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18 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
19 **FOR THE COUNTY OF SACRAMENTO**

20 MICHAEL SMITH, individually, and on behalf
21 of all others similarly situated,

22 Plaintiff,

23 vs.

24 **BLIZZARD ENTERTAINMENT, INC.**, a
25 California corporation; and **DOES 1-10**,
26 inclusive,

27 Defendants.

Case No.:

CLASS ACTION COMPLAINT FOR:

- 28 1. Violation of California's
Consumers Legal Remedies Act
(Civil Code §§ 1750, *et seq.*);
2. Violation of California's Unfair
Competition Law (Bus. & Prof.
Code §§ 17200, *et seq.*); and
3. Unjust Enrichment
4. False Advertising Law (Bus. &
Prof. Code §§ 17500, *et seq.*)

JURY TRIAL DEMANDED

BY FAX

JUL 23 2018

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1 Plaintiff Michael Smith, individually and on behalf of all others similarly situated,
2 hereby brings this Class Action Complaint against Defendant Blizzard Entertainment, Inc.
3 (“BLIZZARD”) and DOES 1 through 10 (collectively, “Defendants”), and alleges as follows:

4 **INTRODUCTION**

5 1. This lawsuit is brought as a class action on behalf of Plaintiff and thousands of
6 similarly situated individual gamers who have been deceived into making in-game purchases of
7 deceptively marketed in-game items in Defendants’ immensely popular games Overwatch and
8 Hearthstone. Overwatch and Hearthstone’s consumers are comprised mainly of children,
9 teenagers, and young adults.

10 2. This Complaint concerns Defendants’ unfair and deceptive marketing of “Packs”
11 for purchase by Hearthstone users, and of “Loot Boxes” for Overwatch users. Packs and Loot
12 Boxes are virtually identical except in name. They both contain virtual items for use in the
13 game, and they are purchased with real money. Blizzard markets Packs as virtually guaranteed
14 to contain valuable Cards that will increase a player’s power and prowess in the Hearthstone
15 game; Blizzard markets Loot Boxes as containing rare in-game cosmetic items for Overwatch
16 players. In reality, both Packs and Loot Boxes are nothing more than lottery tickets that players
17 are coerced into buying without fully realizing their abysmal odds of receiving the Cards or
18 items they desire.

19 3. Only BLIZZARD knows what is inside any given Pack or Loot Box, and it
20 exploits this informational advantage mercilessly to lure youthful purchasers into making
21 purchases they otherwise would not make.

22 4. BLIZZARD systematically advertises Packs and Loot Boxes with promises that
23 they will contain items of extraordinary value. But what BLIZZARD knows—and what its
24 youthful gamers do not know—is that the Packs and Loot Boxes almost never contain what
25 they are touted as containing.

26 5. These ultra-rare prizes are the primary driver of BLIZZARD’s Packs and Loot
27 Boxes sales. But unfortunately for players of BLIZZARD games, those promises are illusory.
28

1 The Packs and Loot Boxes almost never contain the Card or item they claim to.

2 6. Defendants misrepresent that gamers will receive the touted Cards and items, and
3 it nowhere discloses that the odds of winning the valuable rewards in most of the game's Packs
4 and Loot Boxes are next to nothing.

5 7. Instead of disclosing that its Packs and Loot Boxes are nothing more than a
6 lottery ticket, Defendants deceptively tout their Packs and Loot Boxes as a surefire way to get
7 the item the player wants. That is false. Rather than a purchase with guaranteed value, a Pack
8 is a roll of the dice, and so is a Loot Box. But BLIZZARD never tells consumers that.

9 8. Plaintiff, like hundreds of thousands of consumers, purchased BLIZZARD's
10 Packs and Loot Boxes based on the promise of rare and powerful Cards (in Hearthstone) and
11 sought-after cosmetic items (in Overwatch). Plaintiff never received those in-game
12 enhancements or even had a realistic chance of doing so.

13 9. Defendants' prominent display of the most valuable (and exceedingly rare) items
14 in every Pack and Loot Box, coupled with its failure to disclose the odds of winning the most
15 valuable items, constitute deceptive and misleading misrepresentations that deceive consumers
16 into purchasing Packs and Loot Boxes based on the belief that their likelihood of receiving the
17 sought-after items are higher than they in fact are.

18 10. Plaintiff fell for Defendants' deceptive sales practices. Believing he was
19 guaranteed to receive something of significant value, or at least that he had a meaningful
20 chance to do so, he continuously bought Packs and Loot Boxes marketed by BLIZZARD.

21 11. Had Plaintiff known his odds of receiving the desired Cards in the Packs and
22 items in Loot Boxes were virtually nil, he would not have purchased the Packs and Loot Boxes.

23 12. Plaintiff and the Class members have been injured by Defendants' practices.
24 Plaintiffs bring this action on behalf of themselves, the putative Class, and the general public.
25 Plaintiffs seek actual damages, punitive damages, restitution, and an injunction on behalf of the
26 general public to prevent Defendants from continuing to engage in their illegal practices
27 described herein.
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1 **PARTIES**

2 13. Plaintiff Michael Smith is a citizen and resident of Sacramento County,
3 California.

4 14. Defendant BLIZZARD is a video game company based in Irvine, California.
5 BLIZZARD released Hearthstone in March 2014 and Overwatch in May 2016. The games are
6 immensely popular. Hearthstone had generated nearly \$1 billion in sales as of May 6, 2015, and
7 made approximately \$20 million in June 2015. Overwatch had made at least \$1 billion in sales
8 as of the first quarter of 2017.

9 15. The true names and capacities whether individual, corporate, associate or
10 otherwise of Defendant DOES 1 through 10, inclusive, are unknown to Plaintiffs at this time.
11 Plaintiffs will amend this Complaint to show their true names and capacities once they are
12 ascertained. Plaintiffs are informed and believe, and based thereon allege, that each of said
13 fictitious defendants are responsible in some manner for the acts and occurrences set forth
14 herein, and that the injuries and damages alleged herein were and are the direct and proximate
15 result of the actions of these defendants. Plaintiffs make all allegations contained in this
16 Complaint against Defendants, and each of them, including DOES 1 through 10, inclusive.

17 16. The use of the term "Defendant" or "Defendants" in any of the allegations in this
18 Complaint, unless specifically alleged otherwise, is intended to include and charge, both jointly
19 and severally, not only the Defendants identified in this Complaint, but also all Defendants
20 designated as DOES 1 through 10, inclusive, as though the term "Defendants" was followed in
21 each and every instance throughout this Complaint with the phrase "and each of them jointly
22 and severally," including all named Defendants and Defendants included herein and sued under
23 the fictitious names of DOES 1 through 10, inclusive.

24 **JURISDICTION AND VENUE**

25 17. This Court has subject matter jurisdiction over this class action pursuant to Code
26 of Civ. Proc. § 410.10, Bus. & Prof. Code § 17204, and the California Constitution.

1 18. Venue is proper in the Superior Court for the County of Sacramento, in that
2 Plaintiff is located in this County, and therefore many of the alleged unlawful acts and practices
3 alleged herein took place within this county.

4 **FACTUAL ALLEGATIONS**

5
6 **A. Background: “Loot Boxes”**

7 19. Online gaming has exploded in popularity. While many games are free to
8 download and play at basic levels, they are designed to provide revenue to gaming companies
9 by encouraging in-game purchases with real money.

10 20. One of the primary revenue drivers is the sale of what is termed in the industry as
11 “loot boxes.”

12 21. Loot boxes are virtual boxes with contents that purport to enhance the game
13 experience of players willing to purchase them with real money. Loot boxes can contain
14 everything from virtual cosmetic items to “power-ups” to gear or entities that can dramatically
15 alter a player’s chances of winning the game.

16 22. In 2017, it is estimated consumers—a huge proportion of which are minors and
17 very young adults—spent \$30 billion on what are termed loot boxes and “skins,” which are in-
18 game cosmetics which change the appearance of weapons or characters. That number is
19 expected to grow to \$50 billion by 2022.¹

20 23. The perception fostered by gaming companies, and in many cases, the reality, is
21 that more you spend in-game—the better your chances of proceeding farther into the game. But
22 that is a lie.

23 24. Loot boxes are plagued by deception, misrepresentations, and exploitation.

24 25. The Belgian Gaming Commission recently published a report on Loot Boxes in
25 gaming:

26 “The investigation clearly shows that the purchase of loot boxes by players in the
27 examined video games [including Overwatch] is highly problematic, both in
28 terms of the purchase as well as the terms of the techniques used to allow players

¹ <https://www.juniperresearch.com/press/press-releases/loot-boxes-and-skins-gambling>

1 to bet using loot boxes... The disguised character of games of chance is extra
2 problematic in the case of children. If there is no adequate intervention, then
3 games of chance in video games will increasingly cause harm to players, families
4 and society.”

4 “The paid loot boxes in the examined games Overwatch, FIFA 18 and Counter-
5 Strike: Global Offensive fit the description of a game of chance because all of the
6 constitutive elements of gambling are present (game, wager, chance,
7 win/loss)... The examined games with paid loot boxes such as those that are
8 currently being offered and operated in Belgium violate the Gaming and Betting
9 Act and can be criminally prosecuted.” (emphasis in original)

8 “It is clear that the game manufacturers and platforms use many techniques for
9 luring and encouraging players to play online and purchase loot boxes in an
10 unrestricted manner. These techniques vary from social behavior monitoring, to
11 lack of a data protection policy with possibly large-scale manipulation of the
12 player through behavior-related random number generators (RNG).”²

11 26. Hawaii State Legislator Chris Lee recently wrote on Reddit, “[L]ootboxes and
12 microtransactions are explicitly designed to prey upon and exploit human psychology in the
13 same way casino games are so designed. This is especially true for young adults who child
14 psychologists and other experts explain are particularly vulnerable. These exploitive
15 mechanisms and the deceptive marketing promoting them have no place in games being
16 marketed to minors, and perhaps no place in games at all.”³

17 27. The fundamental unfairness of loot boxes is compounded by the informational
18 discrepancy between the game makers and the players. Players do not know that the loot boxes
19 will not necessarily contain the items they tout, nor do they know the odds of actually receiving
20 the desired items in loot boxes—but the game companies do.

21 28. For this reason, Apple now requires game makers to disclose the odds of winning
22 the items in loot boxes for all games sold on its App Store.

23 29. In an effort to promote transparency and protect consumers, in December 2017,
24 Apple added guidelines to its App Store making the disclosure of loot box odds mandatory.
25 Under Apple’s new rule, “Apps offering ‘loot boxes’ or other mechanisms that provide

26 ² Belgian Gaming Commission, Research Report on Loot Boxes (April 2018)
27 https://www.gamingcommission.be/opencms/export/sites/default/jhksweb_nl/documents/onderzoeksrapport-loot-boxen-Engels-publicatie.pdf

28 ³ <https://www.polygon.com/2017/12/21/16805392/loot-box-odds-rules-apple-app-store>

1 randomized virtual items for purchase must disclose the odds of receiving each type of item to
2 customers prior to purchase.”

3 30. The unfairness of loot boxes is beginning to garner international attention.
4 Several countries, including the Netherlands, Belgium, and Australia, all consider loot boxes to
5 be illegal gambling, based on the fact that consumers pay real currency for a potential reward
6 that is not guaranteed—and indeed, that is very rare.

7 31. Moreover, many other countries have recently issued regulations or penalized
8 game companies to address the issue of loot box deception.

9 32. In December 2016, China issued regulations requiring games with randomized
10 elements to disclose the odds that consumers will win the touted loot box contents. When game
11 makers began complying with the law, Chinese consumers learned that in some games, the
12 odds of receiving the touted item in a loot box were often as low as 0.1%.

13 33. Likewise, the Korean equivalent of the Federal Trade Commission recently fined
14 three of its gaming companies the highest-ever penalty in history on Korean game companies
15 for failing to disclose to consumers the odds of winning the prizes in their loot boxes. The
16 Korean FTC argued it was fundamentally unfair that loot boxes were represented to be
17 “random,” when in fact gamers had, in some instances, as low as 0.5% chance of receiving
18 some of the valuable pieces in the box.

19 34. As discussed herein, Defendants luridly tout the valuable contents of their Packs
20 and Loot Boxes with prominent and attention-catching representations, leading reasonable,
21 youthful consumers to understand they will receive the touted items. But their chances of
22 doing so are vanishingly small, and for that reason BLIZZARD intentionally fails to disclose
23 the odds of actually winning the touted items in its Packs and Loot Boxes.

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25 **B. Hearthstone and Overwatch are Designed to Encourage Constant**
26 **Microtransactions**

27 *i. **Hearthstone***

28 35. Hearthstone is a one-versus-one, turn-based, digital card game.

1 36. The game is free to download. However, once downloaded, players spend money
2 to purchase Packs containing Hearthstone Cards.

3 37. In a game of Hearthstone, both players have a “Hero” that starts with 30 “health
4 points.” The goal of the game is to use Cards to deplete the other player’s Hero’s health points.
5 Players take turns attacking their opponent and defending their Hero by playing different
6 Hearthstone Cards. The game ends when one player has zero health points, and the player with
7 health points remaining is declared the winner.

8 38. Hearthstone Cards have different functions and effectiveness based on the “stats”
9 provided on the face of each card. For example, a player may choose to attack his opponent
10 with a “Chaos Bolt” card. Players use the Hearthstone Cards in different combinations to
11 maximize their effectiveness against their opponent.

12 39. There are five classes of Hearthstone Cards, from worst to best: Free, Common,
13 Rare, Epic, and Legendary. Legendary Cards are the most powerful and most rare of the
14 classes.

15 40. Hearthstone is designed to encourage constant and continuous microtransactions
16 within the game. More powerful cards, which in turn make the player more likely to win, are
17 rare. Thus, in order to keep up, players must purchase large amounts of Hearthstone Packs,
18 hoping that at least one of the Packs will contain an Epic or Legendary card. This leads to an
19 arms race amongst players, many of whom are children and young adults, where players must
20 continue gambling on Hearthstone Packs to be competitive.

21 41. Although it has not been confirmed by BLIZZARD, data collected by
22 Hearthstone players indicates that BLIZZARD has implemented a “Pity Timer” on Hearthstone
23 Packs. In sum, BLIZZARD tracks the number of Packs a player opens without receiving a
24 “legendary” item. For each Pack that is opened that does not contain a “legendary” item,
25 BLIZZARD incrementally increases the odds of receiving a “legendary” item in the next Pack.
26 This helps feed into the players’ perception that purchasing “just one more” Pack will provide
27 the player with their desired cards.
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1 42. When the player opens up a Pack with a legendary item, the Pity Timer is reset
2 and the players' odds of receiving a legendary item return to the standard abysmal levels.

3 43. A player opens the Packs he has purchased by clicking an "Open Packs" tab.
4 When the player clicks on a given Pack, a short animation runs and the player sees which items
5 he has won. After a player runs out of purchased Packs, he is presented with a "Shop" button
6 which takes the user directly to the screen at which he can purchase more Packs.

7 44. BLIZZARD does not publish or otherwise inform players of the odds of winning
8 more powerful cards. Instead, BLIZZARD opts to use misleading phrasing in encouraging
9 players to purchase more Hearthstone Packs (**Exhibit A**):

- 10 a) "MORE CARDS, MORE POSSIBILITIES, MORE FUN! Give your deck
11 a boost with a Hearthstone card pack! Available in quantities of 2, 7, 15,
12 40, and 60, these decks will add value to your Hearthstone card collection.
13 They're the best option for new players...and opening them is half the
14 fun!"
- 15 b) "CONTAINS AT LEAST ONE RARE CARD. There are five cards in each
16 pack, and at least one card will be of Rare quality or better. You could
17 even get an Epic or Legendary!"
- 18 c) "A SURPRISE IN EVERY PACK. With hundreds of cards already in the
19 game, you'll never know what you're going to get!"

20 45. In 2017, BLIZZARD implemented another predatory scheme to deceive players
21 regarding their chances of receiving the coveted Legendary cards. When the "Knights of the
22 Frozen Throne" expansion was released in August of 2017, BLIZZARD changed the algorithm
23 for players to receive a Legendary card. In order to trick players into believing their chances of
24 receiving a Legendary card in a Hearthstone Pack were higher than in reality, each player was
25 guaranteed to receive a Legendary card within the first 10 packs of a new set, a rate much
26 higher than usual. After the first Legendary card is opened, the algorithm is reset to the usual
27 abysmal odds. Thus, players are left with an inflated and false perception, based on personal
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1 experience, of how likely it is that they will receive a Legendary card.

2 46. In sum, players purchase Packs hoping to receive powerful Cards that will help
3 them advance in the game. However, the Packs are mostly worthless, often filled with valueless
4 Cards that players already have or do not want.

5 47. Through its misrepresentations and omissions, Defendants overstate the odds of
6 receiving valuable Epic and Legendary Cards in its Packs. If players knew the actual odds of
7 receiving the Epic and Legendary Cards they desired, they would not purchase the Packs.

8 *ii. Overwatch*

9 48. Overwatch is a team-based, multiplayer first-person shooter video game.

10 49. In a game of Overwatch, two teams of six players work together to accomplish a
11 specific goal depending on the game-type. For example, one team may try to secure “control-
12 points” or transport a payload from one location to another, while the other team attempts to
13 thwart those objectives.

14 50. Players gain various rewards, such as “Skins” and “Emotes,” by opening “Loot
15 Boxes.” Skins allow the player to change the physical appearance of his character, often by
16 changing the color or design of the character’s outfit. Emotes are animated movements the
17 character performs, usually after the termination of the game, such as dancing, cheering, or
18 taunting.

19 51. As with Hearthstone, items a player can receive from Loot Boxes in Overwatch
20 are ranked by BLIZZARD into the following categories: Common, Rare, Epic, and Legendary.

21 52. Players receive Loot Boxes by various methods, including without limitation,
22 advancing to a new level, during special promotions as a gift, and by paid microtransactions.

23 53. Should a player want to collect all Overwatch items, he would have to open
24 between 1,300 and 1,600 Loot Boxes depending on that player’s luck.⁴ In order for a player to
25 obtain the same number of items without use of paid Loot Boxes, he would have to play an
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27 ⁴ Belgian Gaming Commission, Research Report on Loot Boxes (April 2018)
28 https://www.gamingcommission.be/opencms/export/sites/default/jhksweb_nl/documents/onderzoeksrapport-loot-boxen-Engels-publicatie.pdf

1 estimated 1,250 hours of Overwatch. Additionally, certain items are only available during a
2 limited time (e.g. Chinese New Year or Halloween), and paid Loot Boxes supposedly give the
3 player a much better chance of winning the special item linked to the special event (e.g. a
4 Halloween Costume).

5 54. There is a substantial likelihood that Loot Boxes contain either an object or item
6 already owned by the player or one that has a 'low' collection value.

7 55. As with Hearthstone, BLIZZARD does not publish or otherwise inform players
8 of the odds of winning Epic or Legendary items in Overwatch Loot Boxes. Instead,
9 BLIZZARD opts to use misleading phrasing to imply that players will receive the items they
10 seek with just a few Loot Boxes (**Exhibit B**):

- 11 a) "...you want your hero to feel like you—so grab a few Loot Boxes and customize
12 to your heart's content."
- 13 b) "PACKED FULL OF SUPRISES. Maybe you'll nab a shiny new Skin or
14 celebrate a hard-won triumph with a new Victory Pose. With four items in each
15 Loot Box, you're sure to be pleased with your assortment of Overwatch goodies."
- 16 c) "Loot Boxes have items in Common, Rare, Epic, or Legendary quality...and if
17 you get a duplicate item, we've got you covered. You'll get in-game credits you
18 can use to acquire many customization options!"

19 56. Contrary to BLIZZARD's representations, it takes well more than "a few Loot
20 Boxes" for players to meaningfully customize their characters. For example, the odds of
21 receiving a Legendary item from a Loot Box in China is roughly 1 in 54, or one Legendary
22 item for every 13.5 Loot Boxes opened.⁵ With 27 Heroes to choose from, the chances of a Loot
23 Box producing a Legendary item specific to a player's character are extremely slim.⁶ For
24 example, using the rates disclosed to the Chinese government, a player that opened 100 Loot
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26 ⁵ Chinese gaming regulations have forced BLIZZARD to release information on loot boxes in China.
<https://www.polygon.com/2017/5/5/15558448/overwatch-loot-box-chances-china>

27 ⁶ BLIZZARD has recently unveiled a 28th Hero that users can play as (a hamster in a mechanical suit with dual
28 Gatling guns), further decreasing the likelihood that a player will receive legendary items specific to his chosen
characters.

1 Boxes (roughly \$80.00 at the cheapest rate advertised), would receive an average of seven
2 Legendary items. Given the 27 Heroes, there is only a roughly 23% chance that one of the
3 Legendary items received is designated for that player's favorite character.

4 57. Additionally, many of the items revealed in Loot Boxes have not been "new" as
5 BLIZZARD claims, but are duplicates of items the player already has. Players can trade in
6 duplicates in exchange for gold that can be used to purchase other items, however they only
7 receive a fraction of what the item costs.

8 58. In sum, BLIZZARD misrepresents the likelihood that a player will receive an
9 Epic or Legendary item for their character and leaves players anything but "pleased with their
10 assortment of Overwatch goodies" they receive after purchasing Loot Boxes.

11 59. Through its misrepresentations and omissions, BLIZZARD overstates the odds of
12 receiving Epic and Legendary items in its Packs. If players knew the actual odds of receiving
13 the Epic and Legendary items they desired, they would not purchase the Loot Boxes.

14 **C. Plaintiff's Experience**

15 60. Plaintiff purchased approximately 500 Hearthstone Packs between 2014 and
16 2018. Plaintiff paid over \$650.00 to purchase the Packs.

17 61. Plaintiff purchased approximately 158 Overwatch Loot Boxes between 2016 and
18 2018. Plaintiff paid approximately \$139.87 to purchase the Loot Boxes.

19 62. Plaintiff purchased the above Packs and Loot Boxes with the understanding that
20 he would obtain Epic and Legendary Cards and his desired Loot Box items.

21 63. Despite spending significant sums on both games, Plaintiff did not obtain the
22 number of Epic and Legendary items he expected given BLIZZARD's representations of the
23 likelihood of receiving such items.

24 64. Plaintiff relied upon BLIZZARD's representations and material omissions and
25 believed he would receive the desired items if he purchased Packs and Loot Boxes. Instead,
26 most of the Cards and Loot Box items Plaintiff received were worthless and often duplicates.
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- a) Whether BLIZZARD disclosed the odds of winning Cards in its Packs in Hearthstone;
- b) Whether BLIZZARD disclosed the odds of winning Epic and Legendary items in its Loot Boxes in Overwatch;
- c) Whether BLIZZARD's representations and omissions are false, misleading, deceptive, or likely to deceive consumers;
- d) Whether BLIZZARD's failure to disclose the odds of winning Cards in its Packs constituted a material omission likely to deceive;
- e) Whether BLIZZARD's failure to disclose the odds of winning Epic and Legendary items in its Loot Boxes constituted a material omission likely to deceive;
- f) Whether Plaintiffs and the Class members were damaged by BLIZZARD's conduct;
- g) Whether BLIZZARD's actions or inactions violated the consumer protection statutes invoked herein; and
- h) Whether Plaintiffs are entitled to a preliminary and permanent injunction enjoining Defendants' conduct.

71. **Predominance of Common Questions:** Common questions of law and fact predominate over questions that affect only individual members of the Class. The common questions of law set forth above are numerous and substantial and stem from BLIZZARD's practices applicable to each individual Class member. As such, these common questions predominate over individual questions concerning each individual Class member's showing as to his or her eligibility for recovery or as to the amount of his or her damages.

72. **Typicality:** Plaintiff's claims are typical of the claims of the other members of the Class because, among other things, Plaintiff and all Class members were comparably injured through BLIZZARD's misconduct described above. As alleged herein, Plaintiff, like the members of the Class, was deprived of monies that rightfully belonged to them by BLIZZARD.

1 Further, there are no defenses available to BLIZZARD that are unique to Plaintiff.

2 **73. Adequacy of Representation:** Plaintiff is an adequate class representative
3 because he is fully prepared to take all necessary steps to represent fairly and adequately the
4 interests of the members of the Class, and because his interests do not conflict with the interests
5 of other Class members they seek to represent. Moreover, Plaintiff's attorneys are ready,
6 willing and able to fully and adequately represent Plaintiff and the members of the Class.
7 Plaintiff's attorneys are experienced in complex class action litigation, and they will prosecute
8 this action vigorously. Plaintiff and his counsel, who are experienced class action lawyers, will
9 fairly and adequately protect the Class members' interests.

10 **74. Superiority:** The nature of this action and the laws available to Plaintiff and
11 members of the Class make the class action format a particularly efficient and appropriate
12 procedure to redress the violations alleged herein. If each Class member were required to file
13 an individual lawsuit, BLIZZARD would necessarily gain an unconscionable advantage since it
14 would be able to exploit and overwhelm the limited resources of each individual plaintiff with
15 its vastly superior financial and legal resources. Moreover, the prosecution of separate actions
16 by the individual Class members, even if possible, would create a substantial risk of
17 inconsistent or varying verdicts or adjudications with respect to the individual Class members
18 against BLIZZARD, and which would establish potentially incompatible standards of conduct
19 for BLIZZARD and/or legal determinations with respect to individual Class members which
20 would, as a practical matter, be dispositive of the interest of the other Class members not parties
21 to adjudications or which would substantially impair or impede the ability of the Class
22 members to protect their interests. Further, the claims of the individual members of the Class
23 are not sufficiently large to warrant vigorous individual prosecution considering all of the
24 concomitant costs and expenses attending thereto.

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1 **FIRST CAUSE OF ACTION**

2 **Violation of the Consumer Legal Remedies Act**

3 **[California Civil Code §§ 1750, *et seq.*]**

4 75. Plaintiff incorporates the preceding allegations by reference as if fully set forth
5 herein.

6 76. The Consumers Legal Remedies Act, Cal. Civ. Code §§ 1750, *et seq.* (“CLRA”),
7 was designed and enacted to protect consumers from unfair and deceptive business practices.
8 To this end, the CLRA sets forth a list of unfair and deceptive acts and practices in Civil Code §
9 1770.

10 77. Plaintiff and each member of the Class are “consumers” within the meaning of
11 Cal. Civ. Code § 1761(d).

12 78. Plaintiff and the Class members engaged in “transactions” with BLIZZARD
13 within the meaning of Cal. Civ. Code § 1761(e) when they paid for Packs and Loot Boxes.

14 79. Plaintiffs have standing to pursue these claims because they have suffered injury
15 in fact and a loss of money and/or property as a result of the wrongful conduct alleged herein.

16 80. Defendants violated and continue to violate California Civil Code §§ 1770(a)(1),
17 (a)(5), (a)(9), and (a)(19) by misleading consumers about the odds of winning Cards in its
18 Packs and Epic and Legendary items in its Loot Boxes and failing to disclose the odds of
19 winning Cards in its Packs items in its Loot Boxes.

20 81. Defendants continue to violate the CLRA and continue to injure the public by
21 misleading consumers about the odds of winning Cards in its Packs items in its Loot Boxes.
22 Accordingly, Plaintiff seeks injunctive relief on behalf of the general public to prevent
23 Defendants from continuing to engage in these deceptive and illegal practices. Otherwise,
24 Plaintiff and the Class and members of the general public may be irreparably harmed and/or
25 denied effective and complete remedy if such an order is not granted.

26 82. Defendants had a duty not to mislead consumers about the odds of winning Cards
27 in its Packs and Epic and Legendary items in its Loot Boxes. The odds of winning Cards in its
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1 Packs and items in its Loot Boxes were material in that a reasonable person would have
2 considered it important in deciding whether or not to pay for the Packs and Loot Boxes.

3 83. Defendants' concealment, omissions, misrepresentations, and deceptive
4 practices, in violation of the CLRA, were designed to induce and did induce Plaintiff and Class
5 members to pay for Packs and Loot Boxes.

6 84. Defendants' acts, practices, representations, omissions, and courses of conduct
7 with respect to the Packs and Loot Boxes violate the CLRA in that, among other things: they
8 violated and continue to violate § 1770(a)(1) because they passed off the Packs and Loot Boxes
9 as more likely to contain the valuable Cards and Items than they actually are; they violated and
10 continue to violate § 1770(a)(5) because Defendants knowingly misrepresent(ed) the odds of
11 winning Cards in its Packs and Epic and Legendary items in its Loot Boxes; violated and
12 continue to violate § 1770(a)(9) because Defendants knowingly advertise(d) services with
13 intent not to sell them as advertised; and violated and continue to violate § 1770(a)(19) because
14 Defendants induced Plaintiff and the Class into spending money on Packs and Loot Boxes that
15 Defendants knew were likely worthless.

16 85. Defendants' acts and practices, undertaken in transactions intended to result and
17 which did result in consumers paying for Packs violate Civil Code § 1770 and caused harm to
18 Plaintiffs and Class members.

19 86. In accordance with Cal. Civ. Code § 1780(a), Plaintiffs and the Class members
20 seek injunctive and equitable relief on behalf of the general public for violations of the CLRA,
21 including restitution and disgorgement.

22 87. On July 17, 2018, Plaintiff Michael Smith mailed BLIZZARD a notice of its
23 violations of Cal. Civil Code § 1770 in accordance with Cal. Civil Code § 1782. If BLIZZARD
24 fails to make the demanded corrections within thirty (30) days of receipt of Plaintiff's notice,
25 Plaintiffs will seek leave to amend the Complaint to assert damages under the CLRA.

26 88. Plaintiff's affidavit stating facts showing that venue in this Court is proper
27 pursuant to Cal. Civ. Code § 1780(d) is attached hereto as **Exhibit C**.
28

1 89. Plaintiffs seeks the recovery of court costs and attorneys' fees pursuant to Cal.
2 Civil Code § 1780(e).

3 **SECOND CAUSE OF ACTION**

4 **Violation of California's Unfair Competition Law**

5 **[Cal. Bus. & Prof. Code § 17200, *et seq.*]**

6 90. Plaintiff re-alleges and incorporates the foregoing paragraphs as though fully set
7 forth herein.

8 91. Plaintiff and the members of the Class have standing to pursue a cause of action
9 against Defendants for unfair and/or unlawful business acts or practices because they have
10 suffered an injury-in-fact and lost money due to Defendants' actions and/or omissions as set
11 forth herein.

12 92. Defendants' conduct is unlawful under Bus. & Prof. Code § 17200 because it is in
13 violation of the CLRA, as discussed above.

14 93. Defendants' conduct as described herein constitutes a fraudulent business practice
15 within the meaning of Bus. & Prof. Code § 17200, *et seq.*, in that they intentionally and
16 knowingly misrepresented the odds of winning Cards in its Packs and Legendary items in its
17 Loot Boxes, through both their affirmative misrepresentations and material omissions. Such
18 representations and omissions misled Plaintiff and Class members and are likely to mislead the
19 public. Had Plaintiff known the odds of winning the items they desired in the Packs and Loot
20 Boxes he purchased, he would not have purchased them.

21 94. Defendants' conduct described herein is "unfair" under Bus. & Prof. Code
22 § 17200 because it is immoral, unethical, oppressive, unscrupulous, and/or substantially
23 injurious to consumers, and any utility of such practices is outweighed by the harm caused to
24 consumers, including to Plaintiff, the Class, and the public.

25 95. Defendants knew or should have known that their representations regarding the
26 Packs were false, deceptive, and misleading.

27 96. There were reasonably available alternatives to further Defendants' legitimate
28

1 business interests.

2 97. Reasonable consumers had no way of knowing that Defendants were engaged in
3 false, deceptive, and misleading advertising, and therefore could not have reasonably avoided the
4 injuries that they suffered.

5 98. Defendants' wrongful conduct is ongoing and part of a pattern or generalized
6 course of conduct repeated on thousands of occasions yearly.

7 99. Pursuant to Bus. & Prof. Code § 17203, Plaintiff seeks an injunction on behalf of
8 the general public enjoining Defendants from continuing to engage in the unfair competition
9 described above, or any other act prohibited by law.

10 100. Plaintiff also seeks rescission and an order requiring Defendants to make full
11 restitution and to disgorge their ill-gotten gains wrongfully obtained from members of the Class
12 as permitted by Bus. & Prof. Code § 17203.

13 101. Additionally, Plaintiff and the Class members seek an order requiring Defendants
14 to pay attorneys' fees pursuant to Cal. Civ. Code § 1021.5.

15 **THIRD CAUSE OF ACTION**

16 **Unjust Enrichment**

17 102. Plaintiff re-alleges and incorporates the foregoing paragraphs as though fully set
18 forth herein.

19 103. By means of the wrongful conduct alleged herein, Defendants knowingly
20 misrepresented the odds of receiving valuable Cards in its Packs and Legendary items in its
21 Loot Boxes in a way that was unfair, unconscionable, and oppressive.

22 104. Plaintiffs and the members of the Class conferred an economic benefit upon
23 Defendants by paying for the Packs and Loot Boxes, and Defendants had an appreciation or
24 knowledge of the benefit conferred by Plaintiffs and the members of the Class.

25 105. Plaintiff and members of the Class would not have paid for the Packs and Loot
26 Boxes had they known the odds of receiving the items they desired.

27 106. Defendants accepted and retained the economic benefit conferred by Plaintiff and
28