## **ORIGINAL**

| 1<br>2<br>3<br>4<br>5<br>6                               | BURSOR & FISHER, P.A. Neal J. Deckant (State Bar No. 322946) Brittany S. Scott (State Bar No. 327132) Julia K. Venditti (State Bar No. 332688) 1990 North California Boulevard, Suite 940 Walnut Creek, CA 94596 Telephone: (925) 300-4455 Facsimile: (925) 407-2700 Email: ndeckant@bursor.com bscott@bursor.com jvenditti@bursor.com | Superior Court of California<br>County of Los Angeles  JUL 22 2021  Sherri R. Carter, Executive Officer/Clerk of Court  By Janua Jeanna Deputy  Tanya Herrera  |
|--|--|--|
| 7<br>8<br>9  | BURSOR & FISHER, P.A. Frederick J. Klorczyk III (State Bar No. 32078 888 Seventh Avenue New York, NY 10019 Telephone: (646) 837-7150 Facsimile: (212) 989-9163 Email: fklorczyk@bursor.com   | 3)   |
| 11   | Attorneys for Plaintiff and the Putative Class   |  |
| 12<br>13<br>14<br>15<br>16<br>17<br>18<br>19<br>20<br>21 |  | THE STATE OF CALIFORNIA  F LOS ANGELES  Case No. 21 ST CV2 6988  CLASS ACTION COMPLAINT FOR  (1) UNFAIR COMPETITION (2) CONVERSION (3) FALSE ADVERTISING (4) VIOLATION OF CALIFORNIA'S CONSUMERS LEGAL REMEDIES ACT (5) UNJUST ENRICHMENT / RESTITUTION (6) NEGLIGENT MISREPRESENTATION (7) FRAUD  DEMAND FOR JURY TRIAL |
| 23<br>24   |  | I  |
| 25   |  |  |
| 26   |  |  |
| 27   |  |  |

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Plaintiff Ariel Armstrong ("Plaintiff") brings this action on behalf of herself and all others similarly situated against Defendant ZeniMax Media, Inc. ("ZeniMax" or "Defendant"). Plaintiff makes the following allegations pursuant to the investigation of her counsel and based upon information and belief, except as to allegations specifically pertaining to herself and her counsel, which are based on personal knowledge.

#### **INTRODUCTION**

1. This is a putative class action lawsuit against Defendant for engaging in an illegal "automatic renewal" scheme with respect to its subscription plans for ESO Plus-branded products and services that are available exclusively to consumers who enroll in Defendant's auto-renewal membership programs (collectively, the "ESO Plus Subscriptions" or "ESO Plus," described below) through its website at https://www.elderscrollsonline.com/ (the "ESO Website"), or through third-party video gaming platforms, including but not limited to the PlayStation and Xbox gaming consoles, as well as Microsoft Windows and MacOS (collectively, the "Gaming Platforms"). Defendant is an American corporation that owns and operates, among other things, The Elder Scrolls Online ("ESO"). ESO is a Massively Multiplayer Online Role-Playing Game ("MMORPG") that can be played across the various Gaming Platforms. Additionally, through the ESO Website and Gaming Platforms, Defendant markets, advertises, sells, and otherwise provides paid premium memberships to ESO Plus, an automatically renewing subscription for exclusive access to "digital goods (such as wallpaper and character outfits), in-Game consumables, Downloadable Content[,] ... other digital items, [] software, ... and [] related services[.]"1 Relevant to Plaintiff's allegations, when consumers sign up for the ESO Plus Subscriptions, Defendant actually enrolls consumers in a program that automatically renews the ESO Plus Subscriptions on a recurring basis and results in continuous automatic renewal charges to the consumer's credit card, debit card, or third-party payment account (collectively, the "Payment Methods"). In doing so, Defendant fails to provide the requisite disclosures and authorizations

<sup>&</sup>lt;sup>1</sup> ZeniMax Media Terms of Service, https://account.elderscrollsonline.com/terms-of-service.

required to be made to California consumers under California's Automatic Renewal Law ("ARL"), Cal. Bus. Prof. Code §§ 17600, et seq.

- 2. The Elder Scrolls Online is an MMORPG developed by Defendant ZeniMax and published by Bethesda Softworks. It was released for Microsoft Windows and MacOS in April 2014. It is a part of *The Elder Scrolls* series, which has sold more than 58 million copies worldwide. In fact, *The Elder Scrolls V: Skyrim* is the best-selling RPG of all time, across all platforms. In *The Elder Scrolls Online*, players assume the role of an adventurer and thereby fight monsters and solve quests in a medieval fantasy setting. For those knowledgeable about *Elder Scrolls* lore, *The Elder Scrolls Online* takes place in the Second Era of Tamriel (currently in the Fourth Era), about 800 years before the events of *The Elder Scrolls IV: Oblivion* and 1,000 years before *The Elder Scrolls V: Skyrim*.
- 3. Consumers sign up for Defendant's ESO Plus Subscriptions through the ESO Website or the Gaming Platforms. The membership plans available through ESO Plus are offered in various tiers and at different price points, detailed below. Accordingly, during the enrollment process (*i.e.*, at the point of purchase), a prospective subscriber must select a plan based on variations in length of the renewal period, and the amount to be charged to the subscriber's Payment Method for each renewal period. Once enrolled in ESO Plus, paying subscribers receive exclusive access to ESO-branded downloadable content and in-game benefits, including, among other things, monthly customizable items and a fixed monthly allotment of in-game currency to spend in the in-game store for digital items and other bonuses, in exchange for the renewal fees automatically charged by Defendant to subscribers' Payment Methods each renewal period.<sup>2</sup>
- 4. Pursuant to the ARL, online retailers who offer automatically renewing subscriptions to California consumers must: (a) obtain affirmative consent prior to the consumer's purchase; (b) provide the complete auto-renewal terms in a clear and conspicuous manner and in

<sup>&</sup>lt;sup>2</sup> See Guide To ESO Plus Membership (last updated Aug, 25, 2020), available at https://www.elderscrollsonline.com/en-us/guides/esoplusguide ("ESO Plus™ membership provides The Elder Scrolls Online players with a host of unique in-game benefits and VIP perks, including full access to all DLC game packs in the Crown Store, 1650 monthly crowns, unlimited storage for crafting materials, and more.").

visual proximity to the request for consent prior to the purchase; and (c) provide an acknowledgement identifying an easy and efficient mechanism for consumers to cancel their subscriptions. Those purchasing the ESO Plus Subscriptions do so by choosing a paid monthly subscription (at either the full standard recurring rate that Defendant ordinarily charges or at a promotional or discounted rate that remains static for a limited period and then automatically renews to the full standard rate). In addition, Defendant occasionally offers free or discounted trials to ESO Plus of varying durations, pursuant to which consumers can sign up to try ESO Plus for a limited time before determining whether to commit to a purchase of the paid, recurring version of ESO Plus. As will be discussed below, the enrollment process for the ESO Plus Subscription on the ESO Website and Gaming Platforms uniformly violates each of the core requirements of the ARL. Defendant also makes it exceedingly difficult and unnecessarily confusing for consumers to cancel their ESO Plus Subscriptions.

- 5. Specifically, Defendant systematically violates the ARL by: (i) failing to present the automatic renewal offer terms in a clear and conspicuous manner and in visual proximity to the request for consent to the offer before the subscription or purchasing agreement is fulfilled, in violation of Section 17602(a)(1); (ii) charging consumers' Payment Method without first obtaining their affirmative consent to the agreement containing the automatic renewal offer terms, in violation of Section 17602(a)(2); and (iii) failing to provide an acknowledgment that includes the automatic renewal offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer, in direct violation of Sections 17602(a)(3) and 17602(b). Cal. Bus. & Prof. Code §§ 17602(a)(l), (a)(2), (a)(3), (b). As a result, all goods, wares, merchandise, or products sent to Plaintiff and the Class under the automatic renewal of continuous service agreements are deemed to be "unconditional gifts" under the ARL. Cal. Bus. & Prof. Code § 17603.
- 6. For the foregoing reasons, Plaintiff brings this action individually and on behalf of all California purchasers of any of Defendant's ESO Plus Subscriptions from the ESO Website or Gaming Platforms who, within the applicable statute of limitations period up to and including the date of judgment in this action, incurred unauthorized fees for the renewal of their ESO Plus

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Subscriptions. Based on Defendant's unlawful conduct, Plaintiff seeks damages, restitution, declaratory relief, injunctive relief, and reasonable attorneys' fees and costs, for: (1) violation of California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§ 17200, et seq.; (2) conversion; (3) violation of California's False Advertising Law ("FAL"), Cal. Bus. & Prof. Code §§ 17500, et seq.; (4) violation of California's Consumers Legal Remedies Act ("CLRA"), Cal. Civ. Code §§ 1750, et seq.; (5) unjust enrichment/restitution; (6) negligent misrepresentation; and (7) fraud.

#### **THE PARTIES**

7. Plaintiff Ariel Armstrong ("Plaintiff") is a citizen of California, residing in La Puente, CA. In or around October 2019, Ms. Armstrong signed up for Defendant's monthly ESO Plus Subscription via her Xbox while in California.<sup>3</sup> During the enrollment process but before finally consenting to Defendant's subscription offering, thereby completing the checkout process, Ms. Armstrong provided her payment information (specifically, the Cash App Card, a prepaid debit card) directly to Defendant. At the time Ms. Armstrong enrolled in her ESO Plus Subscription program, Defendant did not disclose to Ms. Armstrong all required automatic renewal offer terms associated with the subscription program or obtain Ms. Armstrong's affirmative consent to those terms. Further, after Ms. Armstrong completed her initial order, Ms. Armstrong received an email receipt for her purchase of an ESO Plus Subscription (the "Acknowledgment Email"). However, the Acknowledgment Email, too, failed to provide Ms. Armstrong with the complete automatic renewal terms that applied to Defendant's offer, a description of Defendant's full cancellation policy, or information regarding how to cancel Ms. Armstrong's ESO Plus Subscription in a manner capable of being retained by her. Ms. Armstrong did not receive any other acknowledgement that contained the required information. As a result, Ms. Armstrong was not placed on notice of several material terms associated with her ESO Plus Subscription. For instance, Ms. Armstrong was not made aware of the cancellation policy associated her ESO Plus Subscription, among other things. Relatedly, in or around April 2020, Ms. Armstrong attempted to

<sup>&</sup>lt;sup>3</sup> Specifically, Ms. Armstrong signed up for ESO Plus Subscription through Defendant's console store within or relating to the Xbox Gaming Platform.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

cancel her ESO Plus Subscription through her Xbox console. Nevertheless, Defendant continued to automatically renew Ms. Armstrong's ESO Plus Subscription and charge recurring renewal fees to Ms. Armstrong's Payment Method in the amount of \$14.99, the full standard monthly rate associated with Ms. Armstrong's ESO Plus Subscription plan, an additional nine times for a total of fourteen unauthorized charges amounting to \$209.86 to Ms. Armstrong's Payment Method. Thus, Ms. Armstrong's April 2020 attempt to cancel her ESO Plus Subscription plan was utterly ineffective, and Ms. Armstrong was unable to terminate her subscription at that time due to Defendant's confusing cancellation policy, the most crucial aspects of which were missing from the Checkout Page and Acknowledgment Email, and because the "mechanism for cancellation" that exists is not one Ms. Armstrong and other reasonable consumers would consider "easy-touse." As a result, Ms. Armstrong remained subscribed to ESO Plus until Defendant ultimately terminated Ms. Armstrong's ESO Plus Subscription in June of 2021 for reasons entirely unrelated to her cancellation attempt roughly ten months earlier, after Ms. Armstrong's Payment Method was declined. Had Defendant complied with the ARL, Ms. Armstrong would have been able to read and review the auto renewal terms associated with the ESO Plus Subscriptions prior to purchase, and she would not have subscribed to ESO Plus or she would have been able to cancel her ESO Plus Subscription earlier, i.e., prior to the expiration of the subscription period or the end of any subsequent monthly renewal term thereafter before Ms. Armstrong's Payment Method was declined in June 2021, so as to avoid incurring unwanted and unauthorized fees. As a direct result of Defendant's violation of the ARL, Ms. Armstrong suffered, and continues to suffer, economic injury.

8. Defendant ZeniMax Media, Inc. ("ZeniMax" or "Defendant") is a Maryland corporation with its principal place of business at 1370 Piccard Drive, Rockville, Maryland 20850. Defendant has done business throughout California and throughout the United States at all times during the Class Period. At all relevant times, acting alone or in concert with others, Defendant has advertised, marketed, sold, and distributed the ESO Plus Subscriptions and all products and services pertaining thereto, to consumers in California and throughout the United States. At all relevant times, acting alone or in concert with others, Defendant formulated, directed, controlled,

had the authority to control, and/or participated in the acts and practices set forth in this Complaint. Defendant owns and operates the ESO Plus Subscriptions, a membership program which distributes in-game digital products and items to be used in *The Elder Scrolls Online* video game, which it markets through the ESO Website and the Gaming Platforms, among other places. Defendant is also responsible for the promotion, advertisement, and/or marketing of the automatically renewing ESO Plus Subscriptions. Defendant offers access to certain exclusive ingame content on a contract or fee basis to customers who enroll in an ESO Plus Subscription. At all relevant times, Defendant has sold, and continues to sell, its ESO Plus Subscriptions in California and has done business in and throughout California and throughout the United States at all times during the Class Period. In connection with the ESO Plus Subscriptions, Defendant made automatic renewal offers to consumers in California and throughout the United States via the ESO Website and the Gaming Platforms all times during the Class Period.

9. Plaintiff reserves the right to amend this Complaint to add different or additional defendants, including without limitation any officer, director, employee, supplier, or distributor of Defendant who has knowingly and willfully aided, abetted, and/or conspired in the false and deceptive conduct alleged herein.

#### JURISDICTION AND VENUE

- 10. This Court has subject matter jurisdiction pursuant to California Business and Professions Code, Sections 17203, 17204, and 17535, and Section 1780 of the Civil Code.
- 11. This Court has personal jurisdiction over the parties because Plaintiff resides in California and submits to the jurisdiction of the Court, and because Defendant, at all times relevant hereto, has systematically and continually conducted, and continues to conduct, business in this State. Moreover, Defendant has purposefully availed itself of the laws and benefits of doing business in this State, and Plaintiff's and Class members' claims arise out of Defendant's forum-related activities. Furthermore, a substantial portion of the events giving rise to Plaintiff's claims occurred in this State, including Plaintiff's and Class members' purchases of the ESO Plus Subscriptions at issue in this case.

12. Venue is proper in this Court pursuant to Civil Code § 1780(d) because a substantial part of the events, omissions, and acts giving rise to Plaintiff's and Class members' claims herein occurred in this District. Moreover, Plaintiff resides in this County and purchased Defendant's ESO Plus Subscription in this County.

#### FACTUAL BACKGROUND

#### A. Background On The Subscription e-Commerce Industry

- 13. The e-commerce subscription model is a business model in which retailers provide ongoing goods or services "in exchange for regular payments from the customer." Given the prevalence of online and e-commerce retailers, subscription e-commerce has grown rapidly in popularity in recent years. Subscription e-commerce services now target a wide range of customers and cater to a variety of specific interests.
- 14. For background, the MMORPG video game ESO was originally marketed and sold only for play on PC/Mac, and all players were required to pay a monthly subscription fee to participate. Defendant relaunched ESO in or around March 2015 as part of a game-wide transition by Bethesda, the publisher of ESO and a subsidiary of Defendant ZeniMax, to a "freemium" subscription model. Under this model, the *basic* game play is free, such that players have the option to play ESO via additional or alternative Gaming Platforms (*e.g.*, the Xbox and PlayStation consoles), without being required to enroll in a paid ESO Plus Subscription. However, access to *premium* in-game benefits, such customizable downloadable content and other exclusive digital products to be used within the ESO universe, is reserved for paid subscribers to the ESO Plus Subscriptions, and is provided in exchange for recurring renewal fees. The ESO Plus

<sup>&</sup>lt;sup>4</sup> Core DNA, How to Run an eCommerce Subscription Service: The Ultimate Guide (May 19, 2020), https://www.coredna.com/blogs/ecommerce-subscription-services.

<sup>&</sup>lt;sup>5</sup> ESO Website News, ESO HEADS TO CONSOLES JUNE 9TH (Jan. 21, 2015), https://www.elderscrollsonline.com/en-us/news/post/25029.

<sup>&</sup>lt;sup>6</sup> Polygon, *The Elder Scrolls Online loses subscription in March on PC, June 9 on PS4 and Xbox One (correction)* (Jan. 21, 2015), https://www.polygon.com/2015/1/21/7865919/the-elder-scrolls-online-release-date-ps4-xbox-one-subscription-free-tamriel-unlimited.

Subscription program was launched in or around March 2015 in conjunction with this game-wide transition.<sup>7</sup>

- 15. The production, sale, and distribution of subscription-based products and services is a booming industry that has exploded in popularity over the past few years. According to Forbes, "[t]he subscription e-commerce market has grown by more than 100% percent a year over the past five years, with the largest retailers generating more than \$2.6B in sales in 2016, up from \$57.0M in 2011."8 Further, the COVID-19 pandemic led to subscription growth "across industries and verticals."9
- 16. However, as *The Washington Post* has noted, there are downsides associated with the subscription-based business model. While the subscription e-commerce market has low barriers and is thus easy to enter, it is considerably more difficult for retailers to dominate the market due to the "highly competitive prices and broad similarities among the leading players." In particular, retailers struggle with the fact that "[c]hurn rates are high, [] and consumers quickly cancel services that don't deliver superior end-to-end experiences." Yet, retailers have also recognized that, where the recurring nature of the service, billing practices, or cancellation process is unclear or complicated, "consumers may lose interest but be too harried to take the extra step of

<u>...</u>

<sup>&</sup>lt;sup>7</sup> *Id*.

<sup>&</sup>lt;sup>8</sup> Forbes, *The State Of The Subscription Economy*, 2018 (Mar. 4, 2018), https://www.forbes.com/sites/louiscolumbus/2018/03/04/the-state-of-the-subscription-economy-2018/#6ad8251a53ef.

<sup>&</sup>lt;sup>9</sup> Forbes, *Retail Subscriptions Thrive During COVID-19* (Jul. 15, 2020), https://www.forbes.com/sites/kaleighmoore/2020/07/15/retail-subscriptions-thrive-during-covid-19/?sh=7fd32cf42a0b.

Washington Post, Little-box retailing: Subscription services offer new possibilities to consumers, major outlets (Apr. 7, 2014), https://www.washingtonpost.com/business/economy/tktktktk/2014/04/07/f68135b6-a92b-11e3-

<sup>8</sup>d62-419db477a0e6\_story.html.

11 McKinsey & Company, *Thinking inside the subscription bcx: New research on e-commerce consumers* (Feb. 2018), https://www.mckinsey.com/industries/technology-media-and-

telecommunications/our-insights/thinking-inside-the-subscription-box-new-research-on-ecommerce-consumers#0.

<sup>&</sup>lt;sup>12</sup> *Id*.

cancelling their membership[s]."<sup>13</sup> As these companies have realized, "[t]he real money is in the inertia."<sup>14</sup> As a result, "[m]any e-commerce sites work with third-party vendors to implement more manipulative designs."<sup>15</sup> That is, to facilitate consumer inertia, a number of subscription e-commerce companies, including Defendant, "are now taking advantage of subscriptions in order to trick users into signing up for expensive and recurring plans. They do this by intentionally confusing users with its [website]'s design and flow, by making promises of 'free trials' that convert after only a matter of days, and other misleading tactics."<sup>16</sup>

Defendant has successfully implemented this tactic. As of March 2020,
Defendant's ESO game had "over 15 million subscribers," and that number "is likely even higher" following the release of new in-game expansion packs and downloadable content ("DLC")s. Significantly, Rich Lambert, creative director at ZeniMax Online Studios (another of Defendant's subsidiaries), confirmed in a March 2020 virtual presentation from ZeniMax Online Studios that the game was "still growing, not slowing down." Today, ESO averages about 20,000 active players at any given time. Moreover, in recent months Defendant has enjoyed particularly rapid growth to its ESO player-base in light of the fact that the video game industry

<sup>&</sup>lt;sup>13</sup> Washington Post, Little-box retailing: Subscription services offer new possibilities to consumers, major outlets (Apr. 7, 2014), https://www.washingtonpost.com/business/economy/tktktktk/2014/04/07/f68135b6-a92b-11e3-8d62-419db477a0e6 story.html.

<sup>&</sup>lt;sup>14</sup> *Id*.

<sup>&</sup>lt;sup>15</sup> Business Insider, A new study from Princeton reveals how shopping websites use 'dark patterns' to trick you into buying things you didn't actually want (Jun. 25, 2019), https://www.businessinsider.com/dark-patterns-online-shopping-princeton-2019-6.

<sup>&</sup>lt;sup>16</sup> TeahCrunch, Sneaky subscriptions are plaguing the App Store (Oct. 15, 2018), https://techcrunch.com/2018/10/15/sneaky-subscriptions-are-plaguing-the-app-store/.

<sup>&</sup>lt;sup>17</sup> Forbes, 'Elder Scrolls Online' Is 'Still Growing, Not Slowing Down' With Over 15 Million Players (Mar. 29, 2020), https://www.forbes.com/sites/davidjagneaux/2020/03/30/elder-scrolls-online-is-still-growing-not-slowing-down-with-over-15-million-players/?sh=137ba80e5ec3.

<sup>&</sup>lt;sup>18</sup> Forbes, 'Elder Scrolls Online' Is 'As Popular As It's Ever Been' Following Greymoor's Return To Skyrim (Jun. 5, 2020), https://www.forbes.com/sites/davidjagneaux/2020/06/05/elder-scrolls-online-is-as-popular-as-its-ever-been-following-greymoors-return-to-skyrim/?sh=378a0a0e6211.

<sup>&</sup>lt;sup>19</sup> Forbes, 'Elder Scrolls Online' Is 'Still Growing, Not Slowing Down' With Over 15 Million Players (Mar. 29, 2020), https://www.forbes.com/sites/davidjagneaux/2020/03/30/elder-scrolls-online-is-still-growing-not-slowing-down-with-over-15-million-players/?sh=137ba80e5ec3.

<sup>&</sup>lt;sup>20</sup> Steam Charts, The Elder Scrolls Online, https://steamcharts.com/app/306130#All.

has enjoyed a "recent surge ... in the conditions created by the pandemic." Specifically, ESO players have surged from averaging under 15,000 players at any given time pre-pandemic, to an average closer to 30,000 at the beginning of the pandemic, and finally stabilizing at its current average of a nearly 20,000-player increase at any given time. Relevant here, although Defendant does not officially release the number of paid subscribers to the ESO Plus Subscriptions, estimates indicate that the ESO Plus subscriber base is around "2/3rds to 3/4ths of the people you see running around in the game." Consistently with this approximation, according to a player-run poll on the ESO Website, 71% of players polled answered affirmatively to having an ESO Plus Subscription.<sup>24</sup>

#### B. Online Consumer Complaints About The ESO Plus Subscriptions

18. Defendant's recent growth in revenues and subscriber count with respect to its ESO Plus Subscriptions coincides with a sharp decline in subscriber satisfaction as the ESO Plus Subscriptions and the platforms from which they operate have become riddled with "dark patterns." A dark pattern is "a user interface carefully crafted to trick users into doing things they might not otherwise do, such as ... signing up for recurring bills." Indeed, as one ESO Website Forum blogger has suggested, Defendant is among the many companies that "have joined this dark shady side of modern gaming." Specifically, Defendant has been using various types of dark

Washington Post, *The giants of the video game industry have thrived in the pandemic. Can the success continue?* (May 14, 2020), https://www.washingtonpost.com/video-games/2020/05/12/video-game-industry-coronavirus/.

<sup>&</sup>lt;sup>22</sup> Steam Charts, The Elder Scrolls Online, https://steamcharts.com/app/306130#All.

<sup>&</sup>lt;sup>23</sup> ESO Website Forum, *ESO Plus sub numbers?* (May 9, 2019), https://forums.elderscrollsonline.com/en/discussion/473136/eso-plus-sub-numbers.

<sup>&</sup>lt;sup>24</sup> ESO Website Forum, *Are you currently an ESO Plus Subscriber?* (Nov. 12, 2015), https://forums.elderscrollsonline.com/en/discussion/230701/are-you-currently-an-eso-plus-subscriber.

<sup>&</sup>lt;sup>25</sup> Dark patterns in UX: how designers should be responsible for their actions (Apr. 15, 2018), https://uxdesign.cc/dark-patterns-in-ux-design-7009a83b233c (quoting UX designer Harry Brignull, PhD Cognitive Science, who coined the term "Dark Patters" in August 2010).

<sup>&</sup>lt;sup>26</sup> ESO Website Forum, *Interesting Read - MMO Psychology* (Oct. 30, 2017), https://forums.elderscrollsonline.com/en/discussion/comment/4604621#Comment\_4604621.

patterns, including but not limited to "roach motel," "misdirection," and "forced continuity," 29 in order to prevent user unsubscription from the ESO Plus Subscriptions by adopting complex cancellation procedures to increase the friction in the subscription cancellation process.

Defendant's utilization of these dark patterns – especially in conjunction with its failure to fully disclose the terms of its automatic-renewal programs (discussed further below) – has led to a reduction in churn rates by making it next to impossible for subscribers to cancel their ESO Plus Subscriptions. It has further led to an increase in accidental or unintentional sign-ups by consumers for paid ESO Plus Subscriptions plans, in effect increasing subscriber count and, thus, Defendant's overall revenues from renewal fees.

19. Defendant's conduct has drawn the attention and ire of customers across the country, with countless angry customers taking to the Internet to voice their discontent over Defendant's broken promises. For instance, numerous subscribers have left scathing reviews directly on the ESO Website Forum page (https://forums.elderscrollsonline.com/en/), in various conversation threads, complaining of the unclear billing practices and confusing cancellation policy associated with the ESO Plus Subscriptions:<sup>30</sup>

<sup>&</sup>lt;sup>27</sup> "Reach motel" refers to a "design [that] makes it very easy for [consumers] to get into a certain situation, but then makes it hard for [consumers] to get out of it (e.g. a subscription)." https://www.darkpatterns.org/types-of-dark-pattern/roach-motel.

<sup>&</sup>lt;sup>28</sup> "Misdirection" is a type of dark pattern where a website's "design purposefully focuses [customers'] attention on one thing in order to distract [them] attention from another." In many cases, "[w]hat's deceptive is the way [the website] presents [purchase] options: it uses misdirection to hide what is actually happening[.]" https://www.darkpatterns.org/types-of-dark-pattern/misdirection.

<sup>&</sup>lt;sup>29</sup> One example of "forced continuity," another type of dark pattern, is where customers' sign up for a "free trial with a service[that] comes to an end and [their] credit card silently starts getting charged without any warning. [The subscriber is] are then not given an easy way to cancel the automatic renewal." https://www.darkpatterns.org/types-of-dark-pattern/forced-continuity.

<sup>&</sup>lt;sup>30</sup> See https://forums.elderscrollsonline.com/en/discussion/546235/eso-plus-cancellation-issue (Sep. 2020); https://forums.elderscrollsonline.com/en/discussion/527699/option-to-cancel-eso-plus-on-yourwebsite-is-just-not-there (May 2020);

https://forums.elderscrollsonline.com/en/discussion/475804/cancelling-your-subscription (May 2019); https://forums.elderscrollsonline.com/en/discussion/comment/4913880#Comment\_4913880 (Mar. 2018); https://forums.elderscrollsonline.com/en/discussion/375741/charged-for-eso-plus-membership (Oct. 2017);

https://forums.elderscrollsonline.com/en/discussion/comment/4490822#Comment\_4490822 (Sep. 2017); https://forums.elderscrollsonline.com/en/discussion/372841/i-just-want-to-cancel-my-

20

21

22

23

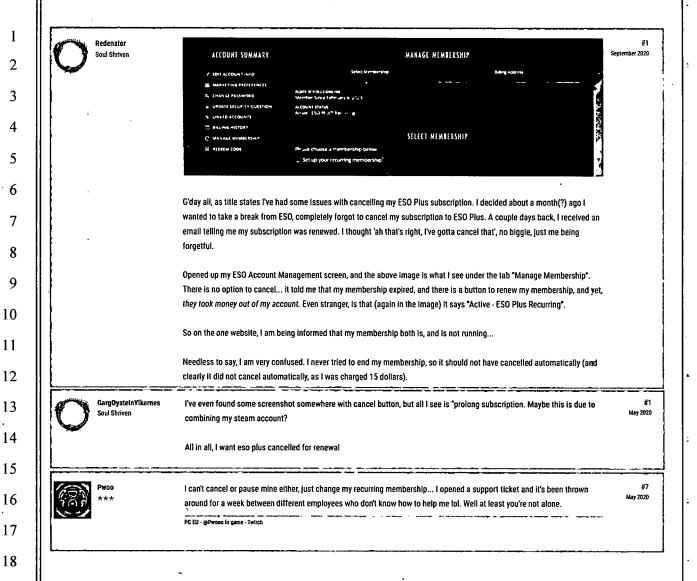
24

25

26

27

28



account (Sep. 2017); https://forums.elderscrollsonline.com/en/discussion/362860/cant-cancel-my-account-cant-find-a-way-to-contact-customer-support (Jul. 2017);

https://forums.elderscrollsonline.com/en/discussion/307498/cant-cancel-my-eso-plus-subscription ("Cant cancel my ESO plus Subscription") (Dec. 2016);

https://forums.elderscrollsonline.com/en/discussion/comment/3462077#Comment\_3462077 (Oct. 2016); https://forums.elderscrollsonline.com/en/discussion/284332/help-i-cant-cancel-my-subscription-or-email-support (Aug. 2016);

https://forums.elderscrollsonline.com/en/discussion/240363/i-cancelled-my-eso-plus-membership-however-payment-still-taken (Jan. 2016);

https://forums.elderscrollsonline.com/en/discussion/comment/2279968#Comment\_2279968 ("the insane process of cancelling your ESO+ membership on xbox one") (Sep. 2015);

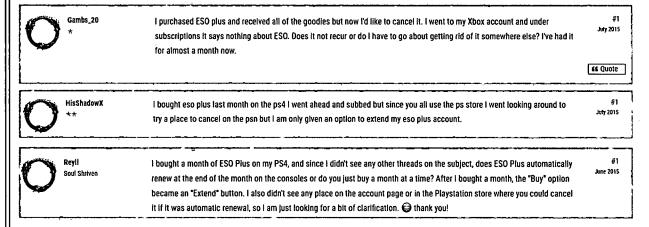
https://forums.elderscrollsonline.com/en/discussion/209777/how-do-i-cancel-my-eso-plus-sub-ps4 (Aug. 2015); https://forums.elderscrollsonline.com/en/discussion/195086/eso-billed-me-without-my-permission ("Eso billed me without my permission") (Jul. 2015).

| Donatelllo     | So I have basically stopped playing ESO and decided to cancel my sub. This I have found to be impossible. I don't know if   | #<br>May 201        |
|----------------|---|---------------------|
|                | ESO is just making this as hard as possible or if they have created a process that will allow them to continue billing people for an extra month or more?   |                     |
|                | So after digging around in the support area of the ESO site I found this:   |                     |
|                | PC/Mac accounts   |                     |
|                | To cancel your ESO Plus membership on a PC/Mac account you should follow these steps:   |                     |
|                | Log into the ESO account here: account.elderscrollsonline.com.  |                     |
|                | Select <b>Manage Membership</b> under the "My Account" section at the left-hand side.   |                     |
|                | Select Cancel Membership and confirm by clicking Please cancel my membership.   |                     |
|                | A banner will appear at the top of the page to confirm that the recurring membership is no longer active.   |                     |
|                | Note that the Account ESO Plus status changed to "Cancelled."   |                     |
|                | When completed, an e-mail from The Elder Scrolls Online will arrive, confirming the cancellation  |                     |
|                | So then I go to the account link. I log in and suprise suprise there is no Manage Membership link to select!  |                     |
|                | These are the links available:  |                     |
|                | My Account  |                     |
|                | Edit Account Info   |                     |
|                | Marketing Preferences   |                     |
|                | Change Password   |                     |
|                | Update Security Question  |                     |
|                | Linked Accounts   |                     |
|                | Billing History   |                     |
|                | Redeem Code   |                     |
|                | NO MANAGE MEMBERSHIP LINK!!!!!  |                     |
|                | I was reduced to putting in a support ticket explaining why I want to cancel my subscription. Disgusting to say the least.  |                     |
|                | I am calling out ESO and Bethesda for this soft scam. It is making what should be an easy process into an impossible one. I   |                     |
|                | have submitted a ticket and I await your reply. If another payment is removed from my account please realise that this is being done without my permission.   |                     |
| Sinfulbeing    | My ESO Plus membership is renewing tomorrow and I have attempted multiple times to cancel. It should have been canceled   | #<br>March 201      |
| O'             | like 2 months ago but I just got an email stating I was charged for the next month. Please get in touch with me and fix this.   | marsh 20            |
|                |   | 66 Quot             |
| hightowermusic | hello, My wife's account was just charged for an eso plus membership. we DO NOT play eso and havent in about 6 months.  | #<br>October 20     |
| 1              | We both made sure our eso plus memberships were canceled when we stopped playing. Which wasn't very easy to do. I am assuming this is a mistake and the charges will be reversed immediately. My wife's account name is Samanthadear                |                     |
| ArchMikem      | I haven't been logging in lately and don't really plan on until Clockwork City is released, so I decided to stop paying \$15 a  | #1<br>September 201 |
|                | month for no reason. Thing is, there is NO way I can Cancel my ESO Plus Sub by any direct means. It doesn't give the option through Console. There is no option to through my Account on Xbox Live's website, and ZOS' Support page just says to go | September 201       |
|                |   |                     |

| O **        | gerSeptim<br>k       | Hello- I'm trying to cancel my game account with <i>The Elder Scrolls Online</i> . I've tried emailing both support and accounts <a href="Melderscrollsonline"><u>@elderscrollsonline</u></a> .com with the result, "Google couldn't send your message." So I hopped over to Support, which lists plenty of articles on how to cancel one's <i>ESO Plus subscription</i> but it seems info on canceling one's account is scarce. I tried the support portal, but it has nothing on the subject. | #<br>September 201  |
|-------------|----------------------|---|---------------------|
|             |                      | Zenimax, it is very simple. You put me in touch with a real human being or I will ACT as if my account were deleted and not visit this site or play the game again. I.e. you'll have lost a customer.   |                     |
| J (A) (A)   | rilanthe             | I thought I had cancelled my account but my bank just got charged for ESO plus today.  I have 2 accounts that I can log into, and one says "active" but also says expired, and one doesn't have anything.   | #1<br>July 2017     |
|             |                      | I may have made a 3rd account but I don't remember, and I am fairly sure I never signed up for ESO plus on any but my main one.   |                     |
|             |                      | Customer support for this game is horrible. I go to the support page and no matter where I go all I get is redirected to the FAQ or the Forums, I can't find any place with an email, or phone number, or any method to contact customer support to try and get help to cancel whatever account is still charging me.   |                     |
| <del></del> | <del></del>          | Any help would be greatly appreciated.  |                     |
|             | oonotus<br>****      | On xbox one.  I go to subscriptions, click ESO plus and there is no option under payment and billing to remove  I go to my payment options and try to remove the payment option linked to my acc, it says I have to turn off auto renewal for subscriptions before I can remove payment option.  Help   | #1<br>December 2016 |
|             | <u>-</u>             | I feel like this is an elaborate ESO, Xbox one ruse   |                     |
| 46 4        | lodark<br>Il Shriven | this is getting very old ESO I got another charge from you guys on 10-19-16 again for 39.99 I better be getting my money back.  | #1<br>October 2016  |
| ~           |                      | my bank has already taken action now.   |                     |
| laur<br>*   | ra1392               | Don't play the game as much as I used to, and I'm stop paying out a tenner ever month for plus. I canceled it a while back through PS4 subscription page on the settings on my console, but I went back onto it to do the same, and it's gone.  | #1<br>August 2010   |
|             |                      | Has it changed in order to cancel the subscription, or am I missing something? I checked in game to see if there was an option there, but I can't seem to find anything.  |                     |
| Snos:       | torm85b16_ESO        | I cancelled my ESO plus membership, however a payment has just been taken from my account, furthermore i checked my account and the ESO plus membership is still active.  What is going on, this is massively unacceptable.   | #1<br>January 2016  |
| No.         | omfy-Mop             | So I got ESO plus when I first bought ESO and found it to be not that great (bonus XP and gold is kinda meh and bonus crowns is just pointless for me since there's nothing in the crown store that interests me) so I figured I'd just let it expire.  | #1<br>August 201    |
|             |                      | Untill I got an email from PlayStation thanking me for my purchase and I thought "what? I didn't purchase anything Sony's trippin hard"   |                     |
|             |                      | As it turns out (and obviously I didn't realise this) the ESO plus sub is an automatic renewal service, so I had money removed from my bank to add credits to my ps store wallet because I didn't have enough to buy the renewal that I didn't want Not to pleased with ZOS and Sony right now.   | ī                   |
|             |                      | So does anyone know how to cancel the automatic renewal so I can let my ESO plus run out?   | ^                   |

| Twilanthe *** | I followed the instructions here: <a href="https://help.elderscrollsonline.com/app/answers/detail/a_id/27718/~/how-do-i-cancel-my-eso-plus-membership?">https://help.elderscrollsonline.com/app/answers/detail/a_id/27718/~/how-do-i-cancel-my-eso-plus-membership?</a>  | August 20 |
|---------------|--|-----------|
|               | When I get to my Manage Account page there is nothing there. No button to cancel, no way to edit my payment method or change my billing address or anything. It just says:   |           |
|               | ELDER SCROLLS ONLINE Member Since November 20, 2013  |           |
|               | ACCOUNT STATUS Active - ESO Plus™ Recurring  |           |
|               | I've done everything I can think of the cancel my subscription, there is nothing here. I've scoured the page for a button or link, I've googled how to cancel, and I've tried to email support, but when I click the button to send my email nothing happens! My account is set to renew on the 14th, I DO NOT want to renew for another month.                                      |           |
|               | Please, how can I cancel my account if there is no button to cancel and no way to email the company to cancel?   |           |
|               | Liic - Argonian Necromanoer Healer<br>PC-NA  |           |
| Ignotus ***   | I just discovered the same thing. Maybe they are hard up and disabled the cancel button   Mine renews in two days and I cannot cancel it. I'm not concerned though, my prepaid card will decline the charge and I won't be billed for anything. If some people DO get billed and cannot cancel, I think there may be some trouble brewing. Anyway, here is what I see on the account | August 2  |
|               | page when I press the MANAGE MEMBERSHIP button. NO CANCEL BUTTON!  | ·         |
| Twilanthe *** | I tried calling two of their "support" numbers and got an automated response saying I've called a "former support number" and to go to the site for helpwtf.   | August 2  |
|               | Cancel doesn't work  |           |
|               | their email form doesn't work<br>their phone line doesn't work   |           |
|               | Ignotus, I see the same thing, it looks exactly like that.<br>Edited by Twilanthe on August 11, 2016 10:58AM   |           |
|               | Lüc - Argonian Necromancer Healer<br>PC-NA   |           |
| Ignotus ***   | I'm on Windows 10 build 10586. I am using Firefox 47, but I also tried Edge and got the exact same page without a cancel button. I tried IE 11 but the account page won't even open in that.   | August 2  |
| Twilanthe *** | I've tried chrome, IE and Edge. I've tried on my cell phone and android tablet, I've tried clearing my cache, and I've tried on a friends computer running windows 8 and a work computer running XP. If its the same on all those browsers/devices, I think its a site issue and not on our end.   | August 2  |
|               | Lüc - Argonian Necromancer Healer<br>PC-NA   |           |
| Ciovata ***   | I have the same problem!   | August 2  |
|               | Looking for a mature and helpful social guild - play PVE, PvP, and like crafting.  |           |
|               |  |           |

| LrdRehvin<br>*****                     | ZOS_JessicaFolsom wrote: > We're looking into this, everyone. There should be a button there that isn't. Thanks for bringing it to our attention.  | #11<br>August 2016            |
|--|--|-------------------------------|
|  | This is a novel form of customer retention.  |                               |
|  | https://imgflip.com/i/nwt2   |                               |
| LrdRahvin<br>*****                     | ZOS_JessicaFolsom wrote: > We're looking into this, everyone. There should be a button there that isn't. Thanks for bringing it to our attention.  | #1<br>August 201              |
|  | This is a novel form of customer retention.  |                               |
|  | https://imgflip.com/i/nvv12  |                               |
| Ciovala ***                            | Yes, please let us know when it's fixed, please. Not cool to be renewing us when such a bug exists.  | #1<br>August 20               |
|  | Looking for a mature and helpful social guild - play PvE, PvP, and like crafting.  |                               |
| ZOS_JessicaFolsom<br>Community Manager | Small update on this for everyone: it looks like the "Cancel" button went missing off the page within the last 24 hours. This is a bug and should be fixed within a day. In the meantime, if you have an immediate need to cancel your recurring ESO Plus membership, please contact our <u>Support team</u> . | #1<br>August 20<br><b>〈 Z</b> |
|  | Jessica Folsom Senior Community Manager (English) - The Elder Scrolla Online Facebook   Twitter   Twitch   Tumbir   Instagrum   YouTube   Support  |                               |
| Pewpewcannon *                         | MostIf not all games that have a subscription model for customers, have an easy way of cancelling your account if you so wish.   | September 2                   |
|  | This is not the case for Elder Scrolls Online on Xbox One.   |                               |
|  | There is zero ways to cancel your account from the actual xbox. You cant do it in game. It doesnt even MENTION it in game. No help topics, nothing. I find that absolutely ludicrous for anyone who doesnt have a computer.  |                               |
|  | You can try to pull up the "subscriptions" tab under the xbox one settings menu, but there is nothing there either to cancel it. It just shows you the details behind the actual sub.  |                               |
|  | So any disgruntled person would say heyits a pain, but let me go log into the ESO website and get it cancelled that way.   |                               |
|  | NOPE. You cant even cancel your sub on THE OFFICIAL GAME SITE. It tells you to go to the Xbox support page.  |                               |
|  | WHICH HAS NOTHING AT ALL LISTED ANYWHERE ABOUT HOW TO CANCEL YOUR SUBSCRIPTION.  |                               |
|  | After a day of figuring this out, it was too late. I got charged for another month today. Another month that I wont even play.   |                               |
|  | Xbox support says they cant refund the charge since it was an automatic charge, they could only stop future payments.  |                               |
|  | 3,,  |                               |



20. The above reviews are just a sampling of numerous negative reviews consumers have left regarding Defendant's ESO Plus Subscriptions and the unclear cancellations policy and confusing billing associated with the ESO Plus Subscriptions. As discussed below, these consumer complaints reveal a widespread pattern of uniform unlawful conduct by Defendant, underscoring the artifice devised and employed by Defendant to lure and deceive millions of consumers into enrolling, and remaining enrolled, in its paid ESO Plus Subscription programs.

#### C. California's Automatic Renewal Law

- 21. In 2010, the California Legislature enacted the Automatic Renewal Law ("ARL"), Cal. Bus. & Prof. Code §§ 17600, et seq., with the intent to "end the practice of ongoing charging of consumer credit or debit cards or third party payment accounts without the consumers' explicit consent for ongoing shipments of a product or ongoing deliveries of service." Cal. Bus. & Prof. Code § 17600 (statement of legislative intent). More recently, in 2018, California's Senate Bill 313 amended Section 17602 of the ARL, adding new requirements meant to increase consumer protections for, among other things, orders that contain free trial and promotional pricing, and subscription agreements entered into online.
- 22. The ARL makes it "unlawful for any business making an automatic renewal or continuous service offer to a consumer in this state to do any of the following:"
  - (1) Fail to present the automatic renewal offer terms or continuous service offer terms in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity, or in the case of an offer conveyed by voice, in temporal proximity, to the request for consent to the offer. If the offer also

| 1  |
|----|
| 2  |
| 3  |
| 4  |
| 5  |
| 6  |
| 7  |
| 8  |
| 9  |
| 10 |
| 11 |
| 12 |
| 13 |
| 14 |
| 15 |
| 16 |
| 17 |
| 18 |
| 19 |
| 20 |
| 21 |
| 22 |
| 23 |
| 24 |
| 25 |
| 26 |
| 27 |

includes a free gift or trial, the offer shall include a clear and conspicuous explanation of the price that will be charged after the trial ends or the manner in which the subscription or purchasing agreement pricing will change upon conclusion of the trial.

- (2) Charge the consumer's credit or debit card, or the consumer's account with a third party, for an automatic renewal or continuous service without first obtaining the consumer's affirmative consent to the agreement containing the automatic renewal offer terms or continuous service offer terms, including the terms of an automatic renewal offer or continuous service offer that is made at a promotional or discounted price for a limited period of time.
- (3) Fail to provide an acknowledgment that includes the automatic renewal offer terms or continuous service offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer. If the automatic renewal offer or continuous service offer includes a free gift or trial, the business shall also disclose in the acknowledgment how to cancel, and allow the consumer to cancel, the automatic renewal or continuous service before the consumer pays for the goods or services.

Cal. Bus. & Prof. Code §§ 17602(a)(1)-(3).

23. Section 17602(b) of the ARL further provides:

A business that makes an automatic renewal offer or continuous service offer shall provide another cost-effective, timely, and easy-to-use mechanism for cancellation that shall be described in the acknowledgment specified in paragraph (3) of subdivision (a).

Cal. Bus. & Prof. Code § 17602(b).

- 24. Additionally, following the 2018 amendment to the ARL, the updated law requires e-commerce sellers, doing business in California, to allow online cancellation of auto-renewing memberships or recurring purchases that were initiated online. Specifically, Section 17602(c) provides:
  - [A] consumer who accepts an automatic renewal or continuous service offer online shall be allowed to terminate the automatic renewal or continuous service *exclusively online*, which may include a termination email formatted and provided by the business that a consumer can send to the business without additional information.

Cal. Bus. & Prof. Code § 17602(c) (emphasis added). The updated ARL also requires a seller who provides an automatic offer that includes a free gift, trial, or promotional pricing to notify consumers about how to cancel the auto-renewal before they are charged. Sellers must also

explain the price to be charged when the promotion or free trial ends. If the initial offer is at a promotional price that is only for a limited time and will increase later, the seller must obtain consumer consent to the non-discounted price prior to billing. *Id*.

- 25. Section 17601(a) of the ARL defines the term "Automatic renewal" as a "plan or arrangement in which a paid subscription or purchasing agreement is automatically renewed at the end of a definite term for a subsequent term." Cal. Bus. & Prof. Code § 17601(a).
- 26. Section 17601(b) of the ARL defines the term "Automatic renewal offer terms" as "the following clear and conspicuous disclosures: (1) That the subscription or purchasing agreement will continue until the consumer cancels. (2) The description of the cancellation policy that applies to the offer. (3) The recurring charges that will be charged to the consumer's credit or debit card or payment account with a third party as part of the automatic renewal plan or arrangement, and that the amount of the charge may change, if that is the case, and the amount to which the charge will change, if known. (4) The length of the automatic renewal term or that the service is continuous, unless the length of the term is chosen by the consumer. (5) The minimum purchase obligation, if any." Cal. Bus. & Prof. Code § 17601(b).
- 27. Pursuant to Section 17601(c) of the ARL, "clear and conspicuous" or "clearly and conspicuously" means "in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from the surrounding text of the same size by symbol ls or other marks, in a manner that clearly calls attention to the language." Cal. Bus. & Prof. Code § 17601(c).
- 28. Finally, Section 17603 of the ARL provides that where a "business sends any goods, wares, merchandise, or products to a consumer, under a continuous service agreement or automatic renewal of a purchase, without first obtaining the consumer's affirmative consent[,]" the material sent will be deemed "an unconditional gift to the consumer, who may use or dispose of the same in any manner he or she sees fit without any obligation whatsoever on the consumer's part to the business[.]" Cal. Bus. & Prof. Code § 17603.
- 29. As alleged below, Defendant's practices on the ESO Website and Console Stores systematically violate Sections 17602(a)(1), 17602(a)(2), and 17602(a)(3) of the ARL.

#### D. Defendant's Business: The ESO Plus Subscription Enrollment Process

- 30. At all relevant times herein, Defendant has offered, via the ESO Website and Gaming Platforms, various ESO Plus Subscriptions for premium benefits, including exclusive access to digital in-game products and customizable and downloadable content on a contract or fee basis. The ESO Plus Subscriptions are offered on a recurring basis for renewal terms of varying length.s<sup>31</sup>, and all plans automatically renew at the end of the defined renewal term unless the subscriber cancels. For example, when customers sign up for a 30-day ESO Plus Subscription for PC, at the end of the initial monthly renewal period, their subscriptions are automatically renewed and their Payment Methods are charged the full standard monthly rate of \$14.99 for the subsequent month, and every month thereafter if they do not cancel.<sup>32</sup> Defendant's ESO Plus Subscriptions constitute automatic renewal and/or continuous service plans or arrangements for the purposes of Cal. Bus. & Prof. Code § 17601.
- 31. To sign up for Defendant's ESO Plus Subscriptions, the consumer must first select a program. From a single webpage of the ESO Website, prospective subscribers can review and compare the features of and can find links to the individual enrollment webpages for each of Defendant's paid subscription plan offerings, including the ESO Plus Subscriptions at issue.
- 32. Consumers can sign up for one of Defendant's ESO Plus Subscription plans through the ESO Website, or through console stores within the Gaming Platforms. Customers who purchase an ESO Plus Subscription via the ESO Plus Website and/or Gaming Platforms are automatically enrolled by Defendant in their chosen ESO Plus Subscription plan going forward, by default. In addition to paid memberships, customers may also often sign up for the ESO Plus Subscriptions on a free-trial or discounted promotional basis. Nevertheless, customers that enroll in a free trial or at a discounted rate, like those that sign up for a paid subscription, must enroll in

<sup>&</sup>lt;sup>31</sup> Currently, the ESO Website offers ESO Plus Subscription options at the following price points and renewal terms: \$14.99 per month for the monthly automatic renewal plan; \$13.99 per month for the 3-month automatic renewal plan (at a purported total cost of \$41.97); \$12.99 per month for the 6-month automatic renewal plan (at a purported total cost of \$77.94); and \$11.67 per month for an annual automatic renewal plan (at a purported total cost of \$139.00). See https://www.elderscrollsonline.com/en-us/esoplus.

<sup>&</sup>lt;sup>32</sup> *Id*.

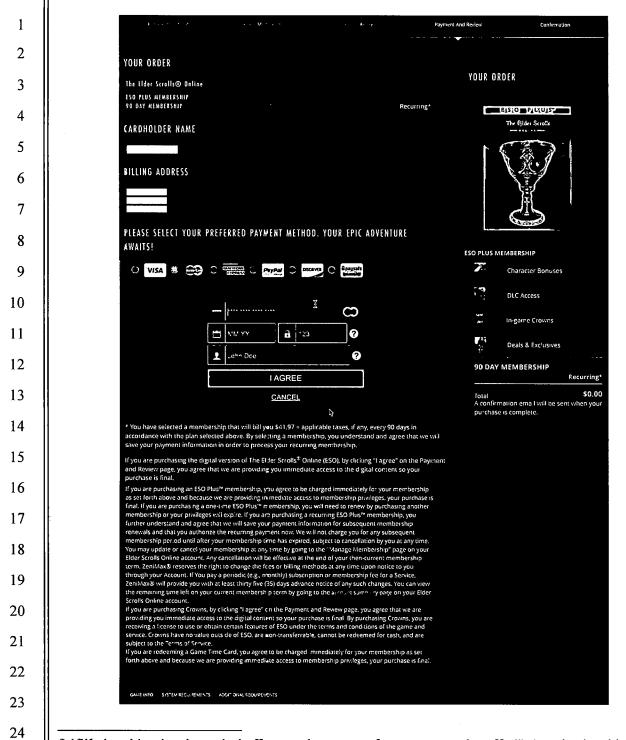
the ESO Plus Subscription through the ESO Website or Gaming Platforms and provide Defendant with their payment information at the time of enrollment. Customers' free-trial and time-limited promotional ESO Plus Subscriptions automatically convert to paid monthly subscriptions at the end of the trial or promotional period, at which point those users are also automatically enrolled by Defendant in a paid ESO Plus Subscription program and their Payment Methods are automatically charged by Defendant on a recurring, monthly basis in the amount of the full standard rate associated with a given ESO Plus Subscription plan, continuing indefinitely until the customer takes affirmative steps to cancel.

- 33. The enrollment process for the ESO Plus Subscriptions is substantially the same, regardless of the medium used. After selecting one of the ESO Plus Subscription plans, those navigating the enrollment process on the ESO Website or through the Gaming Platforms are directed to a final webpage (the "Checkout Page"), where prospective subscribers are prompted to input their payment information and then invited to complete their purchase. For the purposes of the ARL and this Complaint, the "relevant portion of the Checkout Page" refers to the text of that portion of the Checkout Page that appears "in visual proximity to the request for consent to the offer[,]" which in this case pertains to the text in the immediate vicinity of, but *before* 33, the final button that customers must press in order to complete the checkout process.
- 34. By way of example, when a consumer signs up for a ESO Plus Subscription for PC through the desktop version of the ESO Website– specifically, for the plan that automatically renews at the standard rate of \$41.97 every 90 days<sup>34</sup> the "relevant portion of the Checkout Page" refers to the disclosures in the block of text in visual proximity to, and more specifically, *above* the red "I AGREE" button (*i.e.*, the "request for consent"): <sup>35</sup>

<sup>&</sup>lt;sup>33</sup> See infra ¶ 33 n.40.

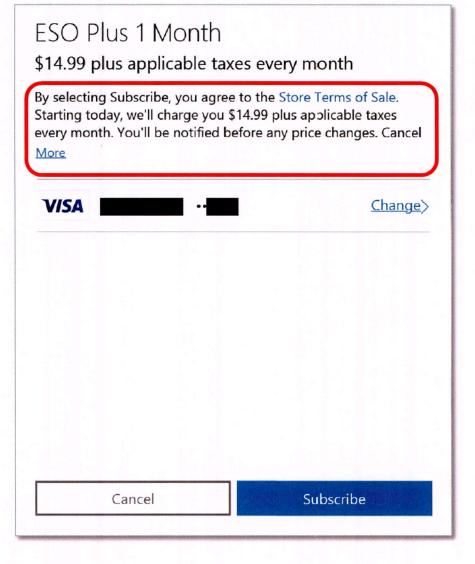
<sup>&</sup>lt;sup>34</sup> The corresponding screen shot below was captured from the ESO Website on February 20, 2021.

<sup>35</sup> That the requisite terms must be presented above the final red checkout button, and not below it, is logically proceeds from the ARL's explicit requirement that Defendant's Checkout Page disclosures concerning the "automatic renewal offer terms" associated with the ESO Plus Subscriptions precede fulfillment of the purchasing agreement, which occurs the moment a prospective client submits to the final "request for consent" on that page (i.e., by clicking the final "I AGREE" button thereon). See Cal. Bus. & Prof. Code § 17602(a)(1) (requiring that businesses "present the automatic renewal offer terms ... before the subscription or purchasing agreement is



fulfilled and in visual proximity[] ... to the request for consent to the offer") (emphasis added). This requirement is responsive to the risk that consumers will furnish consent to the subscription agreement by clicking the final checkout button before they have the opportunity to scroll far enough down the webpage to notice additional relevant and material disclosures embedded in a visually exhausting sea of fine print near the bottom of the webpage. Accordingly, to the extent that any "automatic renewal offer terms" are disclosed beneath the final red checkout button on the Checkout Page pictured on the next page, such terms lack the requisite "visual proximity" and conspicuousness and therefore cannot satisfy the requirements of Section 17602(a)(1) of the ARL.

35. Likewise, when a consumer signs up for a monthly ESO Plus Subscription for Xbox, accessible through a hyperlink on the ESO Website, the "relevant portion of the Checkout Page" refers to the disclosures in the block of text above the blue "Subscribe" button (*i.e.*, the "request for consent"), as shown in the red box affixed for emphasis to the screen shot below:<sup>36</sup>



<sup>&</sup>lt;sup>36</sup> This screen shot was captured on July 13, 2021.

Of note, prospective subscribers must click the "More" hyperlink in order to see the expanded or full text of the disclosure, which is, by default, shown abridged on the Checkout Page as pictured above. However, consumers are not required to click the "More" hyperlink and reveal or read the expanded text in order to fulfill the subscription or purchasing agreement within the meaning of Section 17602(a)(1) of the ARL (*i.e.*, by clicking the final blue "Subscribe" button, *see supra* ¶ 33 n.40), nor does Defendant prompt consumers to do so at any point during the checkout process. Accordingly, any hidden text not appearing in the screen shot above that may be revealed

36. Regardless of how the consumer subscribes (via the ESO Website or the Gaming Platforms), and irrespective of which ESO Plus Subscription the subscriber selects (whether for a 1-month, 3-month, 6-month, or 12-month renewal term), Defendant fails to disclose the full terms of its auto-renewal program either before or after checkout, and it never requires the individual consumer to read or affirmatively agree to any terms of service, *i.e.*, by requiring consumers to click a checkbox next to the automatic renewal offer terms before consumers complete the checkbut process and submit their orders for their ESO Plus Subscriptions. Consequently, Defendant uniformly fails to obtain any form of consent from – or even provide effective notice to – its subscribers before charging consumers' Payment Methods on a recurring basis.

#### E. Defendant Violates California's Automatic Renewal Law

- At all relevant times, Defendant failed to comply with the ARL in three ways: (i) Defendant failed to present the automatic renewal offer terms in a clear and conspicuous manner and in visual proximity to the request for consent to the offer before the subscription or purchasing agreement was fulfilled, in violation of Cal. Bus. & Prof. Code § 17602(a)(l); (ii) Defendant charged Plaintiff's and Class members' Payment Methods without first obtaining their affirmative consent to the agreement containing the automatic renewal offer terms, in violation of Cal. Bus. & Prof. Code § 17602(a)(2); and (iii) Defendant failed to provide an acknowledgment that included the automatic renewal offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer, in violation of Cal. Bus. & Prof. Code §§ 17602(a)(3).
  - i. Defendant Fails To Clearly And Conspicuously Present The ESO
    Plus Subscription Terms Before The Subscription Agreement Is
    Fulfilled And In Visual Proximity To The Request For Consent To
    The Offer.
- 38. First, the relevant portion of the Checkout Page for ESO Plus does not contain "clear and conspicuous" disclosures relating to the "automatic renewal offer terms[,]" as that term

after clicking of the "More" hyperlink is not presented with the requisite visual proximity or conspicuousness under the ARL.

is defined by Cal. Bus. & Prof. Code § 17601(b)(1)-(5), in violation of Section 17602(a)(1) of the ARL. Specifically, using the pictured Checkout Pages for Xbox and PC depicted above (collectively, the "Checkout Pages") as examples, Defendant fails to present a complete "description of the cancellation policy that applies to the offer." Cal. Bus. & Prof. Code § 17601(b)(2). For instance, with respect to cancellation, the relevant portion of the Checkout Page for the ESO Plus Subscription for Xbox (the "Xbox Checkout Page") merely states: "Cancel". Prospective subscribers must further click the "More" hyperlink to reveal the rest of the sentence that states: "Cancel any time to stop future charges by visiting your Microsoft account." However, this expanded statement is not disclosed in the relevant portion of the Xbox Checkout Page, and it is therefore not adequately presented on the Xbox Checkout Page, as the ARL requires. Since the word "cancel," on its own, cannot be a cancellation *policy*, Defendant has failed to disclose such automatic renewal offer term in the matter required by statute. *See* Cal. Bus. & Prof. Code §§ 17601(b)(2), § 17602(a)(1).

39. Moreover, assuming arguendo that the hidden text cited above is presented on the Xbox Checkout Page and with the requisite visual proximity (Defendant has done neither), Defendant still fails to present a complete "description of the cancellation policy that applies to the offer[.]" Cal. Bus. & Prof. Code § 17601(b)(2). Significantly, the relevant portion of the Xbox Checkout Page is utterly silent as to when cancellation must be affected, and it provides no explanation whatsoever regarding how to cancel. For example, the Xbox Checkout Page does not mention that subscribers can "view the remaining time left on [their] current membership term by going to the account summary page on [their] Elder Scrolls Online account," or that "ESO Plus membership begins when [they] select [their] preferred membership plan on store.elderscrollsonline.com, at which time [they] will be charged[,]" as is set forth in other pages of the ESO Website and Gaming Platforms. <sup>37</sup> Yet, prior to checkout, Defendant was obligated by law to place consumers on notice of these aspects of its cancellation policy, in accordance with the ARL.

<sup>&</sup>lt;sup>37</sup> ESO Plus Membership Product: Overview: Additional Requirements, https://account.elderscrollsonline.com/store/product/eso\_plus.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

- 40. Likewise, the relevant portion of the Checkout Page for the ESO Plus Subscription for PC (the "PC Checkout Page") altogether fails to present a "description of the cancellation policy that applies to the offer[,]" see Cal. Bus. & Prof. Code § 17601(b)(2). Notably, the PC Checkout Page does not contain the word or root "cancel" anywhere above the red "I AGREE" button on that page. And to the extent that the PC Checkout Page contains any relevant disclosure regarding Defendant's cancellation policy that is presented below this final checkout button, such disclosure nevertheless fails to comply with the ARL because it is not "in visual proximity to the request for consent" to the automatic renewal offer. 38 Moreover, the text presented beneath the red checkout button on the PC Checkout Page is presented in the same size and font as that of the surrounding block of text, and it is placed alongside other, unrelated disclosures without distinction from the surrounding text of the same size in any manner that calls attention to the language. In other words, any disclosures related to relevant automatic renewal offer terms that may be embedded in this large block of text below the final checkout button is presented in such a way that it could be, and in fact was, easily overlooked. It is therefore not "clear and conspicuous" as defined by Cal. Bus. & Prof. Code § 17601(c). Given such inconspicuousness, Defendant fails to disclose "[t]hat the subscription or purchasing agreement will continue until the consumer cancels" in the manner required by statute. Cal. Bus. & Prof. Code §§ 17601(b)(1), 17602(a)(1).
- 41. Even more crucially, the Checkout Pages fail to disclose that the method of cancellation available to a particular consumer varies depending on the medium through which that consumer initially purchased and/or enrolled in her ESO Plus Subscription. For instance, the Checkout Pages do not disclose that those who purchased their ESO Plus Subscription directly through the ESO Website can go "to the account summary page on [their] Elder Scrolls Online account," while subscribers who signed up through the Gaming Platforms must cancel "by accessing [their] applicable account or membership page or contact[] ZeniMax's Customer Service," which they can do by accessing a completely different webpage (help.bethesda.net).<sup>39</sup>

<sup>&</sup>lt;sup>38</sup> See supra ¶ 33 n.40.

<sup>&</sup>lt;sup>39</sup> ZeniMax Media Terms of Service (last updated June 17, 2019), https://account.elderscrollsonline.com/terms-of-service.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

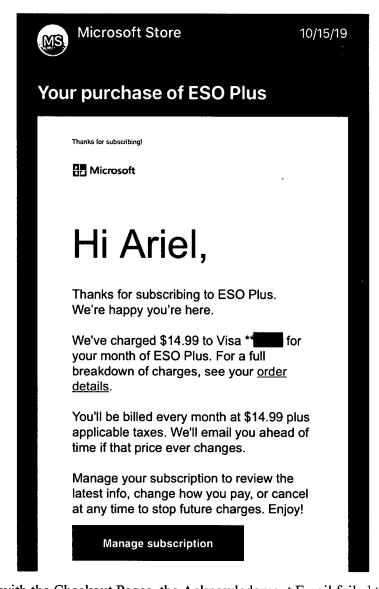
27

- 42. It is not enough that the cancellation policy associated with Defendant's ESO Plus Subscriptions may be set forth on the webpages located elsewhere on the ESO Website or Gaming Platforms, or that such relevant information might be hiding behind an optional drop-down menu within the Checkout Page itself; the ARL requires that Defendant present such terms as Defendant's full cancellation policy on the Checkout Page and it must further do so clearly, conspicuously, and with the requisite proximity so as to allow the consumer to read and review immediately prior to purchase. Defendant therefore failed, and continues to fail, to present pertinent information regarding cancellation "before the subscription or purchasing agreement is fulfilled and in visual proximity[] ... to the request for consent to the offer," as the ARL requires. Cal. Bus. & Prof. Code § 17602(a)(1).
- 43. Additionally, although the Xbox Checkout Page states, "[s]tarting today, we'll charge you \$14.99 plus applicable taxes every month," a reasonable consumer would find that statement unclear in regard to whether formal cancellation is required in order to stop Defendant from automatically charging renewal fees to customers' Payment Methods on a recurring basis. Moreover, the relevant portion of the Xbox Checkout Page merely explains that, by clicking the blue button that reads "Subscribe," the customer "agree[s] to Store Terms of Sale." It is not at all clear based on this statement that customers who enroll in an ESO Plus Subscription for Xbox are agreeing to recurring monthly payments that will continue indefinitely until the subscription is cancelled. Even worse, the relevant portion of the PC Checkout Page fails to disclose this information whatsoever. And to the extent that the recurring nature of the purchasing agreement is disclosed in the fine print beneath the final red "I AGREE" button on that page, such information is not clear and conspicuous as the ARL requires<sup>40</sup>, nor is it presented with the requisite visual proximity required by statute. This material information regarding the fact of automatic renewal is similarly omitted from the Checkout Pages for the ESO Plus Subscription for PlayStation and any other Gaming Platform through which consumers can enroll in Defendant's ESO Plus Subscriptions. As such, with respect to each of the ESO Plus Subscriptions, Defendant fails to

<sup>&</sup>lt;sup>40</sup> See supra ¶ 43.

disclose "[t]hat the subscription or purchasing agreement will continue until the consumer cancels" in the manner required by statute. Cal. Bus. & Prof. Code §§ 17601(b)(1), 17602(a)(1).

- 44. In sum, Defendant has failed to place consumers on notice of the above-mentioned automatic renewal offer terms associated with their ESO Plus Subscriptions in accordance with the ARL. See Cal. Bus. & Prof. Code§ 17602(a)(l).
  - ii. <u>Defendant Fails To Obtain Consumers' Affirmative</u>
    Consent To The Automatic Renewal Terms Associated
    With The ESO Plus Subscriptions.
- 45. Second, at no point during the checkout process does Defendant require consumers to read or affirmatively agree to any terms associated with their ESO Plus Subscriptions, *i.e.*, by requiring consumers to select or click a "checkbox" next to the automatic renewal offer terms to complete the checkout process. Accordingly, when Defendant automatically renews customers' ESO Plus Subscriptions, Defendant charges consumers' Payment Methods without first obtaining their affirmative consent to the agreement containing the automatic renewal offer terms, in violation of Cal. Bus. & Prof. Code § 17602(a)(2).
  - iii. Defendant Fails To Provide A Post-Checkout Acknowledgment
    That Clearly And Conspicuously Discloses The Required ESO
    Plus Subscription Offer Terms.
- 46. Finally, after Plaintiff and the members of the Class subscribed to one of Deferdant's ESO Plus Subscriptions, Plaintiff and similarly situated Class members received email follow-ups regarding their purchases (the "Acknowledgment Emails").
- 47. By way of example, at least as of October 15, 2019, the subject line of the Acknowledgment Email that ESO Plus subscribers received as a purchase confirmation stated: "Your Purchase of ESO Plus." The body of the Acknowledgment Email contained, in relevant part, the following text and images:



48. As with the Checkout Pages, the Acknowledgment Email failed to provide Plaintiff and members of the Class with the complete automatic renewal or continuous service terms that applied to the offer, a description of the full cancellation policy, or any specific information regarding how to cancel. Namely, the purchase confirmation does not clearly and conspicuously provide that the ESO Plus Subscription "will continue until the consumer cancels," Cal. Bus. & Prof. Code§ 17602(b)(l), and it fails to provide a complete "description of the cancellation policy that applies to the offer," Cal. Bus. & Prof. Code § 17602(b)(2). Nor does it include any clear and conspicuous information regarding how to cancel the ESO Plus Subscriptions. As such, the

Acknowledgment Email fails to disclose "the automatic renewal offer terms[,] ... cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer," in violation of Section 17602(a)(3)

- 49. By and through these actions, Defendant has charged Plaintiff's and Class members' Payment Methods in direct violation of the ARL. As a result, all goods, wares, merchandise, and/or products sent to Plaintiff and the Class upon the automatic renewal of their continuous service agreements are deemed to be "unconditional gifts" pursuant to Cal. Bus. & Prof. Code § 17603.
- 50. Plaintiff brings this action individually and on behalf of similarly situated individuals against Defendant for conversion, unjust enrichment, negligent misrepresentation, and fraud. Plaintiff also brings this action against Defendant for violations of California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§ 17200, et seq., among other consumer protection statutes and common laws. As set forth in detail below, Plaintiff's claims, which are based on Defendant's failure to comply with the ARL, arise under the "unlawful" prong of the UCL.

#### PLAINTIFF'S INDIVIDUAL ALLEGATIONS

- 51. Plaintiff Ariel Armstrong is an individual consumer who signed up for a monthly ESO Plus Subscription for Xbox from Defendant while in California on or around October 15, 2019. At the time Ms. Armstrong signed up for her ESO Plus Subscription, she provided her prepaid debit card information to Defendant.
- 52. Before Ms. Armstrong purchased her ESO Plus Subscription, Defendant did not disclose to Ms. Armstrong all required automatic renewal offer terms associated with the subscription program. Additionally, although the Checkout Page from which Ms. Armstrong made her purchase included some relevant information regarding automatic renewal, the manner in which this information was presented was insufficient to put Ms. Armstrong on notice of such material information, which Defendant was and is statutorily required to disclose in the precise manner specified by the ARL. Yet, Defendant failed to satisfy this statutory obligation of disclosure before charging Ms. Armstrong's Payment Method in connection with her ESO Plus

Subscription. Specifically, prior to completing her initial ESO Plus Subscription order, the relevant screens and buttons presented to Ms. Armstrong did not clearly and conspicuously state that her ESO Plus Subscription would automatically renew every month until she cancelled; it did not state the recurring charges that would be charged to Ms. Armstrong's credit card as part of the automatic renewal plan, explain that the amount of the charge would change, or disclose the amount to which the charge would change; and it did not describe the full cancellation policy that applied to her purchase.

- 53. At no point prior to completing her initial purchase did Defendant obtain Ms.

  Armstrong's affirmative consent to an agreement containing the automatic renewal offer terms.
- 54. After Ms. Armstrong completed her initial order, Ms. Armstrong received an Acknowledgment Email stating that her ESO Plus Subscription had been activated. However, as with the Checkout Page, the Acknowledgment Email, too, failed to provide Ms. Armstrong with the complete automatic renewal terms that applied to Defendant's offer, a description of Defendant's full cancellation policy, or information regarding how to cancel Ms. Armstrong's ESO Plus Subscription in a manner capable of being retained by her. Ms. Armstrong did not receive any other acknowledgements that contain the required information.
- Armstrong attempted to cancel her ESO Plus subscription in or around April 2020 (discussed further below), she was unable to cancel the "automatic renewal" program. Nevertheless, following Ms. Armstrong's April 2020 attempt to cancel, Defendant continued to automatically renew Ms. Armstrong's ESO Plus Subscription and charge Ms. Armstrong's Payment Method an additional *nine times*, for a total of *fourteen* unauthorized renewal charges amounting to \$209.86 to Ms. Armstrong's Payment Method without her knowing consent.

#### **Defendant's Inconsistent Billing Practices**

56. During the course of her ESO Plus Subscription, Ms. Armstrong found Defendant billing practices confusing and unpredictable. As shown by the table below, the monthly renewal fees that Defendant charged to Ms. Armstrong's Payment Method from October 2019 to March

2021 posted to her Payment Method at different points each month, which came as a surprise to Ms. Armstrong:

| Billing Date | Amount          |
|--------------|-----------------|
| 10/15/2019   | \$14.99         |
| 11/22/2019   | \$14.99         |
| 12/18/2019   | \$14.99         |
| 02/08/2020   | \$14.99         |
| 04/07/2020   | \$14.99         |
| 05/14/2020   | \$14.99         |
| 06/20/2020   | \$14.99         |
| 07/12/2020   | \$14.99         |
| 09/19/2020   | \$14.99         |
| 11/09/2020   | \$14.99         |
| 12/06/2020   | \$14.99         |
| 01/17/2021   | \$14.99         |
| 02/26/2021   | \$14.99         |
| 03/27/2021   | \$14.99         |
|              | Total: \$209.86 |

- 57. Throughout the life of Ms. Armstrong's ESO Plus Subscription, Defendant's practices with respect to billing date varied widely from month-to-month and were therefore a source of continual frustration for Ms. Armstrong. Because Defendant tended to charge Ms. Armstrong's Payment Method at different points of each month, Ms. Armstrong could not discern any regular monthly billing schedule. Defendant's erratic and unpredictable billing schedule frustrated Ms. Armstrong, prompting her to cancel her ESO Plus Subscription prior to automatic renewal and avoid being billed for the subsequent billing period (while still avoid doing so midrenewal period, so as not to lose access to exclusive subscription benefits for which she already paid through the end of the month).
- 58. Ms. Armstrong's confusion and surprise with respect to Defendant's billing practices is the direct result of Defendant's failure to place Ms. Armstrong on notice of the

recurring nature of her ESO Plus Subscription and other pertinent automatic renewal offer terms.

Because Defendant failed to disclose this material information in the manner required by statute,

Ms. Armstrong was unable at the point of sale to accept Defendant's offer or knowingly enter into the purchase agreement.

#### **Defendant's Undisclosed Cancellation Policy**

- 59. Frustrated with Defendant's confusing billing practices and other hidden automatic renewal terms, Ms. Armstrong finally attempted to cancel her ESO Plus Subscription in or around April 2020, via her Xbox console. However, finding no useful guidance in the vague and incomplete terms that were presented to her at the point of sale on the Checkout Page or later in the Acknowledgment Email, and no assistance in the opaque directions set forth on other pages of the ESO Website, Ms. Armstrong struggled immensely with the cancellation process. Ultimately, Ms. Armstrong was not able to affect cancellation through her attempted means, which she learned upon incurred additional renewal charges for subsequent months notwithstanding her attempt on April 2020, among other occasions. The renewal charges continued until Ms. Armstrong recieved an email from Defendant on June 4, 2021, stating that her Payment Method was declined and, as a result, her ESO Plus Subscription had been cancelled.
- 60. Ms. Armstrong was not previously aware of any of the aspects of Defendant's cancellation policy discussed above, *see supra*. At no point during her ESO Plus Subscription was Ms. Armstrong required or even prompted to navigate to or otherwise examine any of the terms disclosed on any other page of the ESO Website aside from the Checkout Page. Further, Defendant neglected to disclose this information to Ms. Armstrong on the Checkout Page at the point of purchase or in the Acknowledgment Email that Ms. Armstrong received concerning the ESO Plus Subscriptions after she completed the checkout process. Accordingly, Defendant failed to place Ms. Armstrong on notice of its cancellation policy or provide Ms. Armstrong information regarding how to cancel in a manner that is capable of being retained by her, in violation of Cal. Bus. & Prof. Code §§ 17602(a)(1)-(3).
- 61. Moreover, even if the acknowledgment email *had* contained Defendant's complete cancellation policy (it did not), for the reasons stated above the "mechanism for cancellation" that

| exists is not one Ms. Armstrong and other reasonable consumers would consider "easy-to-use."  |
|---|
| Defendant therefore failed to provide Ms. Armstrong with an "easy-to-use mechanism for        |
| cancellation" or describe any such mechanism in an acknowledgment email, in violation of Cal. |
| Bus. & Prof. Code § 17602(b).   |

- 62. Defendant's pre- and post-checkout disclosures therefore fail to comply with the ARL, which deems products provided in violation of the statute to be unconditional gifts to consumers. Cal. Bus. & Prof. Code § 17603.
- 63. As a direct result of Defendant's unlawful conduct described above, Ms. Armstrong suffered economic injury. Had Defendant complied with the ARL by adequately disclosing the terms associated with Ms. Armstrong's ESO Plus Subscription purchase, Ms. Armstrong would have been able to read and review the auto renewal terms prior to purchase, and she would have not subscribed to ESO Plus or she would have cancelled her ESO Plus Subscription earlier, *i.e.*, prior to her card being declined and her membership being cancelled by Defendant.
- 64. The facts giving rise to Ms. Armstrong's claims are materially the same as the Class she seeks to represent.

#### **CLASS ACTION ALLEGATIONS**

65. Class Definition: Plaintiff brings this action pursuant to Code of Civil Procedure § 382 and Civil Code § 1781 on behalf of a class of similarly situated individuals, defined as follows (the "Class"):

All persons in California who, within the applicable statute of limitations period, up to and including the date of final judgment in this action, incurred renewal fee(s) in connection with Defendant's ESO Plus subscription offerings.

- 66. Specifically excluded from the Class are Defendant and any entities in which Defendant has a controlling interest, Defendant's agents and employees, the judge to whom this action is assigned, members of the judge's staff, and the judge's immediate family.
- 67. Plaintiff reserves the right to amend the definition of the Class if discovery or further investigation reveals that the Class should be expanded or otherwise modified.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

- 68. Numerosity. Members of the Class are so numerous that their individual joinder herein is impracticable. On information and belief, the Class comprises at least millions of consumers throughout California. The precise number of Class members and their identities are unknown to Plaintiff at this time but may be determined through discovery. Class members may be notified of the pendency of this action by mail and/or publication through the distribution records of Defendant.
- 69. Commonality and Predominance. Common questions of law and fact exist as to all Class members and predominate over questions affecting only individual Class members. Common legal and factual questions include, but are not limited, to: (a) whether Defendant's ESO Plus Subscriptions constitute "Automatic renewal[s]" within the meaning of Cal. Bus. & Prof. Code § 17601(a); (b) whether Defendant failed to present the automatic renewal offer terms, or continuous service offer terms, in a clear and conspicuous manner before the subscription or purchasing agreement was fulfilled and in visual proximity to the request for consent to the offer, in violation of Cal. Bus. & Prof. Code § 17602(a)(l); (c) whether Defendant charged Plaintiff's and Class members' Payment Method for an automatic renewal or continuous service without first obtaining their affirmative consent to the automatic renewal offer terms or continuous service offer terms in violation of Cal. Bus. & Prof. Code § 17602(a)(2); (d) whether Defendant failed to provide an acknowledgement that included the automatic renewal or continuous service offer terms, cancellation policy, and information on how to cancel in a manner that is capable of being retained by Plaintiff and the Class, in violation of Cal. Bus. & Prof. Code § 17602(a)(3); (e) whether the goods and services provided by Defendant are deemed an "unconditional gift" in accordance with Cal. Bus. & Prof. Code § 17603; (f) whether Defendant's conduct alleged herein violated California's False Advertising Law ("FAL"), Cal. Bus. & Prof. Code §§ 17500, et seq., California's Consumers Legal Remedies Act ("CLRA"), Cal. Civ. Code §§ 1750, et seq., and/or California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§ 17200, et seq.; (g) whether Defendant's conduct alleged herein constitutes conversion and/or unjust enrichment; (h) whether Plaintiff and the Class are entitled to damages and/or restitution; (i) whether Defendant should be enjoined from further engaging in the misconduct alleged herein; and (j) whether

|   | 1 |  |
|---|---|--|
|   | 2 |  |
|   | 3 |  |
|   | 4 |  |
|   | 5 |  |
|   | 6 |  |
|   | 7 |  |
|   | 8 |  |
|   | 9 |  |
| 1 | 0 |  |
| 1 | 1 |  |
| 1 | 2 |  |
| 1 | 3 |  |
| 1 | 4 |  |
| 1 | 5 |  |
|   | 6 |  |
| 1 | 7 |  |
| 1 | 8 |  |

20

21

22

23

24

25

26

27

28

| Plaintiff and the Class are entitled to attorneys | ' fees and costs under California Code of Civil |
|---|---|
| Procedure § 1021.5.                               |   |

- 70. Typicality. The claims of Plaintiff Armstrong are typical of the claims of the Class in that Plaintiff Armstrong and the Class sustained damages as a result of Defendant's uniform wrongful conduct, based upon Defendant's failure to obtain Plaintiff's and the Class's affirmative consent to the automatic renewal offer terms or continuous service offer terms associated with the ESO Plus Subscriptions before charging their Payment Methods.
- 71. Adequacy. Plaintiff will fairly and adequately protect Class members' interests. Plaintiff has no interests antagonistic to Class members' interests, and Plaintiff has retained counsel that have considerable experience and success in prosecuting complex class-actions and consumer-protection cases.
- 72. Superiority. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy for, inter alia, the following reasons: prosecutions of individual actions are economically impractical for members of the Class; the Class is readily definable; prosecution as a class action avoids repetitious litigation and duplicative litigation costs, conserves judicial resources, and ensures uniformity of decisions; and prosecution as a class action permits claims to be handled in an orderly and expeditious manner.
- 73. Defendant has acted or failed to act on grounds generally applicable to the Class, thereby making appropriate final injunctive relief with respect to the Class as a whole.
- 74. Without a class action, Defendant will continue a course of action that will result in further damages to Plaintiff and members of the Class and will likely retain the benefits of its wrongdoing.
- 75. Based on the foregoing allegations, Plaintiff's claims for relief include those set forth below.

### FIRST CAUSE OF ACTION Violations of California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§ 17200, et seq.

76. Plaintiff re-alleges and incorporates by reference every allegation set forth in the preceding paragraphs as though alleged in this Count.

- 77. Plaintiff brings this claim individually and on behalf of the members of the proposed Class against Defendant.
- 78. The UCL prohibits unfair competition in the form of "any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising and any act[.]" Cal. Bus. & Prof. Code § 17200. The UCL allows "a person who has suffered injury in fact and has lost money or property" to prosecute a civil action for violation of the UCL. Cal. Bus. & Prof. Code § 17204. Such a person may bring such an action on behalf of himself or herself and others similarly situated who are affected by the unlawful and/or unfair business practice or act.
- 79. As alleged below, Defendant has committed unlawful and/or unfair business practices under the UCL by: (a) representing that Defendant's goods and services have certain characteristics that they do not, in violation of Cal. Civil Code § 1770(a)(5); (b) advertising goods and services with the intent not to sell them as advertised, in violation of Cal. Civil Code § 1770(a)(9); and (c) converting to Defendant's own use and benefit money that rightfully belongs to Plaintiff and the Class.
- 80. Additionally, at all relevant times, Defendant has violated, and continues to violate, the UCL's proscription against engaging in unlawful and/or unfair conduct as a result of its violations of the ARL, Cal. Bus. & Prof. Code §§ 17600, et seq. Specifically, Defendant failed, and continues to fail, to: (a) provide the auto-renewal terms associated with its ESO Plus Subscription "in a clear and conspicuous manner before the subscription or purchasing agreement is fulfilled and in visual proximity[] ... to the request for consent to the offer," in violation of Cal. Bus. & Prof. Code § 17602(a)(1); (b) obtain the affirmative consent of Plaintiff and the Class to those terms before charging their Payment Methods, in violation of Cal. Bus. & Prof. Code § 17602(a)(2); and (c) provide an acknowledgment that includes the automatic renewal or continuous service offer terms, cancellation policy, and information regarding how to cancel in a manner that is capable of being retained by the consumer, in violation of Cal. Bus. & Prof. Code §§ 17502(a)(3). Defendant also makes it exceedingly difficult and unnecessarily confusing for consumers to cancel its ESO Plus Subscriptions, in violation of Cal. Bus. & Prof. Code § 17602(b).

- 81. Each of these acts and practices constitutes an independent violation of the ARL, and thus an independent violation of the UCL.
- 82. All products received from Defendant in violation of the ARL, Cal. Bus. Prof. Code §§ 17602, et seq., constitute "unconditional gifts." See Cal. Bus. Prof. Code § 17603. As a direct and proximate result of Defendant's unlawful and/or unfair practices described herein, Defendant has received, and continues to hold, unlawfully obtained property and money belonging to Plaintiff and the Class in the form of payments made by Plaintiff and the Class for their ESO Plus Subscriptions. Defendant has profited from its unlawful and/or unfair acts and practices in the amount of those business expenses and interest accrued thereon.
- 83. Defendant's acts and omissions as alleged herein violate obligations imposed by statute, are substantially injurious to consumers, offend public policy, and are immoral, unethical, oppressive, and unscrupulous as the gravity of the conduct outweighs any alleged benefits attributable to such conduct.
- 84. There were reasonably available alternatives to further Defendant's legitimate business interests, other than the conduct described herein.
- 85. Defendant's acts, omissions, nondisclosures, and misleading statements as alleged herein were and are false, misleading, and/or likely to deceive the consuming public.
- 86. Plaintiff and the members of the Class have suffered a substantial injury in fact and lost money by virtue Defendant's acts of unfair competition, which caused them to purchase the ESO Plus Subscriptions. Had Defendant complied with its disclosure obligations under the ARL, Plaintiff and members of the Class would not have purchased their ESO Plus Subscriptions or would have cancelled their ESO Plus Subscriptions prior to the renewal of the subscriptions, so as not to incur additional fees. Thus, Plaintiff and members of the Class were damaged and have suffered economic injuries as a direct and proximate result of Defendant's unlawful and/or unfair business practices.
- 87. Defendant's violations have continuing and adverse effects because Defendant's unlawful conduct is continuing, with no indication that Defendant intends to cease this unlawful course of conduct. The public and the Class are subject to ongoing harm because the unlawful

and/or unfair business practices associated with the ESO Plus Subscriptions are still used by Defendant today.

- 88. Plaintiff and the Class seek restitution pursuant to Cal. Bus. & Prof. Code § 17203 of all amounts that Defendant charged or caused to be charged to Plaintiff's and the Class's Payment Method in connection with their ESO Plus Subscriptions during the four years preceding the filing of this Complaint. Defendant should be required to disgorge all the profits and gains they have reaped and restore such profits and gains to Plaintiff and the Class, from whom they were unlawfully taken.
- 89. Pursuant to Cal. Bus. & Prof. Code § 17203, Plaintiff and members of the Class seek a court order enjoining Defendant from such future misconduct, and any other such orders that may be necessary to rectify the unlawful business practices of Defendant.
- 90. Plaintiff Armstrong brings this action as private attorneys general and to vindicate and enforce an important right affecting the public interest. Plaintiff and the Class are therefore entitled to an award of attorneys' fees under Code of Civil Proc. § 1021.5 for bringing this action.

### SECOND CAUSE OF ACTION

- 91. Plaintiff re-alleges and incorporates by reference every allegation set forth in the preceding paragraphs as though alleged in this Count.
- 92. Plaintiff brings this claim individually and on behalf of the members of the proposed Class against Defendant.
- 93. As a result of charges made by Defendant to Plaintiff's and Class members' Payment Methods without authorization and in violation of California law, Defendant has taken money that belongs to Plaintiff and the Class.
  - 94. The amount of money wrongfully taken by Defendant is capable of identification.
- 95. Defendant engaged in this conduct knowingly, willfully, and with oppression, fraud, and/or malice within the meaning of Cal. Civil Code § 3294(c).
  - 96. As a result of Defendant's actions, Plaintiff and the Class have suffered damages.

## THIRD CAUSE OF ACTION Violations of California's False Advertising Law ("FAL"), Cal. Bus. & Prof. Code §§ 17500, et seq.

- 97. Plaintiff re-alleges and incorporates by reference every allegation set forth in the preceding paragraphs as though alleged in this Count.
- 98. Plaintiff brings this claim individually and on behalf of the members of the proposed Class against Defendant.
- 99. California's False Advertising Law, Cal. Bus. & Prof. Code §§ 17500, et seq., makes it "unlawful for any person to make or disseminate or cause to be made or disseminated before the public in this state, ...in any advertising device ... or in any other manner or means whatever, including over the Internet, any statement, concerning ... personal property or services, professional or otherwise, or performance or disposition thereof, which is untrue or misleading and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading."
- 100. Defendant committed acts of false advertising, as defined by § 17500, by intentionally making and disseminating statements to consumers in California and the general public concerning Defendant's products and services, as well as circumstances and facts connected to such products and services, which are untrue and misleading on their face and by omission, and which are known (or which by the exercise of reasonable care should be known) by Defendant to be untrue or misleading. Defendant has also intentionally made or disseminated such untrue or misleading statements and material omissions to consumers in California and to the public as part of a plan or scheme with intent not to sell those services as advertised.
- 101. Defendant's statements include but are not limited to representations and omissions made to consumers before and after enrollment in Defendant's ESO Plus Subscriptions regarding the terms of payment for and cancellation of a consumer's automatic payments. Such representations and omissions on the Checkout Pages constitute false and deceptive advertisements.
- 102. Defendant's actions in violation of § 17500, as described herein, were false and misleading such that the general public is and was likely to be deceived.

| 103. Plaintiff and the members of the Class were deceived by Defendant's statements                 |
|---|
| and omissions made online when they signed up and started paying for their ESO Plus                 |
| Subscriptions, and there is a strong probability that other California consumers and members of the |
| public were also or are likely to be deceived as well. Any reasonable consumer would be misled      |
| by Defendant's false and misleading statements and material omissions. Plaintiff and other          |
| members of the Class did not learn of Defendant's cancellation and automatic payment policies       |
| until after they had already signed up and started paying for Defendant's ESO Plus Subscription.    |
| They relied on Defendant's statements and omissions to their detriment.                             |
| 104. Plaintiff and the Class lost money or property as a result of Defendant's FAL                  |
| violations because they would not have purchased the ESO Plus Subscriptions on the same terms if    |
| the true facts were known about the product and the ESO Plus Subscriptions do not have the          |

105. Plaintiff Armstrong, individually and on behalf of all similarly situated California consumers, seeks individual, representative, and public injunctive relief and any other necessary orders or judgments that will prevent Defendant from continuing with its false and deceptive advertisements and omissions; restitution that will restore the full amount of their money or property; disgorgement of Defendant's relevant profits and proceeds; and an award of costs and

# FOURTH CAUSE OF ACTION Violations of California's Consumers Legal Remedies Act ("CLRA"), Cal. Civ. Code §§ 1750, et seq.

- 106. Plaintiff re-alleges and incorporates by reference every allegation set forth in the preceding paragraphs as though alleged in this Count.
- 107. Plaintiff brings this claim individually and on behalf of the members of the proposed Class against Defendant.
- 108. Plaintiff and the members of the Class are "consumers" within the meaning of Cal. Civil Code § 1761(d) in that Plaintiff and the Class sought or acquired Defendant's goods and/or services for personal, family, or household purposes.

CLASS ACTION COMPLAINT - JURY TRIAL DEMANDED

reasonable attorneys' fees.

characteristics as promised by Defendant.

- 109. Defendant's selection and/or subscription offers and the video, music, and other products pertaining thereto are "goods" and/or "services" within the meaning of Cal. Civil Code § 1761(a) and (b). The purchases by Plaintiff and the Class are "transactions" within the meaning of Cal. Civil Code § 1761(e).
- 110. The acts and practices of Defendant as described above were intended to deceive Plaintiff and the Class as described herein, and have resulted, and will result, in damages to Plaintiff and the Class. These actions violated, and continue to violate, the CLRA in at least the following respects: (a) Defendant's acts and practices constitute representations or omissions deceiving that the ESO Plus Subscriptions have characteristics, uses, and/or benefits, which they do not, in violation of Cal. Civil Code §1770(a)(5); and (b) Defendant's acts and practices constitute the advertisement of the goods in question without the intent to sell them as advertised, in violation of Cal. Civil Code § 1770(a)(9).
- 111. Plaintiff and the Class suffered economic injury as a direct result of Defendant's misrepresentations and/or omissions because they were induced to purchase ESO Plus Subscriptions and/or pay renewal fees they would not have otherwise purchased and/or paid. Had Defendant fully and clearly disclosed the terms associated with the ESO Plus Subscriptions, Plaintiff and the Class would have not subscribed to the ESO Plus Subscriptions, or they would have cancelled their ESO Plus Subscriptions earlier, *i.e.*, prior to the expiration of the initial subscription period.
- 112. Plaintiff Armstrong, on behalf of herself and all other members the Class, seeks an injunction prohibiting Defendant from continuing its unlawful practices in violation of the CLRA.
- 113. In compliance with the provisions of California Civil Code § 1782, Plaintiff sent written notice to Defendant ZeniMax Media, Inc., on June 9, 2021, informing Defendant of her intention to seek damages under California Civil Code § 1750. The letter expressly stated that it was sent on behalf of Plaintiff and "all other persons similarly situated." Accordingly, Plaintiff Armstrong, individually and on behalf of the proposed Class, seeks damages from Defendant as permitted by Civil Code § 1782(d) for Defendant's violations of the CLRA.

### FIFTH CAUSE OF ACTION Unjust Enrichment / Restitution

- 114. Plaintiff re-alleges and incorporates by reference every allegation set forth in the preceding paragraphs as though alleged in this Count.
- 115. Plaintiff brings this claim individually and on behalf of the members of the proposed Class against Defendant.
- 116. Plaintiff and the Class conferred benefits on Defendant by purchasing the ESO Plus Subscriptions.
- Plaintiff and the Class's purchases of the ESO Plus Subscriptions. Retention of those moneys under these circumstances is unjust and inequitable because Defendant's failure to disclose material terms of the purchase agreement, in violation of California law, induced Plaintiff and the Class to purchase the ESO Plus Subscriptions. These omissions caused injuries to Plaintiff and the Class because they would not have purchased the ESO Plus Subscriptions at all, or on the same terms, if the true facts were known.
- 118. Because Defendant's retention of the non-gratuitous benefits conferred on them by Plaintiff and the Class is unjust and inequitable, Defendant must pay restitution to Plaintiff and the Class for its unjust enrichment, as ordered by the Court.

### SIXTH CAUSE OF ACTION Negligent Misrepresentation

- 119. Plaintiff hereby re-alleges and incorporates by reference the allegations contained in all preceding paragraphs of this complaint.
- 120. Plaintiff brings this claim individually and on behalf of the members of the proposed Class against Defendant.
- 121. As discussed above, Defendant misrepresented the automatic renewal offer terms associated with its automatic renewal offerings in its advertisements and related statements made in connection with the sign-up and purchase processes for the ESO Plus Subscriptions.

  Specifically, Defendant omitted, failed to disclose, and intentionally concealed from such

advertisements and related statements material facts concerning billing, cancellation, and automatic payment terms, policies, and requirements.

- 122. At the time Defendant made these representations, Defendant knew or should have known that these representations were false or made them without knowledge of their truth or veracity.
- 123. At an absolute minimum, Defendant negligently misrepresented and/or negligently omitted material facts about the ESO Plus Subscriptions and their associated terms.
- 124. The negligent misrepresentations and omissions made by Defendant, upon which Plaintiff and Class members reasonably and justifiably relied, were intended to induce and actually induced Plaintiff and Class members to purchase and enroll in Defendant's ESO Plus Subscription program.
- 125. Plaintiff and Class members would not have purchased the ESO Plus Subscriptions if the true facts had been known.
- 126. The negligent actions of Defendant caused damage to Plaintiff and Class members, who are entitled to damages and other legal and equitable relief as a result.

#### SEVENTH CAUSE OF ACTION Fraud

- 127. Plaintiff hereby re-alleges and incorporates by reference the allegations contained in all preceding paragraphs of this complaint.
- 128. Plaintiff brings this claim individually and on behalf of the members of the proposed Class against Defendant.
- 129. As discussed above, Defendant provided Plaintiff and Class members with false or misleading material information and failed to disclose material facts about the ESO Plus Subscriptions and their associated automatic renewal terms, including terms regarding Defendant's cancellation policy and billing practices and policies. These misrepresentations and omissions were made by Defendant with knowledge of their falsehood.

| ·  |
|--|
| 130. The misrepresentations and omissions made by Defendant, upon which Plaintiff and          |
| Class members reasonably and justifiably relied, were intended to induce, and actually induced |
| Plaintiff and Class members to purchase the ESO Plus Subscriptions.                            |
| 131. The fraudulent actions of Defendant caused damage to Plaintiff and the members of         |
| the Class, who are entitled to damages and other legal and equitable relief as a result.       |
| PRAYER FOR RELIEF  |
| WHEREFORE, Plaintiff Armstrong, individually and on behalf of all others similarly             |
| situated, seeks judgment against Defendant, as follows:  |
| a. For an order certifying the Class and naming Plaintiff as a representative of the           |

- For an order certifying the Class and naming Plaintiff as a representative of the Class and Plaintiff's attorneys as Class Counsel to represent the Class;
- b. For an order declaring Defendant's conduct violates the statutes referenced herein;
- c. For an order finding in favor of Plaintiff and the Class on all counts asserted herein;
- d. For actual, compensatory, statutory, and/or punitive damages in amounts to be determined by the Court and/or jury;
- e. For prejudgment interest on all amounts awarded;
- f. For an order of restitution and all other forms of equitable monetary relief;
- g. For injunctive relief as pleaded or as the Court may deem proper; and
- h. For an order awarding Plaintiff and the Class their reasonable attorneys' fees, expenses, and costs of suit.

#### JURY DEMAND

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

Dated: July 22, 2021 Respectfully submitted, 1 2 **BURSOR & FISHER, P.A.** 3 4 5 Neal J. Deckant (State Bar No. 322946) 6 Brittany S. Scott (State Bar No. 327132) Julia K. Venditti (State Bar No. 332688) 7 1990 North California Boulevard, Suite 940 Walnut Creek, CA 94596 8 Telephone: (925) 300-4455 9 Facsimile: (925) 407-2700 Email: ndeckant@bursor.com 10 bscott@bursor.com jvenditti@bursor.com 11 12 **BURSOR & FISHER, P.A.** Frederick J. Klorczyk III (State Bar No. 320783) 13 888 Seventh Avenue New York, NY 10019 14 Telephone: (646) 837-7150 Facsimile: (212) 989-9163 15 Email: fklorczyk@bursor.com 16 Attorneys for Plaintiff and the Putative Class 17 18 19 20 21 22 23 24 25 26 27 28