EBay Agrees to Acquire Shopping.com

By MYLENE MANGALINDAN
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Internet auctioneer eBay Inc. agreed to acquire Shopping.com Ltd., an online shopping-comparison site, for $620 million in a bid to boost its slowing growth rate.

EBay said it would pay $211 each for all of Shopping.com's shares outstanding. That's a 28% premium to Shopping.com's price of $17.44, up 37 cents, in 4 p.m. composite trading yesterday on the Nasdaq Stock Market. The transaction is expected to close by September.

The acquisition is eBay's latest effort to reignite its growth, particularly in mature markets such as the U.S. and Germany. In the past few years, eBay has invested heavily in international expansion into countries such as China and India. The San Jose, Calif., company also has developed, acquired and taken stakes in several Internet classified-ad sites.

Shopping.com, which is free to consumers, generates revenue primarily from merchant listings that pay fees when Internet users click on listings to reach their Web sites. The deal also shows how once-distant Internet businesses have begun to converge and compete. Merchants that once relied exclusively on eBay now also list their wares on Amazon.com Inc., or on their own Web sites, which they promote by buying search-related ads on Google Inc. and Yahoo Inc.

Shopping.com, for example, relies on Google to place advertisements on its site. Those ads accounted for 48% of the Brisbane, Calif., company's revenue of $31.8 million in the first quarter, according to the company's quarterly filing with the Securities and Exchange Commission. EBH officials declined to comment on the future of the relationship between Shopping.com and Google, which also declined to comment.

"There appears to be a substantial amount of interest from buyers and sellers away from eBay," said Derek Brown, an analyst at Pacific Coast Equities. "It seems to be a way for eBay to reach a new pool of potential buyers and sellers." Bill Cobb, president of eBay North America, said eBay became interested in Shopping.com when it noticed its sellers listing merchandise on comparison-shopping sites.

Mr. Cobb said eBay plans to integrate its listings with those on Shopping.com, so sellers can reach a broader pool of buyers. "This is about continuing to fuel our biggest business," he said.

Lorrie Norrington, president and chief executive of Shopping.com, said the deal will bring Shopping.com users broader choices. Shopping.com, which will be operated as a separate eBay business, plans to marry its Epinions product and merchant-review system with eBay's seller and buyer "feedback" system, which lets buyers and sellers rate their experience. "When buyers are empowered with information, they make higher-quality purchases," Ms. Norrington said.

Founded in 1998, Shopping.com weathered the dot-com bust and conducted its initial public offering last October. Shopping.com sold shares at $15. They peaked roughly a month later around $32 and generally have been sliding since.

EBay said the acquisition would be dilutive to its 2005 per-share earnings because of additional expenses for stock-based compensation and the amortization of acquired intangible assets.

Shell Wages Legal Fight Over Web Domain Name

By CHIP CUMMINS

Later this summer, oil giant Royal Dutch/Shell Group is expected to merge its two parent companies, creating a new company: Royal Dutch Shell PLC. But go to www.shell.com and you'll find a crude Web site in gas-guzzling Australia, where Alfred Donovan, an 88-year-old British army veteran, posts dozens of media reports and commentary, most of it negative, about Shell and the accounting scandal that plagued it last year.

Just after Shell unveiled the name of the new entity last October, Mr. Donovan—who has had frequent legal battles with Shell—snapped up the rights to the Web site.

Cyber-squatting, in which people register names associated with a company's brands or identity, has become a bane of the corporate world in the age of the Internet. Squatters search out permutations of well-known names, often angling for a quick payout in exchange for selling the site to the company or using the site to draw hits to unrelated Web destinations. Often, critics say, the temptation is too great for Internet users to draw attention to causes associated with a particular company or product.

Mr. Donovan has turned the exact domain name for a corporation as big and as well known as Shell into a rare coup these days.

Shell paid $115 million in fees to bankers, attorneys and accountants to hammer out the details of the plan, announced last October, to streamline its ownership structure by merging its two parent companies, Royal Dutch Petroleum Co. of The Hague, Netherlands, and Shell Transport & Trading Co., based in London. After the merger, the new company will be headquartered in The Hague and have just one stock listing, in London, with an estimated market capitalization of more than $220 billion. For years the company has been listed in London and Amsterdam.

Shell executives realized shortly after the merger announcement last fall that the new corporate name had not been snapped up. Last month, Shell attorneys filed a complaint with the World Intellectual Property Organization, a Geneva-based arbiter of domain disputes, requesting Mr. Donovan be stripped of rights to the site, along with two others.

Shell's main corporate Web site will continue to be www.shell.com. John Donovan, Mr. Donovan's son, said his father isn't seeking money from Shell but wants to draw as many people as possible to his Web site's postings about the company. "It's the good, the bad and the ugly," the younger Mr. Donovan said in a phone interview with his father, who is hard of hearing. "And it's not his fault the news has been so bad for Shell lately."

The two Donovans are well-known to Shell. They have waged a long-running anti-Shell campaign dating to the 1990s revolving around disputes over the rights to Shell gas-station promotion.

Over the years, the two sides have settled four lawsuits. But Mr. Donovan has continued his crusade. He periodically pickedet the company's headquarters and annual meetings.

In their complaint with the World Intellectual Property Organization, Shell attorneys argued that although there is no litigation outstanding between the two sides, the company believes the elder Mr. Donovan acquired the Web site "as a means of increasing his capability to disparage Shell at some time in the future."

A Shell spokeswoman declined to comment on the dispute, citing the pending arbitration.