	Case 3:19-cv-07032-LB Docum	nent 1-1 Filed 10/25/19 Page 3 of 54	
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13	SUPERIOR COURT OF THE STATE OF CALIFORNIA		
14	CITY AND COUNTY OF SAN FRANCISCO		
15	UNLIMITED CIVIL		
16	ANASTASHA BARBA and BRENDA TRIPICCHIO,	Case No	
17	for Themselves, as Private Attorney	CLASS ACTION	
	Generals, and/or On Behalf Of All Others Similarly Situated,	COMPLAINT FOR:	
18 19		1. Violation of Consumers Legal Remedies Act, Cal. Civ. Code § 1750 <i>et seq</i> .	
20	Plaintiffs,	2. Violation of False Advertising Law,	
21	v.	Cal. Bus. & Prof. Code § 17500 et seq.3. Violation of Unfair Competition Law,	
22	OLD NAVY, LLC;	Cal. Bus. & Prof. Code § 17200 <i>et seq.</i> 4. Permanent Public Injunctive Relief	
23	OLD NAVY, LLC; OLD NAVY (APPAREL), LLC; OLD NAVY HOLDINGS, LLC;	5. Violation of New Jersey Consumer	
24	GPS SERVICES, INC.; THE GAP, INC.;	Fraud Act, N.J.S.A. § 56:8-1, et seq.	
25	and DOES 1-20, inclusive,	6. Violation of the New Jersey Truth in Consumer Contract, Warranty and Notice Act, N.J.S.A. § 56:12-14, <i>et seq.</i>	
26	Defendants.		
27		JURY TRIAL DEMANDED	
28			
	CLASS ACTION COMPLAINT	- 1 - HATTIS & LUKACS 1401 Twenty-First Street, Suite 400 Sacramento, CA 95811 T: 425.233.8650 F: 425.412.7171 www.hattislaw.com	

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BY FANK ONELEGALIC

Plaintiffs ANASTASHA BARBA and BRENDA TRIPICCHIO, individually, as private attorneys general, and/or on behalf of all others similarly situated, allege as follows, on personal knowledge and/or on the investigation of their counsel, against Defendants Old Navy, LLC, Old Navy (Apparel), LLC, Old Navy Holdings, LLC, GPS Services, Inc., and The Gap, Inc. (collectively, "Old Navy"), and Defendants Does 1-20, inclusive:

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INTRODUCTION AND SUMMARY

1. Old Navy calls itself "one of the fastest-growing apparel brands in the U.S. and category leader in family apparel." Almost all the items offered by Old Navy are branded as "Old Navy" products, and are exclusively offered by Old Navy. Approximately 80% of Old Navy's \$7.2 billion annual U.S. sales are in its brick-and-mortar Old Navy and Old Navy Outlet stores, and the remaining 20% of its sales are online on its retail website.

For years, Old Navy has perpetrated a massive false discount advertising scheme
 across nearly all of its Old Navy-branded products, across all of its sales channels (i.e, in all of
 its brick-and-mortar Old Navy and Old Navy Outlet stores, and on the Old Navy website). Old
 Navy advertises perpetual or near perpetual discounts (typically a purported savings of 30% to
 60% off) from Old Navy's self-created list prices for the products. Old Navy represents its list
 prices to be the "regular" and normal prices of the items, and the list prices function as
 reference prices from which the advertised discounts and percentage-off sales are calculated.

19 3. Old Navy's discounts and reference prices are false, because Old Navy rarely if 20 ever offers the products at the advertised list price. Old Navy invents inflated and fictitious list 21 prices in order to enable it to advertise perpetual store-wide "sale" events and product discounts 22 to induce customers to purchase its products. Old Navy's marketing plan is to trick its 23 customers into believing that its products are worth, and have a value equal to, the inflated list 24 price, and that the lower advertised sale price represents a special bargain—when in reality and 25 unbeknownst to the customer, the "sale" price is approximately equal to Old Navy's usual and 26 normal selling price for the product.

27 4. Old Navy's nationwide fraudulent advertising scheme harms consumers like
28 Plaintiffs Anastasha Barba and Brenda Tripicchio by causing them to pay more than they

otherwise would have paid and to buy more than they otherwise would have bought. Customers do not enjoy the actual discounts Old Navy represents to them, and the products are not in fact worth the inflated amount that Old Navy represents to them (i.e., the products are not actually worth the fictitious and invented list price).

5. Consequently, Plaintiffs bring this action each individually on their own behalves as deceived Old Navy customers; as private attorneys general seeking the imposition of public injunctive relief against Defendants; and as representative plaintiffs in this class action seeking, among other things, to recover damages and/or that Defendants be ordered to disgorge all revenues they have unjustly received from the proposed Class due to their intentional and unlawful pattern and practice of using false reference prices and false discounts.

II. <u>PARTIES</u>

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6. Plaintiff Anastasha Barba is a citizen of the United States of America and a citizen of the State of California and an individual and a natural adult person who resides in Sacramento County, California.

Plaintiff Brenda Tripicchio is a citizen of the United States of America and a citizen of the State of New Jersey and an individual and a natural adult person who resides in Burlington County, New Jersey.

 Defendant Old Navy, LLC, is a wholly-owned subsidiary of The Gap, Inc., and is a limited liability company chartered under the laws of the State of Delaware. Old Navy, LLC, currently has and at all relevant times in the past has had its headquarters, executive office, principal place of business, or nerve center in San Francisco, California.

9. Defendant Old Navy (Apparel), LLC, is a wholly-owned subsidiary of GPS
 Services, Inc., and is a limited liability company chartered under the laws of the State of
 California. Old Navy (Apparel), LLC, currently has and at all relevant times in the past has had
 its headquarters, executive office, principal place of business, or nerve center in San Francisco,
 California.

27 10. Defendant Old Navy Holdings, LLC, is a limited liability company chartered
28 under the laws of the State of California. Old Navy Holdings, LLC, currently has and at all

relevant times in the past has had its headquarters, executive office, principal place of business, or nerve center in San Francisco, California.

11. Defendant GPS Services, Inc., is a wholly-owned subsidiary of The Gap, Inc., and is a corporation chartered under the laws of the State of California. GPS Services, Inc., currently has and at all relevant times in the past has had its headquarters, executive office, principal place of business, or nerve center in San Francisco, California.

12. Defendants Old Navy, LLC, Old Navy (Apparel), LLC, Old Navy Holdings, LLC, GPS Services, Inc., and The Gap, Inc. (collectively, "Old Navy"), own and/or operate approximately 1,100 brick-and-mortar Old Navy and Old Navy Outlet retail stores throughout the United States, including California and New Jersey. Defendants also own and/or operate a retail website <u>http://oldnavy.gap.com</u>, by which Defendants advertise and sell their goods, with said website being regularly seen and used by consumers throughout the United States to purchase goods from Old Navy.

14 13. Defendants Doe 1 through Doe 20, inclusive, aided and/or abetted Defendants 15 Old Navy, LLC, Old Navy (Apparel), LLC, Old Navy Holdings, LLC, GPS Services, Inc., and/or The Gap, Inc., in such a manner that Doe 1 through Doe 20, inclusive, are each directly, 16 17 contributorily, vicariously, derivatively and/or otherwise liable for the acts or omissions of Old 18 Navy pled herein. Plaintiffs are currently unaware of the true identities of Does 1 through Doe 19 20, inclusive; upon learning the true identities of Does 1 through Doe 20, inclusive, Plaintiffs 20 anticipate either freely amending the operative complaint or requesting leave from the Court to 21 amend the operative complaint.

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JURISDICTION AND VENUE

14. Subject Matter Jurisdiction. This Court has subject matter jurisdiction over
this civil action pursuant to, among other bases, Section 10 of Article VI of the California
Constitution.

26 15. Personal Jurisdiction. This Court has personal jurisdiction over Defendants
27 pursuant to, among other bases, California Code of Civil Procedure Section 410.10 because: (1)
28 Defendants are headquartered in California and are authorized to do business and regularly

conduct business in California; (2) the claims alleged herein took place in California; and/or (3) Defendants have committed tortious acts within the State of California (as alleged, without limitation, throughout this Complaint).

16. Defendants own and/or operate approximately 96 brick-and-mortar Old Navy and Old Navy Outlet retail stores in California and operate the Old Navy website, by which Old Navy advertises and sells its goods, with said website being regularly seen by California consumers and being regularly used by California consumers to purchase goods from Old Navy.

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REFERENCE PRICING OVERVIEW

17. A "reference price" is a stated higher price presented alongside the retailer's actual, and lower, offering price, which retailers use to convince consumers that they are getting a good deal. Retailers intend that consumers interpret the higher reference price to reflect the value of the product, such that the consumer believes he or she is getting a special bargain and paying less than what the product is worth and usually and normally sells for.

15 18. Over the past forty years, a substantial body of research on the effects of
reference prices (also referred to in the relevant literature as "advertised reference prices,"
"advertised former prices," and "external reference prices") shows that reference prices: (i)
cause consumers to believe that the higher reference reflects the value of the product; (ii)
increase consumers' willingness to make the purchase; (iii) decrease consumers' intentions to
search for a lower price; and (iv) enable sellers that utilize reference prices to charge higher
prices and make increased sales.

19. Consumers form an "internal reference price," also known as an "expected
price," an "aspirational price" (a price the consumer would like to pay) or a "normative price"
(a price that is "fair"). Consumers store and retrieve the "internal reference price" from memory
to judge the merits of a specific price offer. Even where an advertised reference price is
exaggerated and not itself completely believed, perceptions of value increase in comparison to
a promotion with no advertised reference price. Thus, retailers' use of reference prices
influences consumers' "internal reference price" and subsequently, increases consumers'

willingness to purchase the product.¹

20. When a reference price is bona fide and truthful, it may help consumers in making informed purchasing decisions. In contrast, consumers are harmed when retailers advertise their products with inflated and false reference prices, because the false reference prices deceive consumers, deprive consumers of a fair opportunity to accurately evaluate the offer, and result in purchasing decisions based on false pretenses.

21. False reference pricing causes consumers to pay more than they otherwise would have paid for products. False reference pricing also fraudulently increases consumer demand for products, enabling retailers to charge higher prices than they otherwise could have charged.

11 22. Beyond the adverse impact upon consumers' welfare, the practice of employing
12 false reference pricing also negatively affects the integrity of competition in retail markets. A
13 retailer's use of false reference prices constitutes an unfair method of competition, injuring
14 honest competitors that sell the same or similar products, or otherwise compete in the same
15 market, using valid and accurate reference prices. Businesses who play by the rules—and the
16 investors in those businesses—are penalized if the unlawful advertising practices of their
17 competitors go unchecked.

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See, e.g., Rajesh Chandrashekaran & Dhruv Grewal, Assimilation of Advertised Reference 20 Prices: The Moderating Role of Involvement, 79 J. Retailing 53 (2003); Pilsik Choi & Keith S. Coulter, It's Not All Relative: The Effects of Mental and Physical Positioning of Comparative 21 Prices on Absolute Versus Relative Discount Assessment, 88 J. Retailing 512 (2012); Larry D. Compeau & Dhruv Grewal, Comparative Price Advertising: An Integrative Review, 17 J. Pub. 22 Pol'ý & Mktg. 257 (1998); Larry D. Compeau, Dhruv Grewal & Rajesh Chandrashekaran, Comparative Price Advertising: Believe It or Not, 36 J. Consumer Aff. 284 (2002): David 23 Friedman, Reconsidering Fictitious Pricing, 100 Minn. L. Rev. 921 (2016); Dhruy Grewal & Larry D. Compeau, Consumer Responses to Price and its Contextual Information Cues: A 24 Synthesis of Past Research, a Conceptual Framework, and Avenues for Further Research, in 3 Rev. of Mktg. Res. 109 (Naresh K. Malhotra ed., 2007); Daniel J. Howard & Roger A. Kerin, 25 Broadening the Scope of Reference Price Advertising Research: A Field Study of Consumer Shopping Involvement, 70 J. Mktg. 185 (2006); Aradhna Krishna, Richard Briesch, Donald R. 26 Lehmann & Hong Yuan, A Meta-Analysis of the Impact of Price Presentation on Perceived Savings, 78 J. Retailing 101 (2002); Balaji C. Krishnan, Sujay Dutta & Subhash Jha, 27 Effectiveness of Exaggerated Advertised Reference Prices: The Role of Decision Time Pressure, 89 J. Retailing 105 (2013); and Tridib Mazumdar, S. P. Raj & Indrahit Sinha, 28 Reference Price Research: Review and Propositions, 69 J. Mktg. 84 (2005).

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V.

LAWS PROHIBITING FALSE REFERENCE PRICING

23. The consumer protection laws of California, like those of other states as well as federal regulations, prohibit the advertising of false former prices and deceptive claims of percentage-off discounts and specified dollar discounts that are based on inflated and fictitious "regular" prices.

6 24. California's Unfair Competition Law and False Advertising Law generally
7 forbid unfair business practices and false advertising (i.e., Cal. Bus. and Prof. Code §§ 17200 *et*8 *seq.* and 17500 *et seq.*). Regarding sales to consumers for household purposes, the California
9 Consumers Legal Remedies Act prohibits "[m]aking false or misleading statements of fact
10 concerning reasons for, existence of, or amounts of, price reductions." Cal. Civ.

11 Code § 1770(a)(13).

25. California law specifically recognizes the abuses which can flow from the use of

13 fictitious former prices and false claims of discounts based on such prices. See e.g. Hinojos v.

14 *Kohl's Corp.*, 718 F.3d 1098, 1101 (9th Cir. 2013):

Most consumers have, at some point, purchased merchandise that was marketed as being "on sale" because the proffered discount seemed too good to pass up. Retailers, well aware of consumers' susceptibility to a bargain, therefore have an incentive to lie to their customers by falsely claiming that their products have previously sold at a far higher "original" price in order to induce customers to purchase merchandise at a purportedly marked-down "sale" price. Because such practices are misleading – and effective – the California legislature has prohibited them.

See also Hansen v. Newegg.com Americas, Inc., 25 Cal.App.5th 714, 730 (2018):

Our Legislature has adopted multiple statutes that specifically prohibit the use of deceptive former price information and misleading statements regarding the amount of a price reduction. ... These statutes make clear that ... our Legislature has concluded "reasonable people can and do attach importance to [a product's former price] in their purchasing decisions." (alterations in original) (quoting *Kwikset Corp. v. Superior Court*, 246 P.3d 877, 892 (Cal. 2011)).

24 26. Other states, including New Jersey, have similar laws forbidding deceptive

advertising including advertising false former prices and false discounts. See e.g., N.J.A.C. §

26 13:45A-9.6 ("Pricing; prohibition on fictitious pricing and methods of substantiation") and §

27 13:45A-9.3(a)(3) (additional requirements regarding items with a price of less than \$100); New

28 Jersey Consumer Fraud Act, N.J.S.A. § 56:8-1, et seq.; and New Jersey Truth in Consumer

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Contract, Warranty and Notice Act, N.J.S.A. § 56:12-16, et seq.

27. Federal regulations also prohibit false advertising of false former prices and

false discounts. The Federal Trade Commission ("FTC") describes false former price schemes,

similar to Old Navy's in all material respects, as deceptive:

(a) One of the most commonly used forms of bargain advertising is to offer a reduction from the advertiser's own former price for an article. If the former price is the actual, bona fide price at which the article was offered to the public on a regular basis for a reasonably substantial period of time, it provides a legitimate basis for the advertising of a price comparison. Where the former price is genuine, the bargain being advertised is a true one. If, on the other hand, the former price being advertised is not bona fide but fictitious—for example, where an artificial, inflated price was established for the purpose of enabling the subsequent offer of a large reduction—the "bargain" being advertised is a false one; the purchaser is not receiving the unusual value he expects. In such cases, the "reduced price" is, in reality, probably just the seller's regular price.

(b) A former price is not necessarily fictitious merely because no sales at the advertised price were made. The advertiser should be especially careful, however, in such a case, that the price is one at which the product was <u>openly</u> and actively offered for sale, for a reasonably substantial period of time, in the recent, regular course of his business, honestly and in good faith -- and, of course, not for the purpose of establishing a fictitious higher price on which a deceptive comparison might be based...

(c) The following is an example of a price comparison based on a fictitious former price. John Doe is a retailer of Brand X fountain pens, which cost him \$5 each. His usual markup is 50 percent over cost; that is, his regular retail price is \$7.50. In order subsequently to offer an unusual "bargain", Doe begins offering Brand X at \$10 per pen. He realizes that he will be able to sell no, or very few, pens at this inflated price. But he doesn't care, for he maintains that price for only a few days. Then he "cuts" the price to its usual level – \$7.50 – and advertises: "Terrific Bargain: X Pens, Were \$10, Now Only \$7.50!" This is obviously a false claim. The advertised "bargain" is not genuine.

(d) Other illustrations of fictitious price comparisons could be given. An advertiser might use a price at which he never offered the article at all; he might feature a price which was not used in the regular course of business, or which was not used in the recent past but at some remote period in the past, without making disclosure of that fact; he might use a price that was not openly offered to the public, or that was not maintained for a reasonable length of time, but was immediately reduced.

24 16 C.F.R § 233.1 (FTC Pricing Guides: Former Price Comparisons) (emphasis added).

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VI.

FACTUAL ALLEGATIONS OF OLD NAVY'S NATIONWIDE SCHEME

28. Old Navy, which is headquartered in San Francisco, California, is a popular retailer which calls itself "one of the fastest-growing apparel brands in the U.S. and category leader in family apparel."

29. Old Navy currently operates approximately 1,100 brick-and-mortar Old Navy and Old Navy Outlet retail stores throughout the United States, including 96 in California and at least 31 in New Jersey.

30. Old Navy also operates a retail website at <u>http://oldnavy.gap.com</u>, by which Old Navy advertises and sells its goods, which is regularly seen and used to purchase goods from Old Navy by consumers throughout the United States, including California and New Jersey.

31. Almost all the items offered by Old Navy are branded as "Old Navy" products and are exclusively offered by Old Navy in its retail stores and on its website. I.e., the products offered by Old Navy are not offered by, and are not available from, any other retailer.

32. Approximately 80% of Old Navy's \$7.2 billion annual U.S. sales are in its
brick-and-mortar Old Navy and Old Navy Outlet stores, and the remaining 20% of its sales are
online on its retail website.

33. For years, Old Navy has perpetrated a massive false reference pricing scheme across almost all of its products, both in its brick-and-mortar stores and on its website. Old Navy advertises perpetual or near perpetual discounts (typically a purported savings of 30% to 60% off) from Old Navy's self-created list prices for the products. Old Navy represents its list prices to be the "regular" and normal prices of its products, and the list prices function as reference prices from which the advertised discounts and percentage-off sales are calculated.

34. Old Navy's discounts and reference prices are false, because Old Navy rarely if
ever offers the products at the advertised list price. Old Navy invents inflated and fictitious list
prices out of thin air in order to enable it to advertise perpetual store-wide "sale" events and
product discounts to induce customers to purchase its products. Old Navy's marketing plan is
to trick its customers into believing that its products are worth and have a value equal to the
inflated list price, and that the lower advertised sale price represents a special bargain—when in

reality and unbeknownst to the customer, the "sale" price is approximately equal to Old Navy's usual and normal selling price for the product.

35. In short, Old Navy promises a bargain to its customers in which the customer will receive a product worth the reference price printed in its advertising and on the product price tag, and in which the customer will receive a monetary savings equal to the difference between the reference price and the purchase price. In reality, however, the true value of the product is less than the false and inflated reference price, and customers do not save the amount of money advertised and represented by Old Navy.

9 36. For most days of the year, Old Navy advertises store-wide and website-wide 10 sales of most of its Old Navy-branded products at a fixed percentage-off (typically ranging 11 from 30% to 60% off) or at a specified dollar discount from an advertised—and self-created— 12 list price. The specific amounts of the dollar discount or percentage-off may slightly change 13 over time, but the existence of a significant discount is perpetual. Products are rarely if ever offered, in any Old Navy sales channel, at the list price. 14

37. Below are photographs taken at a San Francisco Old Navy store on March 29, 16 2019, which are representative of in-store advertising at a typical store "sale" event:

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In this example, Old Navy advertises a store-wide "sale into spring" event with 38. "All Tees, Dresses & Jeans 40% off." Signage on the racks above the clothing items prominently advertises "SALE" and "NOW 40% off", with the "NOW" in **bold** red lettering. The signage also explicitly represents the list price as being the "REG." (i.e., regular) price for the clothing items. The temporal nature of the advertising (e.g., the products are "NOW" on sale from the "REG." price) is intended by Old Navy to trick its customers into believing that the products have a value of, and are usually sold at, the list prices printed on the product tags and on the in-store signage, and that the purported "sale" price represents a special and limitedtime bargain.

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39. In fact, the price and discount representations on the signage and on the product

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price tags are false and misleading, because the purportedly "sale" prices are in fact 2 approximately equal to Old Navy's usual selling prices for the items and the products are not in 3 fact worth the higher list price as Old Navy falsely represents.

40. Plaintiffs' counsel has been monitoring Old Navy's website since October 15, 2017, and has assembled a comprehensive historical database of daily prices and time-stamped screenshots of approximately 5.1 million daily offerings for approximately 41,605 products over this nearly three-year period.

41. Plaintiffs' counsel's data demonstrates that Old Navy's advertised store-wide "sale" events and advertised percentage-off and dollar discounts are false, and that its list prices (i.e., reference prices) from which the discounts are calculated are false and inflated. For many products, Old Navy never or almost never offers the products at the list price. For the rest of its products, Old Navy typically offers the products at the list price less than ten percent of the time.

42. 14 Old Navy's false discounting scheme is for all intents and purposes identical to 15 that which the FTC Pricing Guides describe as false and misleading. See 16 C.F.R § 233.1 16 "Former Price Comparisons."

43. Based on investigation of Plaintiffs' counsel, on those rare occasions that Old Navy offers its near-perpetually discounted products at the list price, it does so in bad faith, solely for the purpose of "establishing" its list price to attempt to exculpate itself from legal liability for its illegal pricing scheme. It is Old Navy's intent to sell few if any products at list price, and in fact Old Navy sells few if any products at list price.

22 44. Based on investigation of Plaintiffs' counsel, brick-and-mortar Old Navy 23 mainline stores and Old Navy Outlet stores are substantially identical and are for all intents and 24 purposes the same. The mainline and outlet stores typically advertise the same store-wide 25 "sale" events, and consistently offer identical products with identical list prices at substantially 26 the same sales prices. In addition, the Old Navy mainline stores and the Old Navy Outlet stores 27 have substantially the same physical layout and offer substantially the same the customer 28 experience. Plaintiffs' counsel's findings are consistent with the findings of investigative

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journalists in Pittsburg, Pennsylvania, who compared products and prices at Old Navy and Old Navy Outlet stores and found them to be the same. *See* Highfield, David, "Outlet v. Retail Shopping: Experts Compare, Contrast Quality & Price," CBS Pittsburgh, February 19, 2016.²

45. Below are two photographs which illustrate how the mainline Old Navy stores and the Old Navy Outlet stores advertise the identical sales events and utilize the same sale event signage. The left photograph was taken on May 22, 2019, of the window signage at the Old Navy Outlet store in Auburn, Washington; the right photograph was taken the next day, May 23, 2019, of the window signage at the Old Navy store in Marlton, New Jersey. The signage is virtually identical, and advertises the same "SALE-SATIONAL" store event during which Old Navy is purportedly offering "50% OFF ALL TEES, TANKS, SHORTS & SWIM":

"Old Navy" Store

"Old Navy Outlet" Store Auburn, WA on May 22, 2019

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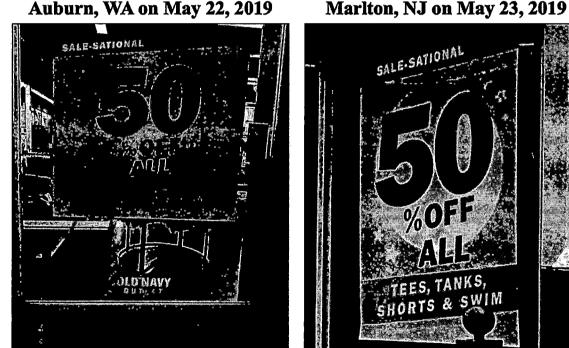
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46. Substantially the same products are available and advertised at "50% OFF" at, simultaneously, both this mainline Old Navy store and this Old Navy Outlet store, which are across the country from each other. But in fact, the advertised discount at both stores of "50%

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² Available at <u>https://pittsburgh.cbslocal.com/2016/02/19/outlets-vs-retail-shopping-experts-compare-contrast-quality-price/</u>.

OFF" is false and misleading, because the products are not in fact discounted 50% from their normal and usual prices. Old Navy consistently and perpetually offers the products at a significant discount from their inflated and fictitious list prices at both the Old Navy store and the Old Navy Outlet store.

47. Also, based on investigation of Plaintiffs' counsel, Old Navy offers the same products and pricing both online and in-store. Old Navy offers identical products with identical list prices at substantially the same sales prices—and advertised with the same purported discounts—in all of its sales channels (i.e., online on the Old Navy website, and in-store at the Old Navy and Old Navy Outlet brick-and-mortar stores). The photographs below demonstrate how Old Navy's list prices, sales prices, and advertised purported discounts are substantially the same both online and in-store:

"Old Navy" Store San Francisco on May 22, 2019

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Mid-Rise Rockstar Super Skinny Step-Hem Jeans Sale Price: \$24.00; List Price \$39.99 Mid-Rise Rockstar Super Skinny Step-Hem Jeans Sale Price: \$24.00: List Price \$39.99

Old Navy Website

May 22, 2019

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48. The left photograph was taken at the Old Navy mainline store in San Francisco, California, on May 22, 2019. It shows Old Navy was offering the Mid-Rise Rockstar Super

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CLASS ACTION COMPLAINT

HATTIS & LUKACS 1401 Twenty-First Street, Suite 400 Sacramento, CA 95811 T: 425.233.8650 | F: 425.412.7171 www.hattislaw.com Skinny Step-Hem Jeans "NOW 40% off" from the "REG." price of \$39.99. The purported
 regular price, i.e., the list price, of \$39.99 is printed on both the signage and on the price tag
 attached to the jeans. The right screenshot was taken the same day on May 22, 2019, on the Old
 Navy website on the product webpage for the same pair of jeans. On the website, Old Navy
 advertises the identical \$39.99 reference price (with a strike-through), and advertises the
 identical \$24.00 "sale" price (calling it a "Hot Deal!").

49. The price and discount representations regarding the jeans on the in-store
signage and price tag, and on the product webpage on the Old Navy website, are false and
misleading because the purported "sale" price is in fact approximately equal to Old Navy's
usual selling price for the jeans, and the jeans are not in fact worth, and do not have a value
equal to, the \$39.99 list price.

12 50. Below is another example demonstrating how Old Navy's list prices, sales
13 prices, and advertised purported discounts are substantially the same both online and in-store:

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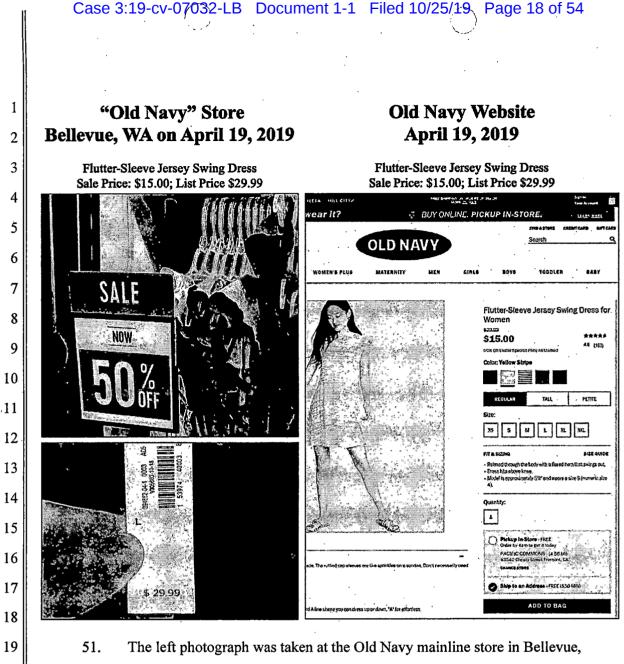
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51. The left photograph was taken at the Old Navy mainline store in Bellevue, Washington, on April 19, 2019. It shows Old Navy was offering the Flutter-Sleeve Jersey Swing Dress "NOW 50% OFF" from the reference price of \$29.99 printed on the tag. The right screenshot was taken the same day on April 19, 2019, on the Old Navy website on the product webpage for the same dress. On the website, Old Navy advertises the identical \$29.99 list price (with a strike-through), and offers the identical stated "50% Off" discount and \$15.00 "sale" price.

52. The price and discount representations regarding the dress on the in-store
signage and price tag, and on the product webpage on the Old Navy website, are false and
misleading because the purported "50% Off" sale price is in fact approximately equal to Old

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Navy's usual selling price for the dress, and the dress is not in fact worth, and does not have a value equal to, the \$29.99 list price.

53. Old Navy perpetrates this false discount and false reference price scheme across all of its retail channels and across nearly all of its products in order to induce customers to purchase its products.

6 54. As a direct and proximate result of Old Navy's acts and omissions, all
7 consumers who have purchased a product from Old Navy that was advertised with a false
8 reference price and/or false discount have been harmed, have suffered an injury-in-fact, and
9 have lost money or property.

10 55. Old Navy's false advertising scheme has harmed all of its customers by
11 fraudulently increasing demand for its products, thereby shifting the demand curve and
12 enabling Old Navy to charge its customers more than it otherwise could have charged and to
13 generate more sales than it otherwise would have generated.

14 56. Customers did not enjoy the actual discounts Old Navy represented to them, and
15 the products were not in fact worth the inflated amount that Old Navy represented to them (i.e.,
16 the products were not actually worth the fictitious and invented list price).

17 57. The false or misleading nature of Old Navy's reference prices and purported
18 discounts were at all relevant times masked or concealed or hidden such that an ordinary
19 consumer exercising reasonable care under all the circumstances would not have known of or
20 discovered their false or misleading nature.

S8. Old Navy continues to advertise false reference prices and false percentage-off
and dollar discounts to this day. There is no reason to believe that Old Navy will voluntarily
and permanently cease its unlawful practices. Moreover, in the unlikely event that Old Navy
were to cease its unlawful practices, Old Navy can and/or is likely to recommence these
unlawful practices.

26 59. In acting toward consumers and the general public in the manner alleged herein,
27 Old Navy acted with and was guilty of malice, fraud, and/or oppression and/or acted in a
28 manner with a strong and negative impact upon Plaintiffs, the Class and the public.

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VII. PLAINTIFFS' FACTUAL ALLEGATIONS

<u>Plaintiff Anastasha Barba</u>

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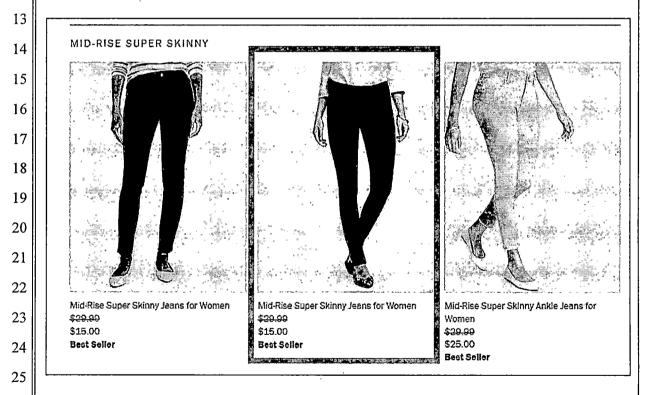
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60. Plaintiff Anastasha Barba is, and at all relevant times has been, a California resident.

61. Ms. Barba has been a regular shopper at Old Navy for many years. Ms. Barba has made many purchases on Old Navy's website. For example, on March 5, 2019, Ms. Barba visited the Old Navy website (<u>http://oldnavy.gap.com</u>) to shop for clothing items. That day, Ms. Barba viewed and ultimately purchased several items from the Old Navy website.

62. Jeans. For example, while browsing the Old Navy website, Ms. Barba viewed webpages advertising the Mid-Rise Super Skinny Jeans for Women ("Jeans"), Item
#715218002. Below is partial screenshot of a webpage viewed by Ms. Barba on March 5, 2019; the particular Jeans she purchased are identified in an added red box:



26 63. On this Jeans webpage, Ms. Barba viewed several representations, including a
27 reference price and a sale price for the Jeans. Ms. Barba viewed a black strike-through
28 reference price of "\$29.99". Directly below the reference price, Ms. Barba viewed the sale

price in red text "\$15.00." Directly below the sale price, Ms. Barba viewed the phrase "Best Seller."

64. Ms. Barba clicked on the Jeans product listing on the webpage, and then viewed a product webpage for the Jeans, which contained the same strike-through, sale price, and "Best Seller" representations.

65. Relying on Old Navy's representations, Ms. Barba reasonably believed that these purportedly best-selling Jeans were normally offered and sold by Old Navy for the \$29.99 list price. Ms. Barba reasonably believed that the Jeans were thereby worth and had a value of \$29.99. Ms. Barba reasonably believed that the advertised sale price of \$15.00 represented a special bargain, where Old Navy was temporarily offering the Jeans at 50% off the regular and normal selling price of \$29.99. Relying on Old Navy's representations, Ms. Barba selected the size of the Jeans and then added the Jeans to her online shopping cart.

13 66. However, Old Navy's representations and advertised discounts were false and 14 deceptive. In reality, and unbeknownst to Ms. Barba, Old Navy had offered these Jeans at the 15 purported regular price of \$29.99 for only 12 out of the past 486 days prior to her purchase on 16 March 5, 2019. I.e., from November 4, 2017 through March 4, 2019, Old Navy had previously 17 offered the Jeans at the purported "regular" price only 2.47% of the time. And after Ms. 18 Barba's purchase on March 5, 2019, through to the present day, Old Navy never offered the 19 Jeans at the \$29.99 purported regular price. In fact, on June 5, 2019, Old Navy raised the 20 purported regular price of the product to \$34.99, despite this new reference price having no 21 foundation whatsoever-consistent with Old Navy's policy of inventing reference prices out of 22 thin air.

67. Old Navy had fooled Ms. Barba. The Jeans were not in fact worth the \$29.99 price that Old Navy had led her to believe. Contrary to Old Navy's representations, Ms. Barba did not receive any deal at all. The \$15.00 price she paid was in fact simply Old Navy's usual and normal selling price for the Jeans.

27 68. Toddler Tee. In the same web browsing session, Ms. Barba also viewed
28 webpages advertising the Printed Crew-Neck Tee for Toddler ("Toddler Tee"), Item

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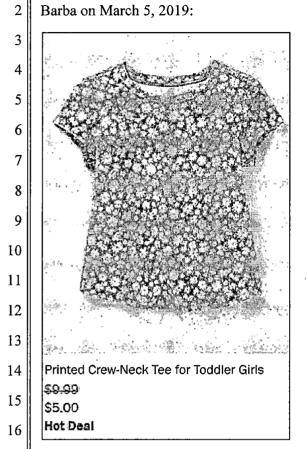
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#392277142. Below is partial screenshot of a webpage of the Toddler Tee viewed by Ms.



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69. On this Toddler Tee webpage, Ms. Barba viewed several representations,
including a reference price and a sale price for the Toddler Tee. Ms. Barba viewed a black
strike-through reference price of "\$9.99." Directly below the reference price, Ms. Barba viewed
the sale price in red text "\$5.00". Directly below the sale price, Ms. Barba viewed the phrase
"Hot Deal".

70. Ms. Barba clicked on the Toddler Tee product listing on the webpage, and then viewed a product webpage for the Toddler Tee, which contained the same strike-through, sale price, and "Hot Deal" representations.

71. Relying on Old Navy's representations, Ms. Barba reasonably believed that the
\$5.00 sale price for the Toddler Tee represented a special "Hot Deal," and that the Toddler Tee
was normally offered and sold by Old Navy for the \$9.99 list price. Ms. Barba reasonably
believed that the Toddler Tee was thereby worth and had a value of \$9.99. Ms. Barba

reasonably believed that the advertised sale price of \$5.00 represented a special bargain (a "Hot 2 Deal"), where Old Navy was temporarily offering the Toddler Tee at 50% off the regular and 3 normal selling price of \$9.99. Relying on Old Navy's representations, Ms. Barba selected the 4 size of the Toddler Tee and then added it to her online shopping cart.

72. However, Old Navy's representations and advertised discounts were false and deceptive. In reality, and unbeknownst to Ms. Barba, Old Navy had never offered the Toddler Tee at the purported regular price of \$9.99 in the prior 60 days. And after Ms. Barba's purchase on March 5, 2019, through to the present day, Old Navy continued to never offer the Toddler Tee at the \$9.99 reference price.

73. Old Navy had fooled Ms. Barba. The Toddler Tee was not in fact worth the \$9.99 price that Old Navy had led her to believe. Contrary to Old Navy's representations, Ms. Barba did not receive any deal at all, let alone a "Hot Deal." The \$5.00 price she paid was in fact simply Old Navy's usual and normal selling price for the Toddler Tee.

14 74. After Ms. Barba added these items to her online shopping cart she went through Old Navy's online checkout process, where Old Navy made additional false discount 16 representations. For example, Old Navy represented that she was enjoying a "My Sayings" dollar amount which was calculated by totaling the false discounts from the inflated reference prices for the items in her cart. Relying on Old Navy's misrepresentations, Ms. Barba purchased the products.

75. Old Navy's advertised false reference prices and false discounts were material misrepresentations and inducements to Ms. Barba's purchases.

76. Ms. Barba reasonably relied on Old Navy's material misrepresentations. If Ms. Barba had known the truth, she would have acted differently and/or would not have purchased the Jeans and the Toddler Tee from Old Navy.

25 77. These misrepresentations by Old Navy are material misrepresentations, in that 26 they are the type of representations on which an ordinary prudent person would rely upon in 27 conducting his or her affairs.

> 78. As a direct and proximate result of Old Navy's acts and omissions, Ms. Barba

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1 was harmed, suffered an injury-in-fact, and lost money or property.

79. Old Navy's false advertising harmed Ms. Barba by causing her to pay more than she otherwise would have paid and to buy more than she otherwise would have bought. Ms. Barba did not enjoy the stated discounts from the purported regular price that Old Navy represented to her, and the products were not, in fact, worth as much as Old Navy represented them to be worth (i.e., the products were not worth the inflated and fictitious reference price).

80. Ms. Barba has a legal right to rely now, and in the future, on the truthfulness and accuracy of Old Navy's representations regarding its advertised reference prices and discounts.

Ms. Barba was a regular shopper on Old Navy's website, and would likely shop 81. there again if she could have confidence regarding the truth of Old Navy's prices and the value of its products.

82. Ms. Barba will be harmed if, in the future, she is left to guess as to whether Old Navy is providing a legitimate sale or not, and whether products are actually worth the amount that Old Navy is representing.

15 83. If Ms. Barba were to purchase again from Old Navy without Old Navy having 16 changed its unlawful and deceptive conduct alleged herein. Ms. Barba would be harmed on an 17 ongoing basis and/or would be harmed once or more in the future

18 **Plaintiff Brenda Tripicchio**

19 84. Plaintiff Brenda Tripicchio is, and at all relevant times has been, a New Jersey 20 resident.

85. Ms. Tripicchio has been a regular shopper at Old Navy for many years. She has 22 made many purchases in Old Navy's brick-and-mortar stores, including in Old Navy mainline 23 stores and in Old Navy Outlet stores.

24 86. For example, on March 24, 2019, Ms. Tripicchio visited the Old Navy Outlet 25 store located at 100 Premium Outlets Drive, Blackwood, New Jersey. While at the store, Ms. 26 Tripicchio saw prominent signs that advertised significant sales and percentage-off discounts 27 throughout the store. Ms. Tripicchio purchased several items that day.

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Dress. For example, Ms. Tripicchio saw and purchased a Jersey Swing Dress for

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Women ("Dress"), Item #390760051. Ms. Tripicchio viewed signage adjacent to the Dress advertising that the Dress was on sale for \$20.00. Ms. Barba viewed the price tag attached to the Dress, which showed a price of \$29.99.

88. Relying on Old Navy's representations, Ms. Tripicchio reasonably believed that the Dress was normally offered and sold by Old Navy for the \$29.99 list price. Ms. Tripicchio reasonably believed that the Dress was thereby worth and had a value of \$29.99. Ms. Tripicchio reasonably believed that the advertised sale price of \$20.00 represented a special bargain, where Old Navy was temporarily offering the Dress for \$9.99 off (i.e., 33% off) of the regular and normal selling price of \$29.99. Relying on Old Navy's representations, Ms. Tripicchio purchased the Dress.

89. However, Old Navy's \$29.99 reference price and advertised discounts of \$9.99 off and 33% off were false and deceptive. In reality, and unbeknownst to Ms. Tripicchio, Old Navy had rarely if ever offered the Dress for \$29.99.

90. Old Navy had fooled Ms. Tripicchio. The Dress was not in fact worth the \$29.99 price that Old Navy had led her to believe. Contrary to Old Navy's representations, Ms. Tripicchio did not receive any deal at all. The \$20.00 price she paid for the Dress was in fact approximately equal to Old Navy's usual and normal selling price for the Dress.

91. Hoodie. Also while at the Old Navy Outlet on March 24, 2019, Ms. Tripicchio saw and purchased a Zip-Front Hoodie for Boys ("Hoodie"), Item #287720301. Ms. Tripicchio viewed signage adjacent to the Hoodie advertising that the Hoodie was "20% Off." Ms. Tripicchio viewed the price tag attached to the Hoodie, which showed a price of \$19.99.

92. Relying on Old Navy's representations, Ms. Tripicchio reasonably believed that
the Hoodie was normally offered and sold by Old Navy for the \$19.99 list price. Ms. Tripicchio
reasonably believed that the Hoodie was thereby worth and had a value of \$19.99. Ms.
Tripicchio reasonably believed that the advertised savings of 20% off represented a special
bargain, where Old Navy was temporarily offering the Hoodie for \$4 off of the regular and
normal selling price of \$19.99. Relying on Old Navy's representations, Ms. Tripicchio
purchased the Hoodie.

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HATTIS & LUKACS 1401 Twenty-First Street, Suite 400 Sacramento, CA 95811 T: 425.233.8650 | F: 425.412.7171 www.hattislaw.com 93. However, Old Navy's \$19.99 reference price and advertised discounts of 20% off and \$4.00 off were false and deceptive. In reality, and unbeknownst to Ms. Tripicchio, Old Navy had rarely if ever offered the Hoodie for \$19.99.

94. Old Navy had fooled Ms. Tripicchio. The Hoodie was not in fact worth the \$19.99 price that Old Navy had led her to believe. Contrary to Old Navy's representations, Ms. Tripicchio did not receive any deal at all. In fact, the \$15.99 price Ms. Tripicchio paid for the supposedly discounted Hoodie was *higher* than the true regular selling price for the Hoodie.

On the paper receipt Ms. Tripicchio received at the cash register and which Ms. 8 95. Tripicchio viewed, Old Navy made additional product pricing and value representations 9 10 regarding the Dress and the Hoodie. Old Navy printed on the receipt that the price for the Dress was "1 @ 29.99", and directly below that Old Navy printed "Item Discount. -9.99". Old Navy 11 printed on the receipt that the price for the Hoodie was "1 @ 19.99", and directly below that 12 Old Navy printed "Item Discount 20% -4.00". At the bottom of the receipt, Old Navy printed 13 in large text (which was nearly twice the font size of the text on the rest of the receipt) the 14 phrase "You Saved XXX.XX", where XXX.XX was the total dollar amount of all the 15 purported "Item Discount[s]" for the products she purchased that day, including the \$9.99 16 discount she purportedly received on the Dress and the \$4.00 discount she purportedly received 17 on the Hoodie. These representations on the receipt further indicated to Ms. Tripicchio that the 18 Dress had a value of, and was normally and usually offered for, \$29.99, and that the lower 19 20 \$20.00 price she paid was a bargain price after Old Navy applied a special \$9.99 discount. 21 These representations on the receipt likewise indicated to Ms. Tripicchio that the Hoodie had a 22 value of, and was normally and usually offered for, \$19.99, and that the lower \$15.99 price she 23 paid was a bargain price after Old Navy applied a special \$4.00 (20% off) discount.

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96. Old Navy's advertised false reference prices and advertised false discounts were material misrepresentations and inducements to Ms. Tripicchio's purchases.

26 97. Ms. Tripicchio reasonably relied on Old Navy's material misrepresentations. If
27 Ms. Tripicchio had known the truth, she would have acted differently and/or would not have
28 purchased the products from Old Navy.

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HATTIS & LUKACS 1401 Twenty-First Street, Suite 400 Sacramento, CA 95811 T: 425.233.8650 | F: 425.412.7171 www.hattislaw.com 98. These misrepresentations by Old Navy are material misrepresentations, in that they are the type of representations on which an ordinary prudent person would rely upon in conducting his or her affairs.

99. As a direct and proximate result of Old Navy's acts and omissions, Ms. Tripicchio was harmed, suffered an injury-in-fact, and lost money or property.

100. Old Navy's false advertising harmed Ms. Tripicchio by causing her to pay more than she otherwise would have paid and to buy more than she otherwise would have bought. Ms. Tripicchio did not enjoy the stated discounts from the purported "regular" price that Old Navy represented to her (i.e., the reference price), and the products were not, in fact, worth as much as Old Navy represented them to be worth (i.e., the products were not worth the inflated and fictitious reference price).

101. Ms. Tripicchio has a legal right to rely now, and in the future, on the truthfulness and accuracy of Old Navy's representations regarding its advertised reference prices and discounts.

102. Ms. Trippichio was a regular shopper at Old Navy, and would likely shop there again if she could have confidence regarding the truth of Old Navy's prices and the value of its products.

103. Ms. Trippichio will be harmed if, in the future, she is left to guess as to whether Old Navy is providing a legitimate sale or not, and whether products are actually worth the amount that Old Navy is representing.

104. If Ms. Trippichio were to purchase again from Old Navy without Old Navy having changed its unlawful and deceptive conduct alleged herein, Ms. Trippichio would be harmed on an ongoing basis and/or would be harmed once or more in the future.

105. The deceptive practices and policies alleged herein, and experienced directly by
Plaintiffs Barba and Tripicchio, are not limited to any single product or group of products.
Rather, Old Navy's deceptive advertising, sales practices, and printed sales receipts, which
advertise and state false "regular" prices and false percentage-off and dollar discounts, were,
and continue to be, systematic and pervasive across nearly all of Old Navy's products across all

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of Old Navy's sales channels.

1 2 VIII. CLASS ACTION ALLEGATIONS 3 Plaintiffs bring this class-action lawsuit on behalf of themselves and the 106. 4 members of the following class (the "Nationwide Online Class"): 5 All persons in the United States of America who, within the applicable limitations period, purchased from the Old Navy 6 website one or more products which was advertised or promoted by displaying or disseminating a reference price or discount. 7 Plaintiff Brenda Tripicchio also brings this class-action lawsuit on behalf of 8 107. herself and the members of the following class (the "New Jersey In-Store Class"): 9 All persons in the State of New Jersey who, within the applicable 10 limitations period, purchased from an Old Navy or Old Navy Outlet brick-and-mortar store one or more products which was 11 advertised or promoted by displaying or disseminating a reference price or discount. 12 The Nationwide Online Class and the New Jersey In-Store Class are collectively 13 108. referred to herein as the "Class." 14 15 109. Specifically excluded from the Class are the Defendants, any entity in which a Defendant has a controlling interest or which has a controlling interest in a Defendant, each 16 17 Defendant's agents and employees and attorneys, the bench officers to whom this civil action is 18 assigned, and the members of each bench officer's staff and immediate family. 19 110. Numerosity. Plaintiffs do not know the exact number of Class members but are 20 informed and believe that the Class easily comprises hundreds of thousands of individuals. As 21 such, Class members are so numerous that joinder of all members is impracticable. 22 111. Commonality and Predominance. Well-defined, nearly identical legal or factual 23 questions affect the members of the Class. These questions predominate over questions that 24 might affect individual Class members. These common questions include, but are not limited 25 to, the following: 26 Old Navy's policies and actions regarding its advertising; a. 27 b. The accuracy of Old Navy's advertised reference prices and discounts; Whether the alleged conduct of Old Navy violates California Civil Code 28 c. HATTIS & LUKACS CLASS ACTION COMPLAINT 1401 Twenty-First Street, Suite 400 Sacramento, CA 95811 425.233.8650 | F: 425.412.7171

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§ 1750 et seq., California Business & Professions Code § 17500 et seq., and/or California Business & Professions Code § 17200 et seq.;

d. Whether the alleged conduct of Old Navy violates N.J.A.C. § 13:45A-9.3(a)(3), N.J.A.C. § 13:45A-9.6, N.J.S.A. § 56:8-1, and/or N.J.S.A. § 56:12-16, *et seq.*;

e. Whether Plaintiffs and the Class have suffered injury and have lost money or property as a result of such false or misleading discounts and reference prices;

7 f. Whether Defendants should be ordered to disgorge their unjust
8 enrichment; and

9 g. Whether Old Navy should be enjoined from further engaging in the
10 misconduct alleged herein.

112. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for the party opposing the Class.

15 113. The party opposing the Class has acted or refused to act on grounds generally
applicable to the Class, thereby making appropriate final injunctive relief with respect to the
Class as a whole.

18 114. *Typicality*. Plaintiffs' claims are typical of Class members' claims. Plaintiffs and
 19 Class members all sustained injury as a result of Defendants' practices and schemes.

115. Adequacy. Plaintiffs will fairly and adequately protect Class members' interests.
 Plaintiffs have no interests antagonistic to Class members' interests. Plaintiffs have retained
 counsel who have considerable experience and success in prosecuting complex class action and
 consumer protection cases.

116. Further, a class action is superior to all other available methods for fairly and
efficiently adjudicating this controversy. Each Class member's interests are small compared to
the burden and expense required to litigate each of their claims individually, so it would be
impractical and would not make economic sense for Class members to seek individual redress
for Old Navy's conduct. Individual litigation would add administrative burden on the courts,

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increasing the delay and expense to all parties and to the court system. Individual litigation
 would also create the potential for inconsistent or contradictory judgments regarding the same
 uniform conduct. A single adjudication would create economies of scale and comprehensive
 supervision by a single judge. Moreover, Plaintiffs do not anticipate any difficulties in
 managing a class action trial.

117. By its conduct and omissions alleged herein, Old Navy has acted and refused to act on grounds that apply generally to Class, such that final injunctive relief and/or declaratory relief is appropriate respecting the Class as a whole.

9 118. The nature of Old Navy's misconduct is non-obvious and/or obscured from
public view, and neither Plaintiffs nor the members of the Class could have, through the use of
reasonable diligence, learned of the accrual of their claims against Old Navy at an earlier time.
This Court should, at the appropriate time, apply the discovery rule to extend any applicable
limitations period (and the corresponding class period) to the date on which Old Navy first
began perpetrating the false reference price and false discount advertising scheme alleged
herein.

CAUSES OF ACTION

<u>COUNT I</u> Violation of the Consumers Legal Remedies Act California Civil Code § 1750 *et seq.*

119. Plaintiffs reallege and incorporate by reference all paragraphs alleged hereinbefore.

120. Plaintiffs each bring this claim in their individual capacity, in their capacity as a private attorney general seeking the imposition of public injunctive relief, and/or as a representative of a putative class.

121. Each of Defendants Old Navy, LLC, Old Navy (Apparel), LLC, Old Navy Holdings, LLC, GPS Services, Inc., The Gap, Inc., and each Doe defendant is a "person," as defined by California Civil Code § 1761(c).

Plaintiffs Anastasha Barba and Brenda Tripicchio are each a "consumer," as
 defined by California Civil Code § 1761(d).

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The clothing items purchased by Plaintiffs from Old Navy are "goods" as 123. defined by California Civil Code § 1761(a).

Plaintiffs' purchases from Old Navy constitutes a "transaction," as defined by 3 124. California Civil Code § 1761(e).

The unlawful methods, acts or practices alleged herein to have been undertaken 125. by Old Navy were all committed intentionally. The unlawful methods, acts or practices alleged herein to have been undertaken by Old Navy did not result from a bona fide error notwithstanding the use of reasonable procedures adopted to avoid such error.

9 126. With regard to this count of the pleading which alleges one or more violations of the CLRA, venue is proper in the San Francisco Superior Court because, without limitation, the 10 11 County of San Francisco is the county in which Defendant Old Navy, Inc., has its principal place of business. A declaration establishing that this Court has proper venue for this count is 12 13 attached hereto as Exhibit A.

14 Old Navy's methods, acts and/or practices, including Old Navy's 127. misrepresentations, active concealment, and/or failures to disclose, violated and continue to 15 violate the CLRA in ways including, but not limited to, the following: 16

17 Old Navy misrepresented that its products had characteristics, benefits, 1. 18 or uses that they did not have (Cal. Civ. Code § 1770(a)(5));

19 Old Navy advertised its products with an intent not to sell them as 2. 20 advertised (Cal. Civ. Code § 1770(a)(9));

21 3. Old Navy made false or misleading statements of fact concerning 22 reasons for, existence of, or amounts of, price reductions. (Cal. Civ. Code § 1770(a)(13)); and

4. 23 Old Navy represented that its products were supplied in accordance with 24 previous representations when they were not (Cal. Civ. Code § 1770(a)(16)).

25 128. With respect to omissions, Old Navy at all relevant times had a duty to disclose 26 the information in question because, inter alia: (a) Old Navy had exclusive knowledge of 27 material information that was not known to Plaintiffs and the Class; (b) Old Navy concealed material information from Plaintiffs and the Class; and/or (c) Old Navy made partial 28

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representations which were false and misleading absent the omitted information.

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129. Old Navy's misrepresentations and nondisclosures deceive and have a tendency to deceive the general public.

130. Old Navy's misrepresentations and nondisclosures are material, in that a reasonable person would attach importance to the information and would be induced to act on the information in making purchase decisions.

131. As a direct and proximate result of these violations, Plaintiffs and the Class suffered injury-in-fact and lost money.

132. Plaintiffs and the Class paid more than they otherwise would have paid for the products they purchased from Old Navy and they bought more than they otherwise would have bought from Old Navy.

133. Plaintiffs and the Class did not enjoy the actual discounts Old Navy represented to them, and the products were not in fact worth the inflated amount that Old Navy represented to them (i.e., the products were not actually worth the fictitious and invented list price).

15 134. Old Navy's false advertising scheme has harmed all of its customers by
16 fraudulently increasing demand for its products, thereby shifting the demand curve and
17 enabling Old Navy to charge its customers more than it otherwise could have charged and to
18 generate more sales than it otherwise would have generated.

19 135. Old Navy's conduct alleged herein caused substantial injury to Plaintiffs, the
20 Class, and the public. Old Navy's conduct is ongoing and is likely to continue and recur absent
21 a permanent injunction. Accordingly, Plaintiffs seek an order enjoining Old Navy from
22 committing such practices. Plaintiffs also seek attorneys' fees and costs.

23 136. Plaintiffs individually seek public injunctive relief, under the CLRA, to protect
24 the general public from Old Navy's false advertisements and omissions.

137. In accordance with California Civil Code § 1782(a), on July 18, 2019, Plaintiffs'
counsel served Old Navy with notice of its CLRA violations by certified mail, return receipt
requested. A true and correct copy of that notice is attached hereto as Exhibit B. If Old Navy
fails to provide appropriate relief for its CLRA violations within 30 days of Plaintiffs'

1 notification letter, Plaintiffs will amend this complaint to seek compensatory and exemplary 2 damages as permitted by Cal. Civ. Code §§ 1780 and 1782(b). 3 COUNT II Violation of California's False Advertising Law California Business and Professions Code § 17500 et seq. 4 5 138. Plaintiffs reallege and incorporate by reference all paragraphs alleged hereinbefore. 6 7 139. Plaintiffs each bring this claim in their individual capacity, in their capacity as a 8 private attorney general seeking the imposition of public injunctive relief, and/or as a 9 representative of a putative class. 10 140. Old Navy has engaged in false or misleading advertising in violation of 11 California's statutory False Advertising Law ("FAL"). 12 141. Old Navy has advertised reference prices and corresponding discounts that are 13 false, misleading, and/or have a capacity, likelihood or tendency to deceive reasonable 14 consumers. See, e.g., Kasky, 27 Cal.4th at 951 (UCL and FAL prohibit "not only advertising 15 which is false, but also advertising which, although true, is either actually misleading or which 16 has a capacity, likelihood or tendency to deceive or confuse the public" (citation omitted)); 17 Hansen v. Newegg.com Americas, Inc., 25 Cal.App. 5th 714, 722 (2018) (same); 18 Overstock.com, Inc., 2014 WL 657516, at *23 (same). 19 Old Navy, with intent directly or indirectly to dispose of personal property or to 142. 20 perform services, or to induce the public to enter into any obligation relating thereto, makes, 21 disseminates, has made or disseminated, causes to be made or disseminated, and/or has caused 22 to be made or disseminated, before the public in the State of California and throughout the 23 United States, in any newspaper or other publication, or any advertising device, or by public 24 outcry or by proclamation, or in any other manner or means, including over the Internet, 25 statements concerning that personal property or those services, and/or concerning any 26 circumstance or matter of fact connected with the proposed performance or disposition thereof, 27 which are untrue or misleading and which are known (or which by the exercise of reasonable 28 care should be known) to be untrue or misleading.

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HATTIS & LUKACS 1401 Twenty-First Street, Suite 400 Sacramento, CA 95811 T: 425.233.8650 [F: 425.412.7171 www.hattislaw.com 143. Independently, Old Navy has made or disseminated or caused to be so made or disseminated any such statement as part of a plan or scheme with the intent not to sell that personal property or those services, professional or otherwise, so advertised at the price stated therein, or as so advertised.

144. With respect to omissions, Old Navy at all relevant times had a duty to disclose the information in question because, *inter alia*: (a) Old Navy had exclusive knowledge of material information that was not known to Plaintiffs and the Class; (b) Old Navy concealed material information from Plaintiffs and the Class; and/or (c) Old Navy made partial representations which were false and misleading absent the omitted information.

10 145. Old Navy committed such violations of the False Advertising Law with actual
11 knowledge that its advertising was untrue or misleading, or Old Navy, in the exercise of
12 reasonable care, should have known that its advertising was untrue or misleading.

146. Plaintiffs and the Class reasonably relied on Old Navy's representations and/or omissions made in violation of the False Advertising Law.

15 147. As a direct and proximate result of these violations, Plaintiffs and the Class
16 suffered injury-in-fact and lost money.

17 148. Plaintiffs and the Class paid more than they otherwise would have paid for the
18 products they purchased from Old Navy and they bought more than they otherwise would have
19 bought from Old Navy.

20 149. Plaintiffs and the Class did not enjoy the actual discounts Old Navy represented
21 to them, and the products were not in fact worth the inflated amount that Old Navy represented
22 to them (i.e., the products were not actually worth the fictitious and invented list price).

23 150. Old Navy's false advertising scheme has harmed all of its customers by
24 fraudulently increasing demand for its products, thereby shifting the demand curve and
25 enabling Old Navy to charge its customers more than it otherwise could have charged and to
26 generate more sales than it otherwise would have generated.

27 151. Old Navy should be ordered to disgorge or make restitution of all monies
28 improperly accepted, received or retained.

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152. Old Navy's conduct has caused substantial injury to Plaintiffs, the Class, and the public. Old Navy's conduct is ongoing and is likely to continue and recur absent a permanent injunction. Accordingly, Plaintiffs seek an order enjoining Old Navy from committing such violations of the FAL. Plaintiffs further seek an order granting restitution to Plaintiffs and the Class in an amount to be proven at trial. Plaintiffs further seek an award of attorneys' fees and costs under Cal. Code Civ. Proc. § 1021.5.

Absent injunctive relief. Old Navy will continue to injure Plaintiffs and the 153. Class. Old Navy's misrepresentations and omissions are ongoing. Even if such conduct were to cease, it is behavior that is capable of repetition or reoccurrence by Old Navy.

154. Plaintiffs each individually seek public injunctive relief, under the FAL, to protect the general public from Old Navy's false reference price advertising and omissions.

COUNT III Violation of California's Unfair Competition Law California Business and Professions Code § 17200 et seq.

155. Plaintiffs reallege and incorporate by reference all paragraphs alleged hereinbefore.

156. Plaintiffs each bring this claim in their individual capacity, in their capacity as a private attorney general seeking the imposition of public injunctive relief, and/or as a representative of a putative class.

157. Defendant Old Navy's acts and omissions alleged herein constitute unfair competition and/or unlawful, unfair, or fraudulent business practices in violation of California Business and Professions Code § 17200 et seq. (the "Unfair Competition Law" or "UCL").

22 158. Old Navy's conduct and omissions alleged herein are immoral, unethical, 23 oppressive, unscrupulous, unconscionable, and/or substantially injurious to Plaintiffs and the 24 Class. There is no utility to Old Navy's conduct, and even if there were any utility, it would be significantly outweighed by the gravity of the harm to consumers caused by Old Navy's conduct alleged herein.

27 159. Old Navy's conduct and omissions alleged herein also violate California public 28 policy, including as such policy is reflected in Cal. Civ. Code § 1750 et seq. and Cal. Civ. Code

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160. By its conduct and omissions alleged herein, Old Navy has violated the "unlawful" prong of the UCL, including by making material misrepresentations and omissions in violation of Cal. Bus. & Prof. Code § 17500 *et seq.* and Cal. Civ. Code § 1750, *et seq.*; engaging in deceit in violation of Cal Civ. Code §§ 1709-1710; and employing deceptive reference price advertisements as identified by 16 C.F.R § 233.1 *et seq.*

161. Old Navy has violated the "fraudulent" prong of the UCL by advertising its products with a false and inflated reference price and with a false discount.

162. With respect to omissions, Old Navy at all relevant times had a duty to disclose the information in question because, *inter alia*: (a) Old Navy had exclusive knowledge of material information that was not known to Plaintiffs and the Class; (b) Old Navy concealed material information from Plaintiffs and the Class; and/or (c) Old Navy made partial representations which were false and misleading absent the omitted information.

163. Old Navy's material misrepresentations and nondisclosures were likely to mislead reasonable consumers, existing and potential customers, and the public.

16 164. Old Navy's misrepresentations and nondisclosures deceive and have a tendency
17 to deceive the general public and reasonable consumers.

165. Old Navy's misrepresentations and nondisclosures are material, such that a reasonable person would attach importance to the information and would be induced to act on the information in making purchase decisions.

21 166. Plaintiffs and the Class reasonably relied on Old Navy's material
22 misrepresentations and nondisclosures, and would have acted differently if they had known the
23 truth.

24 167. By its conduct and omissions alleged herein, Old Navy received more money
25 from Plaintiffs and the Class than it should have received, and that money is subject to
26 restitution.

27 168. As a direct and proximate result of Old Navy's unfair, unlawful, and fraudulent
28 conduct, Plaintiffs and the Class lost money.

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169. Plaintiffs and the Class paid more than they otherwise would have paid for the products they purchased from Old Navy and they bought more than they otherwise would have 3 bought from Old Navy.

170. Plaintiffs and the Class did not enjoy the actual discounts Old Navy represented to them, and the products were not in fact worth the inflated amount that Old Navy represented to them (i.e., the products were not actually worth the fictitious and invented list price).

7 Old Navy's false advertising scheme has harmed all of its customers by 171. 8 fraudulently increasing demand for its products, thereby shifting the demand curve and 9 enabling Old Navy to charge its customers more than it otherwise could have charged and to 10 generate more sales than it otherwise would have generated.

172. Old Navy's conduct has caused substantial injury to Plaintiffs, Class members, and the public. Old Navy's conduct is ongoing and is likely to continue and recur absent a permanent injunction. Accordingly, Plaintiffs seek an order enjoining Old Navy from committing such unlawful, unfair, and fraudulent business practices. Plaintiffs further seek an order granting restitution to Plaintiffs and the Class in an amount to be proven at trial. Plaintiffs further seek an award of attorneys' fees and costs under Cal. Code Civ. Proc. § 1021.5.

Absent injunctive relief, Old Navy will continue to injure Plaintiffs and the 17 173. 18 Class. Old Navy's misrepresentations and omissions are ongoing. Even if such conduct were to 19 cease, it is behavior that is capable of repetition or reoccurrence by Old Navy.

20 174. Plaintiffs each individually seek public injunctive relief, under the UCL, to 21 protect the general public from Old Navy's false reference price advertising.

COUNT IV Permanent Public Injunctive Relief All Statutory, Inherent and Other Authority (Individually)

175. Plaintiffs reallege and incorporate by reference all paragraphs alleged hereinbefore.

176. Plaintiffs each bring this claim in their individual capacity.

177. Public injunctive relief is a remedy which is authorized and recognized by the

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laws of California. Public injunctive relief is defined as an injunction which seeks "not to resolve a private dispute but to remedy a public wrong." *Broughton v. Cigna Healthplans of California*, 21 Cal. 4th 1066, 1080 (1999). "Whatever the individual motive of the party requesting injunctive relief, the benefits of granting injunctive relief by and large do not accrue to that party, but to the general public in danger of being victimized by the same deceptive practices as the plaintiff suffered. In other words, the plaintiff in a CLRA damages action is playing the role of a bona fide private attorney general." *Ibid*.

178. Three of Plaintiffs' claims are brought under California statutes which empower the Court to craft wide-ranging injunctions to benefit consumers at large. "In previous decisions, this court has said that the statutory remedies available for a violation of the Consumers Legal Remedies Act (CLRA; Civ. Code, § 1750 *et seq.*), the unfair competition law (UCL; Bus. & Prof. Code, § 17200 *et seq.*), and the false advertising law (id., § 17500 *et seq.*) include public injunctive relief, i.e., injunctive relief that has the primary purpose and effect of prohibiting unlawful acts that threaten future injury to the general public." *McGill v. Citibank, N.A.*, 2 Cal. 5th 945, 951 (2017).

179. If not enjoined by order of this Court, Old Navy is free to resume its unlawful behavior and injure Plaintiffs and consumers through the misconduct alleged herein once more.Old Navy has a duty to speak truthfully or in a non-misleading manner.

180. Plaintiffs are regular shoppers at Old Navy, and would likely shop there again if they could have confidence regarding the truth of Old Navy's prices and the value of its products.

181. Plaintiffs will be harmed if, in the future, they are left to guess as to whether Old Navy is providing a legitimate sale or not, and whether products are actually worth the amount that Old Navy is representing.

182. If Plaintiffs were to purchase again from Old Navy without Old Navy having changed its unlawful and deceptive conduct alleged herein, Plaintiffs would be harmed on an ongoing basis and/or would be harmed once or more in the future

183. The balance of the equities favors the entry of permanent injunctive relief

against Old Navy. Plaintiffs and the general public will be irreparably harmed absent the entry
 of permanent injunctive relief against Old Navy. Plaintiffs and the general public lack an
 adequate remedy at law. A permanent injunction against Old Navy is in the public interest. Old
 Navy's unlawful behavior is capable of repetition or re-occurrence absent the entry of a
 permanent injunction.

<u>COUNT V</u> Violation of the New Jersey Consumer Fraud Act N.J.S.A. § 56:8-1, *et seq.* (On Behalf of the New Jersey In-Store Class)

184. Plaintiff Brenda Tripicchio realleges and incorporates Paragraphs 1 – 118.
185. This count is pleaded in the alternative by Plaintiff Brenda Tripicchio on behalf of herself and the New Jersey In-Store Class.

12 186. The New Jersey Consumer Fraud Act, N.J.S.A. § 56:8-1, et seq. (the "NJCFA")
13 applies to all sales made by Defendants to New Jersey consumers from Defendants' Old Navy
14 and Old Navy Outlet retail brick-and-mortar stores.

15 187. The NJCFA was enacted to protect consumers against sharp and unconscionable
16 commercial practices by persons engaged in the sale of goods or services. *See Marascio v.*17 *Campanella*, 689 A.2d 852, 857 (App. Div. 1997).

188. The NJCFA is a remedial statute which the New Jersey Supreme Court has repeatedly held must be construed liberally in favor of the consumer to accomplish its deterrent and protective purposes. *See Furst v. Einstein Moomjy, Inc.*, 860 A.2d 435, 441 (N.J. 2004).

189. Defendants violated the NJCFA by engaging in the act, use or employment of an
unconscionable commercial practice, deception, fraud, false pretense, misrepresentation, or the
knowing concealment, suppression, or omission of any material fact with intent that others rely
upon such concealment, suppression or omission whether or not any person has in fact been
misled, deceived or damaged thereby.

190. Moreover, because Defendants' conduct described herein is a violation of both
federal regulations and New Jersey state regulations, such conduct constitutes a *per se* violation
of the NJCFA. Defendants' conduct concerning false former prices and false discounts violated

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16 C.F.R. § 233.1 et seq. Defendants' conduct also violated both N.J.A.C. § 13:45A-9.3(a)(3). 2 and § 13:45A-9.4(a)(5) and (6), which require, *inter alia*, that a seller advertising a purported 3 percentage-off discount and/or price comparison must affirmatively state in writing the basis for the purported discount and the source of the price which is being used for comparison, 4 including whether that price was previously charged by the seller or its competitors and when and where that former price was previously charged. Defendants' reference price and discount 6 7 advertising clearly does not do any of this.

8 191. Plaintiff Tripicchio and the New Jersey In-Store Class reasonably and justifiably expected Defendants to comply with applicable law, but Defendants failed to do so.

10 192. As a direct and proximate result of these unlawful actions by Defendants, 11 Plaintiff Tripicchio and the New Jersey In-Store Class have been injured and have suffered an 12 ascertainable loss of money.

193. Under New Jersey law, the value of an item is presumed to be the price listed on its price tag as the regular, typical price at which it was sold or offered for sale in the recent past.

16 194. By stating that the reference price of each product (i.e., the Dress and the 17 Hoodie) purchased by Plaintiff Tripicchio was higher than the price at which the item was 18 typically sold or offered for sale, Defendants promised a bargain to Ms. Tripicchio in which she 19 would receive an item worth the reference price claimed on Defendants' tag and in which she 20 would realize monetary savings equal to the difference between the reference price and the 21 purchase price.

22 195. In actuality, however, the true value of each of the products purchased by Ms. 23 Tripicchio was less than the false and inflated reference price listed on its price tag, and Ms. 24 Tripicchio did not save the amount of money claimed by Defendants.

25 196. Moreover, Plaintiff Tripicchio suffered an out-of-pocket loss of money in that 26 she was induced to pay Defendants money based on the misleading and deceptive statements of 27 Defendants. But for those misleading and deceptive statements, Plaintiff would have acted 28 differently and/or would not have paid Defendants money to purchase the Dress and the

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Old Navy's false advertising scheme has harmed all of its New Jersey customers 197. by fraudulently increasing demand for its products, thereby shifting the demand curve and enabling Old Navy to charge its customers more than it otherwise could have charged and to generate more sales than it otherwise would have generated.

198. Plaintiff Tripicchio and the New Jersey In-Store Class did not enjoy the actual discounts Old Navy represented to them, and the products were not in fact worth the inflated amount that Old Navy represented to them (i.e., the products were not actually worth the fictitious and invented list price).

199. Pursuant to N.J.S.A. § 56:8-10 of the NJCFA, Plaintiff Tripicchio seeks, inter alia, actual damages, treble damages, and injunctive relief for herself and the New Jersey In-Store Class.

Violation of the New Jersey Truth in Consumer Contract, Warranty and Notice Act N.J.S.A. § 56:12-14, et seq. (On Behalf of the New Jersey In-Store Class)

Plaintiff Brenda Tripicchio realleges and incorporates Paragraphs 1 - 118 and 200. 184 - 199.

This count is pleaded in the alternative by Plaintiff Brenda Tripicchio on behalf 201. of herself and the New Jersey In-Store Class.

202. Plaintiff Tripicchio and the New Jersey In-Store Class members are

"consumers" within the meaning of N.J.S.A. §§ 56:12-15 and 16.

203. Defendants Old Navy, LLC, Old Navy (Apparel), LLC, Old Navy Holdings, LLC, GPS Services, Inc., The Gap, Inc., and each Doe defendant are "sellers" within the meaning of N.J.S.A. §§ 56:12-15 and 16.

204. The advertisements and representations of reference prices and discounts in the Old Navy and Old Navy Outlet brick-and-mortar stores are both a consumer "notice" and "warranty" within the meaning of N.J.S.A. §§ 56:12-15 and 16.

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By the acts alleged herein, Defendants have violated N.J.S.A. § 56:12-16

205.

because, in the course of Defendants' business, Defendants have offered written consumer notices and warranties to Plaintiff Tripicchio and the New Jersey In-Store Class which contained provisions that violated their clearly established legal rights under state law and federal regulations, within the meaning of N.J.S.A. § 56:12-15. Specifically, Defendants' instore discount signage and reference prices are a consumer "notice" and/or "sign" within the meaning of N.J.S.A. § 56:12-15.

7 206. The in-store discount signage and reference prices which were presented and 8 shown by Defendants to Plaintiff Tripicchio and the New Jersey In-Store Class violated their 9 clearly established rights under 16 C.F.R. § 233.1 to be free of false discounts and the use of 10 fictitious former prices in advertising, as well as their rights under N.J.A.C. 13:45A-9.3(a)(3) and 13:45A-9.4(a)(5) and (6), which require a seller advertising a purported percentage-off 12 discount and/or a price comparison to affirmatively state in writing the basis for the discount 13 and the source of the price which is being used for comparison, including whether that price 14 was charged by the seller or its competitors and when and where that former price was 15 previously charged.

16 Pursuant to N.J.S.A. § 56:12-17, Plaintiff Tripicchio seeks a statutory penalty of 207. \$100 for herself and each New Jersey In-Store Class member, as well as actual damages and 17 18 attorneys' fees and costs.

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PRAYER FOR RELIEF

20 208. In order to prevent injury to the general public, Plaintiffs Anastasha Barba and 21 Brenda Tripicchio each individually request that the Court enter a public injunction enjoining 22 Defendants from advertising false reference prices and/or false discounts;

23 209. Further, on behalf of themselves and the proposed Class, Plaintiffs request that 24 the Court order relief and enter judgment against Defendants as follows:

25 a. Declare this action to be a proper class action, certify the Class, and 26 appoint Plaintiffs and their counsel to represent the Class;

27 b. Order disgorgement or restitution, including, without limitation, 28 disgorgement of all revenues, profits and/or unjust enrichment that each Defendant obtained,

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directly or indirectly, from Plaintiffs and the members of the Class or otherwise as a result of the unlawful conduct alleged herein;
 c. Permanently enjoin each Defendant from the unlawful conduct alleged herein;

d. Retain jurisdiction to police each Defendant's compliance with the
permanent injunctive relief;

7 e. Order each Defendant to pay damages and restitution to Plaintiffs and
8 the Class in an amount to be proven at trial;

9f.Order each Defendant to pay punitive and exemplary damages to the10extent allowed by law;

g. Order each Defendant to pay attorneys' fees, costs, and pre-judgment
and post-judgment interest to the extent allowed by law; and

h. Provide all other relief to which Plaintiffs and the Class may show
themselves justly entitled.

JURY DEMAND

Plaintiffs ANASTASHA BARBA and BRENDA TRIPICCHIO, on behalf of themselves and on behalf of the Class, demand a trial by jury on all issues so triable.

DATED this 18th day of July, 2019.

Presented by:

HATTIS & LUKACS

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