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7

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION
11

12 DUSTIN MAGILL, on behalf of himself and all
13 others similarly situated,

14 Plaintiff,

15 vs.

16 L'OREAL USA, INC.; BAUSCH HEALTH
17 COMPANIES INC.; and DOES 1-20,

18 Defendants.
19

Case No. _____

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

1 Plaintiff Dustin Magill (“Plaintiff”), on behalf of Himself and those similarly situated,
2 based on information and belief and investigation of counsel, except for information based on
3 personal knowledge, hereby alleges:

4 **INTRODUCTION**

5 1. A substantial portion of the population of the United States suffers from eczema.
6 Approximately 31.6 million Americans exhibit symptoms of eczema, and at least 17.8 million
7 individuals experience moderate to severe eczema. This creates a high demand for products that
8 promise to treat or mitigate eczema and the uncomfortable itching, dryness, skin sensitivity, and
9 rashes caused by this disease.

10 2. Defendants L’Oreal, USA, Inc., Bausch Health Companies Inc. (formerly known as
11 Valeant Pharmaceuticals), and others unknown to Plaintiff at this time (collectively,
12 “Defendants”), advertise, market, label, sell, and represent their skin care products as drugs that
13 treat or mitigate eczema and its symptoms. In particular, Defendants sell products under the brand
14 name “CeraVe®.” This lawsuit concerns four of Defendants’ CeraVe® products: Eczema
15 Soothing Body Wash, Eczema Body Wash, Eczema Soothing Creamy Oil, and Eczema Creamy
16 Oil (collectively, the “Products”). These products all prominently feature on the front label the
17 word “Eczema” and other representations that indicate that the products are drugs that will treat or
18 mitigate eczema and its symptoms. Unfortunately for consumers, the Products do not meet any of
19 the requirements for being sold as eczema drugs under California law.

20 3. California’s Sherman Food, Drug, and Cosmetic Law (the “Sherman Law”) adopts
21 as California law the federal regulations governing over-the-counter (“OTC”) drugs. Cal. Health
22 & Safety Code § 110111. Specifically, the Sherman Law makes it unlawful to sell any OTC drug
23 in California unless it: (1) has received premarket approval by the United States Food & Drug
24 Administration (“FDA”) pursuant to a New Drug Application (“NDA”) process; or (2) conforms
25 to an approved FDA “monograph” for the particular drug category. Cal. Health & Safety Code §§
26 110110 & 110111; *accord* 21 U.S.C. § 355. An FDA monograph specifies the necessary active
27 ingredients in the drug that FDA recognizes as safe and effective for use in treatment of the
28 disease. *See, e.g.*, 21 C.F.R. § 347.1. FDA has issued a monograph in which it determined that

1 the only products that can claim to treat or mitigate the symptoms of the disease eczema are those
2 containing colloidal oatmeal as an active ingredient. *See* 21 C.F.R. §§ 347.10(f) & 347.50(b)(4).

3 4. Under California law, “drugs” are defined as products that are intended to: (1) treat
4 or mitigate a disease; or (2) affect the structure or function of the body. *See* Cal. Health & Safety
5 Code § 109925(a)(2) & (3); *see also* 21 U.S.C. § 321(g)(1)(B) and § 321(g)(1)(C). Whether a
6 product qualifies as a drug depends on its intended use as defined by the claims made on or about
7 such product. A product that uses the name of a specific disease in its name is a drug because it
8 “suggest[s] treatment or prevention of [the] disease.” 65 Fed. Reg. 1000 (January 6, 2000); 21
9 C.F.R. § 101.93(g)(2)(iv)(A).

10 5. The Sherman Law makes it unlawful to sell any drug in California that is
11 misbranded or falsely advertised. Cal. Health & Safety Code §§ 110390 & 111330. A drug is
12 misbranded and falsely advertised when its labeling or advertising is “false or misleading in any
13 particular.” *Id.*

14 6. Here, Defendants include the name of the disease, eczema, in the Products’ names
15 (*e.g.*, “Eczema Creamy Oil” and “Eczema Body Wash”), thereby suggesting that the Products will
16 treat eczema. The Products’ labels and advertising materials also represent that the Products treat
17 or mitigate eczema and affect the structure and function of “eczema-prone” skin. However, the
18 Products have not been subject to an NDA process. Nor do they comply with the monograph for
19 eczema drugs as none of the Products contain colloidal oatmeal as an ingredient. Thus, the
20 Products are unlawfully sold as drugs in California, and are misbranded and falsely advertised in
21 violation of the Sherman Law.

22 7. Defendants’ conduct is likely to deceive members of the public. The Legislature’s
23 decision to prohibit a particular misleading advertising practice is evidence that the Legislature has
24 deemed that the practice constitutes a material misrepresentation. California law prohibits the
25 practice of misrepresenting products as drugs that treat or mitigate diseases. Accordingly,
26 Defendants’ violations of the Sherman Law are *per se* material misrepresentations under
27 California law. Moreover, Defendants’ drug claims are likely to deceive and did deceive Plaintiff
28 that the Products are drugs that are effective for the treatment of eczema when, in fact, the

1 Products are no more effective at treating eczema than other similar and less expensive products
2 that do not make such claims.

3 8. Defendants' conduct of advertising, marketing, selling, labeling, and representing
4 that the Products are drugs that treat or mitigate eczema and its symptoms, when, in fact, the
5 Products cannot lawfully be sold as drugs and are not approved by FDA for treating or mitigating
6 eczema, constitutes unlawful, unfair, and deceptive conduct. As such, Defendants' conduct
7 violates the California Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, *et seq.* (the
8 "UCL"), the California Consumers Legal Remedies Act, Cal. Civ. Code § 1750, *et seq.*
9 (hereinafter the "CLRA"), the California False Advertising Law, Cal. Bus. & Prof. Code § 17500,
10 *et seq.* (hereinafter the "FAL"), California's common law prohibition of unjust enrichment, and
11 California's Express Warranty Law, Cal. Comm. Code § 2313. Accordingly, Plaintiff and
12 members of the Class seek an order enjoining Defendants' acts of unfair competition.

13 9. Plaintiff believed Defendants' representations that the Products are drugs that
14 would that would treat or mitigate eczema and its symptoms. Plaintiff paid a significant premium
15 for the Products based on the Products' representations regarding the treatment of eczema.
16 Indeed, Defendant sells the Products at a significant premium over other similar products it sells
17 with nearly identical ingredients that do not claim to cure or mitigate the symptoms of eczema.
18 Thus, Plaintiff seeks damages under the CLRA based on the premium paid by Plaintiff and the
19 Class and restitution of Defendants' ill-gotten gains resulting from their unlawful, deceptive, and
20 unfair representations under the UCL.

21 **PARTIES**

22 10. Plaintiff Dustin Magill is a resident of Burlingame, California. In or around ,
23 Plaintiff purchased Defendants' Eczema Soothing Body Wash at a CVS drugstore in Burlingame.
24 The front label of the Product, which Plaintiff reviewed prior to purchase, prominently displays
25 the words "Eczema Soothing." At the time of purchase, Plaintiff reasonably believed based on the
26 front label that the Product would treat or mitigate eczema and its symptoms. Plaintiff also
27 reasonably believed that the Product was being lawfully sold for eczema treatment or mitigation.
28 The Product was completely ineffective at treating or mitigating Plaintiff's eczema. Had Plaintiff

1 known that the Products do not contain any ingredient that has been approved by FDA for treating
2 or mitigating eczema, and that the Products could not lawfully be sold as eczema drugs, Plaintiff
3 would not have paid more for the Products than the cost of other skin care products that do not
4 claim to treat or mitigate eczema.

5 11. Defendant L’Oreal USA, Inc. is the United States affiliate of France-based L’Oreal
6 Group. L’Oreal USA, Inc. maintains its headquarters in New York, New York. L’Oreal
7 advertises, markets, distributes, and sells the Products in California. Defendant L’Oreal USA, Inc.
8 purchased the CeraVe® brand from Valeant Pharmaceuticals in January 2017.

9 12. Defendant Bausch Health Companies Inc. is the successor to Valeant
10 Pharmaceuticals, which sold and marketed the Products up through January 2017.

11 13. DOES 1 through 20 are persons or entities whose true names and capacities are
12 presently unknown to Plaintiff, and who therefore are sued by such fictitious names. Plaintiff is
13 informed and believes, and on that basis alleges, that each of the fictitiously named defendants
14 perpetrated some or all of the wrongful acts alleged herein and are responsible in some manner for
15 the matters alleged herein. Plaintiff will amend this complaint to state the true names and
16 capacities of such fictitiously named Defendants when ascertained.

17 14. Defendant L’Oreal USA, Inc., Bausch Health Companies Inc., and DOES 1-20 are
18 collectively referred to herein as “Defendants.”

19 **JURISDICTION AND VENUE**

20 15. This Court has original jurisdiction over the claims asserted herein individually and
21 on behalf of the class pursuant to 28 U.S.C. § 1332, as amended in February 2005 by the Class
22 Action Fairness Act. Subject matter jurisdiction is proper because: (1) the amount in controversy
23 in this class action exceeds five million dollars, exclusive of interest and costs; and (2) a
24 substantial number of the members of the proposed class are citizens of a state different from that
25 of Defendants.

26 16. This Court has jurisdiction over Defendants because they are each a corporation
27 that has sufficient minimum contacts in California or otherwise intentionally avail themselves of
28 the California market either through the distribution, sale or marketing of the Products in the State

1 of California so as to render the exercise of jurisdiction over it by the California courts consistent
2 with traditional notions of fair play and substantial justice.

3 17. Venue is proper pursuant to 28 U.S.C. § 1391(a) because Defendants are residents
4 of this District, and 28 U.S.C. § 1391(c) because a substantial part of the events or omissions
5 giving rise to the claim occurred in this District.

6 18. **Intradistrict Assignment (L.R. 3-2(c) and (d) and 3-5(b))**: This action arises in
7 San Francisco County because a substantial part of the events which give rise to the claims
8 asserted herein occurred in San Francisco County.

9 **BACKGROUND FACTS**

10 19. Seeking to profit on the extremely irritating symptoms suffered by the millions of
11 people with eczema, Defendants market the Products as drugs that will treat or mitigate eczema
12 and its symptoms.

13 20. Defendants prominently display the word “Eczema” in the largest bold print on the
14 principal display panels (“PDP”) of the Products together with representations that the Products
15 are “Eczema Soothing,” will “calm” “eczema prone skin,” or other similar representations
16 designed to proclaim that the Products will treat or mitigate eczema and its symptoms. By using
17 these representations on the packaging, Defendants are representing to consumers that the
18 Products will treat or mitigate eczema and that the Products are superior to other products on the
19 market that do not make such claims. The Products are thus unlawfully and deceptively marketed,
20 in contrast to other skin care products, as drugs that will treat or mitigate eczema and its
21 symptoms, when the Products in fact do not contain any ingredient that has been approved by
22 FDA for treating or mitigating eczema.

23 21. The Products are not drugs approved for the treatment or mitigation of eczema. To
24 the extent the Products provide any relief for eczema, they are no more effective at doing so than
25 comparable and less expensive products that, like the Products, contain no ingredients that are
26 approved by FDA for eczema treatment, but, unlike the Products, make no such labeling or
27 advertising claims.

28 22. California’s Sherman Food, Drug, and Cosmetic Law (the “Sherman Law”) has

1 adopted federal nonprescription drug regulations as California’s non-prescription drug regulations.
2 Cal. Health & Safety Code § 110111. The Sherman Law makes it unlawful to sell any drug in
3 California that is misbranded or falsely advertised. Cal. Health & Safety Code §§ 110390 &
4 111330. A drug is misbranded and falsely advertised when its labeling or advertising is “false or
5 misleading in any particular.” *Id.*

6 23. A manufacturer seeking premarket approval of a new OTC drug must submit a
7 detailed new drug application (“NDA”), which must include, among other things, clinical studies
8 demonstrating the drug’s safety and effectiveness. 21 U.S.C. § 355(d). An OTC drug that is not
9 the subject of a NDA is not generally recognized as safe and effective and is misbranded and
10 falsely advertised unless it meets each of the conditions contained in FDA’s OTC drug regulations
11 and each of the conditions in an applicable monograph. *See* 21 C.F.R. § 330.1; Cal. Health &
12 Safety Code § 111550.

13 24. FDA has issued a monograph for OTC eczema drug products. *See* 21 C.F.R. Pt.
14 347. Through this monograph, FDA has determined that the only products for OTC drug use that
15 can include claims regarding the treatment or mitigation of eczema and its symptoms are those
16 containing colloidal oatmeal in specified minimum percentages as an active ingredient. 21 C.F.R.
17 §§ 347.10(f), 347.50(b)(4). Thus, under California and federal law, a product that does not
18 include colloidal oatmeal as an active ingredient, and that is labeled with a claim regarding the
19 treatment or mitigation of eczema, is not recognized as safe and effective for its intended use and
20 is misbranded and falsely advertised. 21 C.F.R. § 330.1; *see* Cal. Health & Safety Code § 111550.

21 25. None of the Products have received FDA approval via NDAs.

22 26. None of the Products meet the conditions in FDA’s monograph for OTC eczema
23 drugs. Specifically, none of the Products contain colloidal oatmeal. Nor do any of the Products
24 contain any other ingredients that are approved by FDA for OTC human use as treating or
25 mitigating eczema and its symptoms.

26 27. “Drugs” are defined as products that are intended to: (1) treat or mitigate a disease;
27 or (2) affect the structure or function of the body. Cal. Health & Safety Code § 109925(a)(2) &
28 (3); 21 U.S.C. § 321(g)(1)(B) & (C). Whether a product qualifies as a drug depends on its

1 intended use as defined by the claims made on or about such product. Cosmetics are also defined
2 and regulated based on the claims made on such products. *See* Cal. Health & Safety Code §
3 109900. Moreover, marketing and labeling claims regarding a product can render the product both
4 a drug and a cosmetic. *See* FDA Guidance, *Is It a Cosmetic, a Drug, or Both? (Or Is It Soap?)*.¹
5 Such products must comply with the laws and regulations for both drugs and cosmetics. *Id.*

6 28. Identifying a specific disease on the PDP of a consumer product constitutes a claim
7 that such product is a cure or treatment for that disease. 21 C.F.R. § 101.93(g)(2)(iv)(A); 65 Fed.
8 Reg. 1000 (January 6, 2000). This makes sense given that including the name of a disease in the
9 product name suggests that the product is a cure. Defendants' prominently place the word eczema
10 on the PDP of each Product. Defendants' eczema-related claims cause the Products to be drugs
11 because Defendants state and imply that the Products are intended for use in the cure, mitigation,
12 treatment, or prevention of disease, and are intended to affect the structure or function of the
13 human body, such as skin. The Products are also drugs because consumers will perceive
14 Defendants' eczema-related claims as an indication that the Products will treat or mitigate
15 consumers' eczema. Thus, Defendants' use of the word "Eczema" on the PDP for the Products
16 constitutes a representation that the Products will treat or mitigate eczema.

17 29. The term, "mitigation" is generally defined as "lessening the force or intensity of
18 something unpleasant . . .," "making a condition . . . less severe," or "the process of becoming
19 milder, gentler, or less severe."² By stating that the Products are "Eczema Soothing," and will
20 "calm . . . eczema prone skin," Defendants are communicating to consumers that the Products will
21 mitigate their eczema.

22 30. Defendants sell other products that, like the Products, identify a specific disease on
23 the PDP. These products, such as the CeraVe® Psoriasis Cleanser and CeraVe® Psoriasis
24 Moisturizing Cream, contain the active ingredient approved for the treatment of the disease
25 identified, psoriasis, and are thus properly sold as drugs under the Sherman Act.

26 ¹ Available at:
27 <https://www.fda.gov/Cosmetics/GuidanceRegulation/LawsRegulations/ucm074201.htm> (last
visited January 25, 2019).

28 ² Available at: <https://www.dictionary.com> (last visited January 25, 2019).

1 31. Defendants know that use of the word “Eczema” on the front label of the Products
2 misleads consumers into believing the Products will treat or mitigate eczema. Indeed, as
3 evidenced by Defendants’ psoriasis products, Defendants know and intend that consumers will
4 believe that a product that specifies a disease in the product name is a treatment and cure for that
5 disease.

6 32. Defendants’ ongoing practice of advertising, marketing, labeling, selling, and
7 representing that the Products are drugs for the treatment or mitigation of eczema and its
8 symptoms, when in fact they are not, is likely to deceive ordinary consumers of the Products and
9 has in fact deceived Plaintiff. The eczema-related claims made by Defendants are uniform,
10 consistent, and material on all of the Products.

11 33. Plaintiff reasonably understood the labeling of the Products to mean that the
12 Products are lawfully sold as drugs that will treat or mitigate eczema and its symptoms. In
13 reliance on Defendants’ claims, Plaintiff paid a significant premium for the Products in
14 comparison to similar skin care products that do not make eczema treatment claims. The Products
15 were wholly ineffective for Plaintiff’s eczema.

16 34. Plaintiff and members of the Class have suffered injury in fact and have lost money
17 or property because they paid a significant premium for the Products as a direct result of
18 Defendants’ unlawful, false, misleading, deceptive, and unfair representations that the Products
19 would treat or mitigate eczema and its symptoms.

20 35. Plaintiff continues to desire to purchase products for the treatment or mitigation of
21 his eczema and its symptoms. Plaintiff would like to buy products manufactured by Defendants in
22 the future, but is unable to determine with confidence, based on the labeling and other marketing
23 materials, whether the Products are drug products that are approved for eczema treatment or
24 mitigation.

25 36. Defendants know that there is a high demand for relief from eczema. Defendants’
26 scheme to exploit consumer demand for eczema relief by falsely advertising the Products as
27 treating or mitigating eczema has been extraordinarily successful. Defendants have profited
28 enormously from their unlawful, false, and misleading representations that the Products are drugs

1 that treat or mitigate eczema and its symptoms. The purpose of this lawsuit is to put an end to
2 Defendants' unlawful and deceptive marketing of the Products. This action also seeks to recover
3 the significant premium paid by Plaintiff and the Class for the Products as well as the
4 disgorgement of Defendants' profits obtained through sale of illegal Products.

5 37. Plaintiff has engaged in good-faith efforts to resolve the claims alleged herein prior
6 to filing this complaint. On November 15, 2018, Plaintiff served Defendant L'Oreal, USA, Inc.
7 ("L'Oreal") with a demand letter informing it of Plaintiff's claims and that, unless L'Oreal took
8 remedial action within 30-days of the date of the notice, Plaintiff would file a lawsuit and seek
9 damages pursuant to Cal. Civil Code § 1782. L'Oreal did not agree to undertake the actions
10 demanded in the letter.

11 38. On January 11, 2018, Plaintiff served a similar letter pursuant to Cal. Civil Code §
12 1782 on Defendant Bausch Health Companies Inc. ("Bausch"). If Bausch does not agree to take
13 remedial action within 30-days of the date of the notice, Plaintiff intends to amend this complaint
14 to seek damages from Bausch under the CLRA.

15 **CLASS ALLEGATIONS**

16 39. Plaintiff brings this suit individually and as a class action pursuant to Federal Rule
17 of Civil Procedure Rule 23, on behalf of Himself and the following Class of similarly situated
18 individuals:

19 All persons who purchased the Products in California during the
20 applicable statute of limitations period (the "Class"). Specifically
21 excluded from the Class are Defendants; the officers, directors or
22 employees of Defendants; any entity in which Defendants have a
23 controlling interest; and any affiliate, legal representative, heir or
24 assign of Defendants. Also excluded are any judicial officer
25 presiding over this action and the members of his/her immediate
26 family and judicial staff, and any juror assigned to this action.

27 40. Plaintiff is unable to state the precise number of potential members of the proposed
28 Class because that information is in the possession of Defendants. The exact size of the proposed
Class and the identity of its members will be readily ascertainable from the business records of
Defendants and Defendants' retailers as well as Class members' own records and evidence.
Nevertheless, the number of Class members who purchased Defendants' Products during the

1 statutory period is so numerous that joinder would be impracticable for purposes of Rule 23(a)(1).
2 CeraVe® is a popular brand and the Products are sold throughout California. Thus, joinder of
3 such persons in a single action or bringing all members of the Class before the Court is
4 impracticable. The disposition of the claims of the members of the Class in this class action will
5 substantially benefit both the parties and the Court.

6 41. There is a community of interest among the members of the proposed Class in that
7 there are questions of law and fact common to the proposed Class for purposes of Rule 23(a)(2),
8 including whether Defendants labels, advertisements, and packaging include uniform
9 misrepresentations that misled Plaintiff and the other members of the Class to believe the Products
10 are drugs approved to treat or mitigate eczema and its symptoms when they are not. Proof of a
11 common set of facts will establish the liability of Defendants and the right of each member of the
12 Class to relief.

13 42. Plaintiff asserts claims that are typical of the claims of the entire Class for purposes
14 of Rule 23(a)(3). Plaintiff and all members of the Class have been subjected to the same wrongful
15 conduct because they have purchased the Products that are labeled and advertised as drugs
16 approved for the treatment or mitigation of eczema and its symptoms when, in fact, they are not.

17 43. Plaintiff will fairly and adequately represent and protect the interests of the other
18 members of the Class for purposes of Rule 23(a)(4). Plaintiff has no interests antagonistic to those
19 of other members of the Class. Plaintiff is committed to the vigorous prosecution of this action
20 and has retained counsel experienced in complex litigation of this nature to represent him.
21 Plaintiff anticipates no difficulty in the management of this litigation as a class action.

22 44. Class certification is appropriate under Rule 23(b)(2) because Defendants have
23 acted on grounds that apply generally to the Class, so that final injunctive relief or corresponding
24 declaratory relief, is appropriate respecting the Class as a whole. Defendants utilize advertising
25 campaigns that include uniform misrepresentations that misled Plaintiff and the other members of
26 the Class.

27 45. Class certification is appropriate under Rule 23(b)(3) because common questions of
28 law and fact substantially predominate over any questions that may affect only individual

1 members of the Class. These common legal and factual questions, which do not vary among Class
2 members and which may be determined without reference to the individual circumstances of any
3 Class member include, but are not limited to the following:

- 4 a. whether Defendants advertise, market, label, and sell the Products by representing
5 that the Products are drugs that treat or mitigate eczema and its symptoms;
- 6 b. whether the Products may lawfully be sold as drugs under state and federal law;
- 7 c. whether Defendants' representations that the Products are drugs that treat or
8 mitigate eczema and its symptoms are likely to deceive a reasonable consumer;
- 9 d. whether Defendants' claims that the Products are drugs that treat or mitigate
10 eczema and its symptoms are material to a reasonable consumer of the Products;
- 11 e. whether Defendants know the Products may not lawfully be sold as drugs that treat
12 or mitigate eczema and its symptoms;
- 13 f. whether Defendants' conduct in advertising, marketing, and labeling the Products
14 as drugs that treat or mitigate eczema and its symptoms constitutes a violation of
15 the UCL, the CLRA, and the FAL;
- 16 g. whether Defendants' representations that the Products are drugs that treat or
17 mitigate eczema and its symptoms constitute express warranties with regard to the
18 Products;
- 19 h. whether Defendants breached the express warranties they made with regard to the
20 Products;
- 21 i. whether Defendants' representations regarding the Products constitute
22 representations that the Products have characteristics, benefits, or qualities that they
23 do not have;
- 24 j. whether Defendants advertised their Products without an intent to sell them as
25 advertised;
- 26 k. whether Defendants have been unjustly enriched from the sale of the Products;
- 27 l. whether punitive damages are warranted for Defendants' conduct and, if so, an
28 appropriate amount of such damages; and

1 m. whether Plaintiff and the Class members are entitled to injunctive, equitable and
2 monetary relief.

3 46. Defendants utilize marketing, advertisements, and labeling for the Products that
4 include uniform misrepresentations that misled Plaintiff and the other members of the Class.
5 Defendants' claims that the Products are drugs that treat or mitigate eczema and its symptoms is
6 the most prominent feature of Defendants' marketing, advertising, and labeling of the Products.
7 Nonetheless, the Products are not in fact drugs that treat or mitigate eczema and its symptoms.
8 Thus, there is a well-defined community of interest in the questions of law and fact involved in
9 this action and affecting the parties.

10 47. Proceeding as a class action provides substantial benefits to both the parties and the
11 Court because this is the most efficient method for the fair and efficient adjudication of the
12 controversy. Class members have suffered and will suffer irreparable harm and damages as a
13 result of Defendants' wrongful conduct. Because of the nature of the individual Class members'
14 claims, few, if any, could or would otherwise afford to seek legal redress against Defendants for
15 the wrongs complained of herein, and a representative class action is therefore appropriate, the
16 superior method of proceeding, and essential to the interests of justice insofar as the resolution of
17 Class members' claims are concerned. Absent a representative class action, members of the Class
18 would continue to suffer losses for which they would have no remedy, and Defendants would
19 unjustly retain the proceeds of their ill-gotten gains. Even if separate actions could be brought by
20 individual members of the Class, the resulting multiplicity of lawsuits would cause undue
21 hardship, burden, and expense for the Court and the litigants, as well as create a risk of
22 inconsistent rulings which might be dispositive of the interests of the other members of the Class
23 who are not parties to the adjudications or may substantially impede their ability to protect their
24 interests.

25 **FIRST CAUSE OF ACTION**

26 **(Plaintiff Magill, On Behalf of Himself and the Class,**
27 **Alleges Violations of California's Consumers Legal Remedies Act –**
28 **Injunctive Relief and Damages)**

48. Plaintiff incorporates by reference the allegations set forth above.

1 49. Plaintiff purchased the Products for personal, family or household purposes.
2 Plaintiff purchased the Products after reviewing the front label of such Products containing
3 Defendants' representations that the Products are drugs that would treat or mitigate eczema and its
4 symptoms.

5 50. The acts and practices of Defendants as described above were intended to deceive
6 Plaintiff and the members of the Class as described herein, and have resulted and will result in
7 damages to Plaintiff and members of the Class. This conduct includes, but is not limited to,
8 misrepresenting that the Products are drugs that will treat or mitigate eczema and its symptoms.
9 These actions violated and continue to violate the CLRA in at least the following respects:

- 10 a. In violation of CLRA § 1770(a)(5), Defendants' acts and practices constitute
11 representations that the Products have characteristics, uses, or benefits which they
12 do not;
- 13 b. In violation of CLRA § 1770(a)(7), Defendants' acts and practices constitute
14 representations that the Products are of a particular quality which they are not; and
- 15 c. In violation of CLRA § 1770(a)(9), Defendants' acts and practices constitute the
16 advertisement of the goods in question without the intent to sell them as advertised.

17 51. By reason of the foregoing, Plaintiff and the Class members have suffered
18 damages.

19 52. By committing the acts alleged above, Defendants have violated the CLRA and
20 continue to violate the CLRA.

21 53. In compliance with the provisions of California Civil Code § 1782, on November
22 15, 2018, Plaintiff provided written notice to L'Oreal of his intention to seek damages under
23 California Civil Code § 1750, *et seq.*, and requested that L'Oreal offer an appropriate
24 consideration or other remedy to all affected consumers. As of the date of this complaint, L'Oreal
25 has not done so. Accordingly, Plaintiff seeks damages pursuant to California Civil Code §§
26 1780(a)(1) and 1781(a) from L'Oreal.

27 54. Plaintiff does not seek damages from Defendant Bausch at this time. In
28 compliance with the provisions of California Civil Code § 1782, on January 11, 2019, Plaintiff

1 provided written notice to Bausch of his intention to seek damages under California Civil Code §
2 1750, *et seq.*, and requested that Bausch offer an appropriate consideration or other remedy to all
3 affected consumers. If Bausch has not done so within 30-days of the date of the notice, Plaintiff
4 intends to amend this complaint to seek damages pursuant to California Civil Code §§ 1780(a)(1)
5 and 1781(a) from Bausch.

6 55. Pursuant to California Civil Code § 1780(a)(2), Plaintiff and the Class members are
7 entitled to an order enjoining the above-described wrongful acts and practices of Defendants,
8 providing actual and punitive damages and restitution to Plaintiff and the Class members, and
9 ordering the payment of costs and attorneys' fees and any other relief deemed appropriate and
10 proper by the Court under California Civil Code § 1780.

11 56. Concurrently with the filing of this Complaint, Plaintiff filed an affidavit pursuant
12 to Civil Code § 1780(d) regarding the propriety of venue. Venue is proper pursuant to Civil Code
13 § 1780(d) as a substantial portion of the transactions at issue occurred in this District.

14 **SECOND CAUSE OF ACTION**

15 **(Plaintiff Magill, On Behalf of Himself and the Class, Alleges** 16 **Violations of California Business & Professions Code § 17200, *et seq.*** 17 **Based on Commission of Unlawful Acts)**

18 57. Plaintiff incorporates by reference the allegations set forth above.

19 58. The violation of any law constitutes an unlawful business practice under
20 California Business & Professions Code § 17200.

21 59. The Sherman Law prohibits the sale of any drug that is "misbranded" or "falsely
22 advertised." Cal. Health & Safety Code §§ 110390 & 111330. A drug is misbranded and falsely
23 advertised if its labeling or advertising is "false or misleading in any particular." *Id.*

24 60. The Sherman Law defines a "person" as "any individual, firm, partnership, trust,
25 corporation, limited liability company, company, estate, public or private institution, association,
26 organization, group, city, county, city and county, political subdivision of this state, other
27 governmental agency within the state, and any representative, agent, or agency of any of the
28 foregoing." Cal. Health & Safety Code § 109995.

1 61. Defendants are corporations and, therefore, are each a “person” within the meaning
2 of the Sherman Act.

3 62. A product is a drug when it includes any claim that such product will: (1) treat or
4 mitigate a disease; or (2) affect the structure or function of the body. Cal. Health & Safety Code §
5 109925(a)(2) & (3); 21 U.S.C. § 321(g)(1)(B) & (C).

6 63. A product that uses the name of a specific disease in its name is a drug. 65 Fed.
7 Reg. 1000 (January 6, 2000); 21 C.F.R. § 101.93(g)(2)(iv)(A); Cal. Health & Safety Code §§
8 110100, 110110 & 110111.

9 64. The Products are drugs as they use the word “Eczema” in the product name and
10 purport to treat or mitigate eczema and its symptoms, as well as affecting the structure of the body,
11 such as the skin.

12 65. Unless a nonprescription drug is the subject of a NDA, it is misbranded unless it
13 meets each of the conditions contained in FDA’s OTC drug regulations and each of the conditions
14 in an applicable monograph. *See* 21 C.F.R. § 330.1.

15 66. The Products are neither the subject of approved NDAs nor do they comply with
16 the applicable monograph for eczema drugs. The Products are therefore not generally recognized
17 as safe and effective for the treatment or mitigation of eczema and are misbranded under federal
18 law. 21 C.F.R. § 347.1(a). Because the Sherman Law has adopted the federal nonprescription
19 drug regulations as California law, California Health & Safety Code § 110111, and declares any
20 drug to be “misbranded” and “falsely advertised” if it is “false or misleading in any particular,”
21 Defendants are in violation of the Sherman Law. *See* Cal. Health & Safety Code §§ 110390,
22 111330.

23 67. As detailed more fully in the preceding paragraphs, the acts and practices alleged
24 herein also violate the CLRA as they were intended to or did result in the sale of the Products in
25 violation of California Civil Code §§ 1770(a)(5), 1770(a)(7) & 1770(a)(9).

26 68. By violating California’s Sherman Law and the CLRA, Defendants have engaged
27 in unlawful business acts and practices which constitute unfair competition within the meaning of
28 California Business & Professions Code § 17200.

1 69. Plaintiff purchased the Products after reviewing the front label of such Products
2 containing Defendants' representations that the Products were drugs for the treatment or
3 mitigation of eczema when, in fact, they are not. Plaintiff purchased the Products in reliance on
4 Defendants' representations that the Products would treat or mitigate eczema. Plaintiff would not
5 have paid the significant premium for the Products over the price of similar products that do not
6 make illegal drug claims but for Defendants' false promotion of the Products. Plaintiff has thus
7 suffered injury in fact and lost money or property as a direct result of Defendants'
8 misrepresentations.

9 70. An action for injunctive relief and restitution is specifically authorized under
10 California Business & Professions Code § 17203.

11 **THIRD CAUSE OF ACTION**

12 **(Plaintiff Magill, On Behalf of Himself and the Class, Alleges** 13 **Violations of California Business & Professions Code § 17200, et seq.** 14 **Based on Fraudulent Acts and Practices)**

15 71. Plaintiff incorporates by reference the allegations set forth above.

16 72. Under California Business & Professions Code § 17200, any business act or
17 practice that is likely to deceive members of the public constitutes a fraudulent business act or
18 practice.

19 73. Defendants have engaged and continue to engage in conduct that is likely to
20 deceive members of the public. This conduct includes, but is not limited to, misrepresenting that
21 the Products are drugs for the treatment or mitigation eczema when, in fact, they are not. As
22 described above, federal nonprescription drug regulations, adopted in full by California's Sherman
23 Law, provide that all drug claims are unlawful unless they comply with an NDA or an applicable
24 monograph.

25 74. None of the Products have received FDA approval via NDAs.

26 75. None of the Products meet the conditions in FDA's monograph for OTC eczema
27 drugs.

28 76. The Legislature's decision to prohibit a particular misleading advertising practice is
evidence that the Legislature has deemed that the practice constitutes a material misrepresentation.

1 Accordingly, Defendants' violations of the Sherman Law are *per se* deceptive under California
2 law.

3 77. By committing the acts alleged above, Defendants have engaged in fraudulent
4 business acts and practices, which constitute unfair competition within the meaning of California
5 Business & Professions Code § 17200.

6 78. Plaintiff purchased the Products after reviewing the front label of such Products
7 containing Defendants' representations that the Products were drugs for the treatment or
8 mitigation of eczema when, in fact, they are not. Plaintiff purchased the Products in reliance on
9 Defendants' representations that the Products would treat or mitigate eczema. Plaintiff would not
10 have paid the significant premium for the Products over the price of similar products that do not
11 make illegal drug claims but for Defendants' false promotion of the Products. Plaintiff has thus
12 suffered injury in fact and lost money or property as a direct result of Defendants'
13 misrepresentations.

14 79. An action for injunctive relief and restitution is specifically authorized under
15 California Business & Professions Code § 17203.

16 **FOURTH CAUSE OF ACTION**

17 **(Plaintiff Magill, On Behalf of Himself and the Class, Alleges**
18 **Violations of California Business & Professions Code § 17200, *et seq.***
19 **Based on Unfair Acts and Practices)**

20 80. Plaintiff incorporates by reference the allegations set forth above.

21 81. Under California Business & Professions Code § 17200, any business act or
22 practice that is unethical, oppressive, unscrupulous, or substantially injurious to consumers, or that
23 violates a legislatively declared policy, constitutes an unfair business act or practice.

24 82. Unfair acts under the UCL have been interpreted using three different tests: (1)
25 whether the public policy which is a predicate to a consumer unfair competition action under the
26 unfair prong of the UCL is tethered to specific constitutional, statutory, or regulatory provisions;
27 (2) whether the gravity of the harm to the consumer caused by the challenged business practice
28 outweighs the utility of the defendant's conduct; and (3) whether the consumer injury is
substantial, not outweighed by any countervailing benefits to consumers or competition, and is an

1 injury that consumers themselves could not reasonably have avoided. Defendants' conduct is
2 unfair under each of these tests.

3 83. Defendants have engaged, and continue to engage, in conduct that violates the
4 legislatively declared policy of the Sherman Act against the misbranding and false advertising of
5 nonprescription drugs and against selling a drug without FDA approval. Cal. Health & Safety
6 Code §§ 111330, 110390, & 111550. Defendants have further engaged, and continue to engage,
7 in conduct that violates the legislatively declared policy of the CLRA against misrepresenting the
8 characteristics, uses, benefits, and quality of goods for sale. Defendants gain an unfair advantage
9 over their competitors, whose advertising must comply with the Sherman Law and CLRA.

10 84. Defendants have engaged, and continue to engage, in conduct that is immoral,
11 unethical, oppressive, unscrupulous, or substantially injurious to consumers. This conduct
12 includes, but is not limited to, misrepresenting that the Products are drugs that treat or mitigate
13 eczema, even though they are not. The gravity of harm caused by Defendants' conduct as
14 described herein far outweighs the utility, if any, of such conduct.

15 85. Defendants' have engaged, and continue to engage, in conduct that is substantially
16 injurious to consumers. This conduct has and continues to cause substantial injury to consumers
17 because consumers would not have paid a premium for the Products over other products that do
18 not claim to be eczema drugs, but for Defendants' false promotion of the Products as drugs for the
19 treatment or mitigation of eczema. Consumers have thus overpaid for the Products. Such injury is
20 not outweighed by any countervailing benefits to consumers or competition. Indeed, no benefit to
21 consumers or competition results from Defendants' conduct. Because consumers reasonably rely
22 on Defendants' representations regarding the Products, and injury results from ordinary use of the
23 Products, consumers could not have reasonably avoided such injury.

24 86. By committing the acts alleged above, Defendants have engaged in unfair business
25 acts and practices which constitute unfair competition within the meaning of California Business
26 & Professions Code § 17200.

27 87. Plaintiff purchased the Products after reviewing the front label of such Products
28 containing Defendants' representations that the Products were drugs for the treatment or

1 mitigation of eczema when, in fact, they are not. Plaintiff purchased the Products in reliance on
2 Defendants' representations that the Products would treat or mitigate eczema. Plaintiff would not
3 have paid the significant premium for the Products over the price of similar products that do not
4 make illegal drug claims but for Defendants' false promotion of the Products. Plaintiff has thus
5 suffered injury in fact and lost money or property as a direct result of Defendants'
6 misrepresentations.

7 88. An action for injunctive relief and restitution is specifically authorized under
8 California Business & Professions Code § 17203.

9 **FIFTH CAUSE OF ACTION**

10 **(Plaintiff Magill, On Behalf of Himself and the Class, Alleges
11 Violations of California's False Advertising Law, Cal. Business & Professions Code § 17500)**

12 89. Plaintiff incorporates by reference the allegations set forth above.

13 90. As alleged more fully above, Defendants have falsely advertised the Products by
14 falsely claiming that they are drugs for the treatment or mitigation of eczema and its symptoms.

15 91. Defendants know, or by the exercise of reasonable care should know, that the
16 eczema-related drug claims they make regarding their Products are unlawful, untrue and
17 misleading. Defendants' violations of the FAL continue to this day.

18 92. Plaintiff purchased the Products after reviewing the front label of such Products
19 containing Defendants' representations that the Products were drugs for the treatment or
20 mitigation of eczema when, in fact, they are not. Plaintiff purchased the Products in reliance on
21 Defendants' representations that the Products would treat or mitigate eczema. Plaintiff would not
22 have paid the significant premium for the Products over the price of similar products that do not
23 make illegal drug claims but for Defendants' false promotion of the Products. Plaintiff has thus
24 suffered injury in fact and lost money or property as a direct result of Defendants'
25 misrepresentations.

26 **SIXTH CAUSE OF ACTION**

27 **(Plaintiff Magill, on Behalf of Himself and the Class, Alleges Breach of Quasi-
28 Contract/Unjust Enrichment)**

93. Plaintiff incorporates by reference the allegations set forth above.

94. Plaintiff and the Class members conferred benefits on Defendants by purchasing

1 the Products.

2 95. Defendants have knowledge of such benefits.

3 96. Defendants voluntarily accepted and retained the benefits conferred.

4 97. Defendants have been unjustly enriched in retaining the profits and revenues
5 derived from Plaintiff's and the Class members' purchases of the Products.

6 98. Retention of that money under these circumstances is unjust and inequitable
7 because Defendants illegally, falsely, and misleadingly represented through their labeling,
8 advertising and marketing materials that the Products are drugs for the treatment or mitigation of
9 eczema, when they are not.

10 99. These misrepresentations caused injuries to Plaintiff and the Class members
11 because they would not have paid the significant premium for the Products over the price of
12 similar products that do not make illegal drug claims but for Defendants' false and illegal
13 promotion of the Products.

14 100. Because Defendants' retention of the non-gratuitous benefits conferred to it by
15 Plaintiff and the Class members is unjust and inequitable, Defendants ought to pay restitution to
16 Plaintiff and the Class members for its unjust enrichment.

17 101. As a direct and proximate result of Defendants' unjust enrichment, Plaintiff and the
18 Class members are entitled to restitution or disgorgement in an amount to be proved at trial.

19 **SEVENTH CAUSE OF ACTION**

20 **(Plaintiff, on Behalf of Himself and the Class, Alleges Breach of Express Warranty)**

21 102. Plaintiff incorporates by reference the allegations set forth above.

22 103. The California Uniform Commercial Code § 2313 provides that an affirmation of
23 fact or promise made by the seller to the buyer that relates to the goods and becomes part of the
24 basis of the bargain creates an express warranty that the goods shall conform to the promise.

25 104. As detailed above, Defendants marketed and sold the Products as drugs that treat or
26 mitigate eczema and its symptoms. These representations constitute affirmations of fact made
27 with regard to the Products as well as descriptions of the Products.

28 105. Defendants' misrepresentations regarding the Products are uniformly made on the

1 Products' labeling and packaging materials, and in the Products' advertising, internet sites and
2 other marketing materials, and are thus part of the basis of the bargain between Defendants and
3 purchasers of the Products.

4 106. At the time that Defendants manufactured, sold, and distributed the Products,
5 Defendants knew that the Products could not lawfully be sold as drugs that treat or mitigate
6 eczema and its symptoms.

7 107. As set forth in the paragraphs above, the Products are not drugs that treat or
8 mitigate eczema and its symptoms and thus do not conform to Defendants' express representations
9 to the contrary. Defendants have thus breached its express warranties concerning the Products.

10 108. Plaintiff sent presuit demand letters to Defendants notifying Defendants that the
11 Products cannot lawfully be sold as drugs that treat or mitigate eczema and its symptoms.
12 Defendants therefore have actual and constructive knowledge that the Products were not sold as
13 marketed and advertised.

14 109. As a direct and proximate result of Defendants' breach of express warranties,
15 Plaintiff and Class members have suffered damages.

16 **PRAYER FOR RELIEF**

17 WHEREFORE, Plaintiff prays for judgment and relief against Defendants as follows:

18 A. That the Court declare this a class action;

19 B. That the Court preliminarily and permanently enjoin Defendants from conducting
20 their business through the unlawful, unfair, or fraudulent business acts or practices, untrue, and
21 misleading advertising, and other violations of law described in this complaint;

22 C. That the Court order Defendants to conduct a corrective advertising and
23 information campaign advising consumers that the Products do not have the characteristics, uses,
24 benefits, and quality Defendants have claimed;

25 D. That the Court order Defendants to cease and refrain from labeling and marketing
26 the Products to state or imply that the Products are drugs for the treatment or mitigation of eczema
27 and its symptoms;

28 E. That the Court order Defendants to implement whatever measures are necessary to

1 remedy the unlawful, unfair, or fraudulent business acts or practices, untrue and misleading
2 advertising and other violations of law described in this complaint;

3 F. That the Court order Defendants to notify each and every Class member of the
4 pendency of the claims in this action in order to give such individuals an opportunity to obtain
5 restitution and damages from Defendants;

6 G. That the Court order Defendants to pay restitution to restore to all Class members
7 all funds acquired by means of any act or practice declared by this Court to be an unlawful, unfair
8 or fraudulent business act or practice, untrue, or misleading advertising, plus pre- and post-
9 judgment interest thereon;

10 H. That the Court order Defendants to disgorge all money wrongfully obtained and all
11 revenues and profits derived by Defendants as a result of their acts or practices as alleged in this
12 complaint;

13 I. That the Court award damages to Plaintiff and the Class to compensate them for the
14 conduct alleged in this complaint³;

15 J. That the Court award punitive damages pursuant to California Civil Code §
16 1780(a)(4);

17 K. That the Court grant Plaintiff his reasonable attorneys' fees and costs of suit
18 pursuant to California Code of Civil Procedure § 1021.5, California Civil Code § 1780(d), the
19 common fund doctrine, or any other appropriate legal theory; and

20 L. That the Court grant such other and further relief as may be just and proper.
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27 ³ Plaintiff seeks damages under the CLRA in this complaint against L'Oreal only. If
28 Bausch does not agree to take remedial action within 30-days of the date of the January 11, 2018
CLRA notice letter (*see* ¶¶ 38 & 54 above), Plaintiff intends to amend the complaint to seek
damages from Bausch under the CLRA.

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DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury on all causes of action so triable.

Dated: January 25, 2019

Respectfully submitted,

LEXINGTON LAW GROUP

 /s/ Mark N. Todzo
Mark N. Todzo (State Bar No. 168389)
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DUSTIN MAGILL

CIVIL COVER SHEET

The JS-CAND 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS
DUSTIN MAGILL

(b) County of Residence of First Listed Plaintiff San Mateo County (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
Lexington Law Group, 503 Divisadero Street, San Francisco, CA 94117, (415) 913-7800

DEFENDANTS

L'OREAL USA, INC.; BAUSCH HEALTH COMPANIES INC.; and DOES 1-20

County of Residence of First Listed Defendant New York County (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship options: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, HABEAS CORPUS, OTHER, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from Another District (specify)
6 Multidistrict Litigation-Transfer
8 Multidistrict Litigation-Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
28 U.S.C. § 1332

Brief description of cause:
Violations of Cal. Consumer Protection Laws

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, Fed. R. Civ. P. DEMAND \$

CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S), IF ANY (See instructions):

JUDGE DOCKET NUMBER

IX. DIVISIONAL ASSIGNMENT (Civil Local Rule 3-2)

(Place an "X" in One Box Only) SAN FRANCISCO/OAKLAND SAN JOSE EUREKA-MCKINLEYVILLE

DATE 01/25/2019

SIGNATURE OF ATTORNEY OF RECORD

/s/ Mark N. Todzo