
10 in an amount well over \$5,000 aggregated over a one-year period.

11 54. Defendants’ unlawful access to and theft from Yardi’s  
12 computers have caused Yardi irreparable injury. Unless restrained and enjoined,  
13 Defendants will continue to commit such acts. Yardi’s remedies at law are not  
14 adequate to compensate it for these inflicted and threatened injuries, entitling Yardi  
15 to remedies including injunctive relief as provided by 18 U.S.C. § 1030(g).

16  
17 **SECOND CLAIM FOR RELIEF**

18 **Violation of Comprehensive Computer Data Access and Fraud Act**

19 **(Cal. Penal Code § 502)**

20 **(Against All Defendants)**

21 55. Yardi incorporates by reference each of the allegations in the  
22 preceding paragraphs of this Complaint as though fully set forth here.

23 56. Defendants have violated California Penal Code § 502(c)(2) by  
24 knowingly and fraudulently, and without permission, accessing, taking, copying,  
25 and making use of Documentation, data, and materials from Yardi’s computers,  
26 computer systems, and/or computer networks.

27 57. Defendants have violated California Penal Code § 502(c)(3) by  
28 knowingly, fraudulently, and without permission accessing and using Yardi’s

1 computer services.

2 58. Defendants have violated California Penal Code § 502(c)(6) by  
3 knowingly, fraudulently, and without permission providing, or assisting in  
4 providing, a means of accessing Yardi's computers, computer systems, and/or  
5 computer networks.

6 59. Defendants have violated California Penal Code § 502(c)(7) by  
7 knowingly, fraudulently, and without permission accessing, or causing to be  
8 accessed, Yardi's computers, computer systems, and/or computer networks.

9 60. Yardi owns certain materials that comprise trade secret  
10 Documentation, price lists, and other information, obtained by Defendants as  
11 alleged above.

12 61. As a direct and proximate result of Defendants' unlawful  
13 conduct within the meaning of California Penal Code § 502, Defendants have  
14 caused damage to Yardi in an amount to be proven at trial. Yardi is also entitled to  
15 recover its reasonable attorneys' fees pursuant to California Penal Code § 502(e).

16 62. Yardi is informed and believes that Defendants' acts were  
17 willful and malicious, including because they were done with the deliberate intent  
18 to injure Yardi's business and improve their own. Yardi is therefore entitled to  
19 punitive damages.

20 63. Yardi has also suffered irreparable injury from these acts. Due  
21 to the continuing threat of such injury, Yardi has no adequate remedy at law and is  
22 entitled to injunctive relief.

23 **THIRD CLAIM FOR RELIEF**

24 **Violations of the Digital Millennium Copyright Act**

25 **(17 U.S.C. § 1201 et seq.)**

26 **(Against All Defendants)**

27 64. Yardi incorporates by reference each of the allegations in the  
28 preceding paragraphs of this Complaint as though fully set forth here.

1           65. Yardi employs certain technological measures, including the  
2 use of access-specific Credentials and the issuance of those Credentials only to  
3 employees, licensed clients, and contracted consultants, that (1) effectively control  
4 access to different parts of Client Central, and (2) effectively protect Yardi's rights  
5 in the copyrighted materials available only through certain parts of Client Central.

6           66. Defendants circumvented Yardi's technological measures  
7 and/or provided the means to do so by (1) obtaining Client Central Credentials  
8 without authorization, and/or (2) using those Credentials, or Credentials obtained  
9 by other improper means, to access Client Central without authorization.

10 Defendants used these circumvention measures to access portions of Client Central  
11 which Defendants could not have accessed without use of one of a small number of  
12 special Yardi employee Credentials. Defendants further used these circumvention  
13 measures to obtain additional Credentials and used those additional Credentials to  
14 circumvent the access restrictions on Client Central in order to access and  
15 download Yardi's copyrighted Documentation.

16           67. As a result of Defendants' wrongful acts, Yardi has suffered  
17 and will continue to suffer damages to be proven at trial. Yardi is further entitled  
18 to recover from Defendants all profits attributable to Defendants' wrongful acts, to  
19 be proved at trial. Alternatively, upon its election at any time before final  
20 judgment is entered, Yardi is entitled to recover statutory damages pursuant to 17  
21 U.S.C. § 1203.

22           68. Defendants' circumventions have also caused Yardi irreparable  
23 injury. Unless restrained and enjoined, Defendants will continue to commit such  
24 acts. Yardi's remedies at law are not adequate to compensate it for these inflicted  
25 and threatened injuries, entitling Yardi to remedies including injunctive relief as  
26 provided by 17 U.S.C. § 1203.

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28

**FOURTH CLAIM FOR RELIEF****Copyright Infringement****(17 U.S.C. § 101 et seq.)****(Against All Defendants)**

69. Yardi incorporates by reference each of the allegations in the preceding paragraphs of this Complaint as though fully set forth here.

70. Yardi owns a valid and enforceable copyright in all its software and Documentation, including the materials copied by Defendants, which are creative works of original authorship. Yardi has applied to the Register of Copyrights for Certificates of Registration that cover examples of the copyrighted materials taken and copied by Defendants, as listed in the table below. Yardi is in the process of applying for and obtaining additional relevant copyright registrations and will amend this Complaint to include those additional registrations.

No.	Title of Work	Copyright Office Service Request #	Date of Application
1	Yardi Genesis Property Management User's Guide (Version 5.1.03)	1-542591473	1/20/2011
2	Yardi Voyager International Currency User's Guide (Version 7.0)	1-542591547	1/20/2011
3	Yardi Voyager International User's Guide (Version 7.0)	1-542591569	1/20/2011
4	Yardi Investment Management: Capital Calls, Distributions, and Revaluations Feature Guide (Voyager 7.0)	1-542591591	1/20/2011
5	Yardi Investment Management User's Guide (Voyager 7.0)	1-542693613	1/20/2011
6	Yardi Voyager Contacts, Notifications, and Workflows User's Guide (Version 7.0)	1-542693667	1/20/2011

No.	Title of Work	Copyright Office Service Request #	Date of Application
7	Yardi Voyager Fixed Assets User's Guide (Version 7.0.5.0.67)	1-542693699	1/20/2011
8	Yardi Voyager Forecasting User's Guide (Version 7.0)	1-542693731	1/20/2011
9	Voyager Maintenance Service Contract User's Guide (Version 70.6 Plug-in v1)	1-542693763	1/20/2011
10	Yardi PortfolioVMF User's Guide (Version 7.0)	1-542693785	1/20/2011
11	New Features in Voyager 7.0	1-542693847	1/20/2011
12	Voyager: Yardi Systems, Inc. Release Notes (Voyager 706 General Ledger Plug-In 2)	1-542693889	1/20/2011
13	Voyager Work Orders User's Guide (Version 7.0.06 Maintenance Plug-in v1)	1-542693951	1/20/2011
14	Yardi Voyager Custom Financial Analytics Reporting User's Guide (Version 6.0.08)	1-542694005	1/20/2011
15	Yardi Voyager Debt-Mortgage User's Guide (Version 6.0.08)	1-542694027	1/20/2011
16	Yardi Voyager International User's Guide (Version 6.0.08.22)	1-542694049	1/20/2011
17	Yardi Enterprise 2010 End-of-Year Procedures Guide	1-546956204	1/20/2011
18	Yardi Voyager 2010 End-of-Year Procedures Guide	1-546956226	1/20/2011
19	Enterprise 1099 Installation Utility and QuickSteps (2010)	1-546956565	1/20/2011
20	Voyager 1099 Installation Utility and QuickSteps (2010)	1-546956297	1/20/2011
21	Voyager Property Management: Yardi Systems, Inc. Release Notes (Budgeting & Forecasting Version 60.08.22)	1-548714402	1/20/2011

1           71. Through the acts alleged above, Defendants have violated  
2 Yardi's exclusive rights to reproduce its copyrighted materials, including materials  
3 covered by the registrations listed above, at least by downloading the materials  
4 from Client Central to Defendants' own systems in violation of 17 U.S.C. § 106,  
5 without authorization or license.

6           72. Defendants have also violated the exclusive rights of Yardi to  
7 control the distribution and creation of derivative works from its copyrighted  
8 works in violation of 17 U.S.C. § 106.

9           73. In addition to directly infringing the exclusive rights of Yardi,  
10 Defendants have contributorily and/or vicariously infringed the exclusive rights of  
11 Yardi in its copyrighted materials by controlling, directing, intentionally  
12 encouraging, inducing, or materially contributing to the copying, distribution, or  
13 creation of derivative works from Yardi's copyrighted materials. Defendants also  
14 obtained a direct financial benefit from the above alleged infringing activities  
15 while declining to exercise their right and ability to stop them or limit them.

16           74. Defendants knew or should have known that copying,  
17 distributing, and creating derivative works of and from Yardi's copyrighted  
18 materials on Client Central, infringed the exclusive rights of Yardi in those  
19 materials, including without limitation because of written warnings from Yardi and  
20 copyright notices in the Documentation.

21           75. Yardi is entitled to damages in an amount to be proven at trial,  
22 including both actual damages and Defendants' profits attributable to the  
23 infringement pursuant to 17 U.S.C. § 504.

24           76. Defendants' infringement of the exclusive rights of Yardi has  
25 also caused Yardi irreparable injury. Unless restrained and enjoined, Defendants  
26 will continue to commit such acts. Yardi's remedies at law are not adequate to  
27 compensate it for these inflicted and threatened injuries, entitling Yardi to  
28 remedies including injunctive relief as provided by 17 U.S.C. § 502, and an order

1 impounding or destroying any and all infringing materials pursuant to  
2 17 U.S.C. § 503.

3 **FIFTH CLAIM FOR RELIEF**

4 **Trade Secret Misappropriation**

5 **(Cal. Civ. Code §§ 3426-3426.11)**

6 **(Against All Defendants)**

7 77. Yardi incorporates by reference each of the allegations in the  
8 preceding paragraphs of this Complaint as though fully set forth here.

9 78. Yardi owns the proprietary and confidential Documentation,  
10 price lists, Credentials, and other information stored on Client Central, as described  
11 above. These materials are a valuable collection of data assembled over many  
12 years that allow Yardi to compete effectively and advantageously, including  
13 because the information is not generally known to others who, if they had access to  
14 the information, could use it to compete against Yardi.

15 79. Yardi makes reasonable efforts to maintain the confidentiality  
16 of its Documentation, price lists, Credentials, and other information stored on  
17 Client Central, including, without limitation, by (1) restricting access to Client  
18 Central with unique and confidential Credentials, (2) disclosing certain of these  
19 materials only to clients or independent consultants pursuant to licenses or other  
20 contracts with strict confidentiality provisions, (3) prohibiting disclosure of these  
21 materials by employees pursuant to employment agreements and Yardi's  
22 Employee Handbook, and (4) designating these materials as confidential,  
23 proprietary, copyrighted, and trade secrets.

24 80. Defendants have misappropriated Yardi's trade secrets by  
25 means they knew, or had reason to know, were improper. As described in more  
26 detail above, Defendants obtained unauthorized access to confidential Yardi  
27 employee Credentials, logged on to Yardi-employee-restricted portions of Client  
28 Central using those stolen Credentials, then downloaded the trade secret materials

1 described above. Defendants had no proper access or permission to acquire these  
2 materials, and could not reasonably have believed they had such permission.

3 81. Defendants then used and/or disclosed these trade secret  
4 materials without authorization to gain competitive advantage against Yardi,  
5 including to win clients from Yardi, enhance their services to Yardi's clients, and  
6 to improve their own, competing software. Defendants knew or had reason to  
7 know at the time of their use and/or disclosure of Yardi's trade secret information  
8 that Defendants' knowledge of the information was (1) derived from or through a  
9 person who had employed improper means to acquire those trade secrets from  
10 Client Central, (2) acquired under circumstances giving rise to a duty to maintain  
11 the secrets' secrecy or to limit their use, including but not limited to using an  
12 employee-restricted Credential, and/or (3) derived from or through a person who  
13 owed a duty to Yardi to maintain the secrets' secrecy or limit their use.

14 82. Yardi has suffered actual losses caused by Defendants'  
15 misappropriation of its trade secret information in an amount to be proved at trial.  
16 In addition, Yardi is entitled to the benefits by which Defendants were unjustly  
17 enriched by misappropriating Yardi's trade secret information.

18 83. Defendants' misappropriation of Yardi's trade secrets was  
19 willful and malicious, entitling Yardi to exemplary damages and its attorneys' fees  
20 and costs.

21 84. Defendants' misappropriation of Yardi's trade secrets has also  
22 caused Yardi irreparable injury. Unless restrained and enjoined, Defendants will  
23 continue to commit such acts. Yardi's remedies at law are not adequate to  
24 compensate it for these inflicted and threatened injuries, entitling Yardi to  
25 injunctive relief.

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**SIXTH CLAIM FOR RELIEF**

**Unfair Competition**

**(Cal. Bus. & Prof. Code § 17200 et seq.)**

**(Against All Defendants)**

85. Yardi incorporates by reference each of the allegations in paragraphs 1 through 63 and 77 through 84 of this Complaint as though fully set forth here.

86. Defendants have engaged in unlawful business acts or practices by committing illegal acts, including computer fraud as alleged above, in an effort to gain unfair competitive advantage over Yardi.

87. These unlawful business acts or practices were committed pursuant to business activity related to providing real estate and property management software and related support and services for that software.

88. The acts and conduct of Defendants constitute fraudulent, unlawful, and unfair competition as defined by California Business & Professions Code § 17200 et seq.

89. Defendants' conduct constitutes violations of numerous state and federal statutes and codes, including, but not limited to, violations of the Computer Fraud and Abuse Act, 18 U.S.C. § 1030 et seq., receipt of stolen property, California Penal Code § 496, and unauthorized access to computers, California Penal Code § 502.

90. Defendants have improperly and unlawfully taken commercial advantage of Yardi's investments in its trade secret materials. In light of Defendants' conduct, it would be inequitable to allow Defendants to retain the benefit of the funds obtained through the unauthorized and unlawful use of that property.

91. Defendants' unfair business practices have unjustly minimized Yardi's competitive advantages and have caused and are causing Yardi to suffer

1 damages.

2 92. As a result of such unfair competition, Yardi has also suffered  
3 irreparable injury and, unless Defendants are enjoined from such unfair  
4 competition, will continue to suffer irreparable injury, whereby Yardi has no  
5 adequate remedy at law.

6 93. Defendants should be compelled to restore any and all money  
7 or property they may have obtained in violation of California Business &  
8 Professions Code § 17200 *et seq.*, and should be enjoined from further unlawful,  
9 unfair, and deceptive business practices.

10 **PRAYER FOR RELIEF**

11 WHEREFORE, Yardi respectfully prays for the following:

12 A. For a preliminary and permanent injunction restraining  
13 Defendants, their officers, agents, servants, employees, and attorneys, and those in  
14 active concert or participation with any of them, from the following:

15 (1) Copying<sup>2</sup>, accessing, storing, distributing, using,  
16 publicly displaying, or creating derivative works from Yardi's copyrighted  
17 materials in any way, including for any business purpose, except as otherwise  
18 allowed by express license from Yardi;

19 (2) Facilitating any of the acts described in (1) above;

20 (3) Engaging in any violations of the Digital  
21 Millennium Copyright Act, including acts that circumvent or facilitate  
22 circumvention of Yardi's technological measures that control access to its  
23 copyrighted materials, including by accessing Client Central other than as allowed  
24 by express license from Yardi;

25 (4) Otherwise engaging in acts of copyright

26 \_\_\_\_\_  
27 <sup>2</sup> As used in this Prayer, "copying" includes downloading from a website or  
28 digital storage media.

1 infringement, violations of the Computer Fraud and Abuse Act, violations of the  
2 Computer Data Access and Fraud Act, trade secret misappropriation, or unfair  
3 competition;

4 B. For an Order directing Defendants to file with the Court  
5 and serve on Yardi within thirty (30) days after the service on Defendants of such  
6 injunction a report in writing, under oath, setting forth in detail the manner and  
7 form in which Defendants have complied with the injunction;

8 C. For an Order directing Defendants to return Yardi's  
9 property, including, without limitation, Yardi's confidential, proprietary, trade  
10 secret, and copyrighted materials, including data, Documentation and software that  
11 Defendants took from Yardi without authorization, as set forth in this Complaint;

12 D. For an Order impounding or destroying any and all  
13 infringing materials pursuant to 17 U.S.C. § 503;

14 E. For an Order impounding or destroying all Credentials  
15 improperly obtained by Defendants pursuant to 17 U.S.C. § 1203;

16 F. For damages, including actual damages to Yardi and  
17 Defendants' profits attributable to their wrongful acts, to be proven at trial;

18 G. For statutory damages pursuant to 17 U.S.C. § 1203;

19 H. For punitive damages;

20 I. For prejudgment interest;

21 J. For an Order awarding Yardi its attorneys' fees and  
22 costs; and

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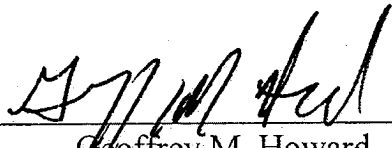
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1                   K. For an Order awarding Yardi such other and further relief  
2 as the Court deems just and proper.

3  
4 DATED: January 24, 2011

5   Bingham McCutchen LLP

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8 By:  \_\_\_\_\_  
9   Geoffrey M. Howard  
10    Attorneys for Plaintiff  
11    Yardi Systems, Inc.

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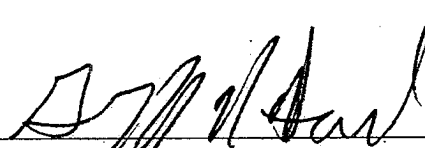
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DEMAND FOR JURY TRIAL

In accordance with Fed. R. Civ. P. 38(b), Plaintiff Yardi Systems, Inc.  
demands a trial by jury on all issues triable by a jury.

DATED: January 24, 2011

Bingham McCutchen LLP

By:   
Geoffrey M. Howard  
Attorneys for Plaintiff  
Yardi Systems, Inc.