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Attorneys for Plaintiffs & Proposed Classes

**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

LEONARD TAN and ADAM
ALDRICH, *individually and on behalf
of all others similarly situated,*

Plaintiffs,

v.

REST, INC.,

Defendant.

Civil Action No.: **'26CV5720 JES MMP**

**CLASS ACTION COMPLAINT
FOR DAMAGES**

DEMAND FOR JURY TRIAL

1 Plaintiffs Leonard Tan and Adam Aldrich (“Plaintiffs”), individually and on
2 behalf of all others similarly situated, bring this Class Action Complaint against
3 Defendant Rest, Inc. (“Defendant” or “Rest”) and makes the following allegations
4 based upon information and belief, except as to allegations specifically pertaining to
5 Plaintiffs, which are based on personal knowledge.

6 **NATURE OF THE ACTION**

7 1. This is a case concerning deceptive representations and omissions made
8 by Defendant through its misleading and unlawful pricing, sales, and discounting
9 practices on its website, which directly violate a California statute and deceive the
10 reasonable consumer.

11 2. Defendant Rest sells and markets bed sheets, comforters, linens, and
12 other bedding products online through the Rest website, <https://rest.com/>.

13 3. The products at issue are all goods that have been offered at any time on
14 Rest’s website, at a sale or discounted price from a supposedly higher reference price
15 displayed to the consumers in the product ad, where that higher price was not actually
16 offered in compliance with the law (the “Products”).

17 4. Defendant’s website lists various items on sale or discount and pictures
18 a stricken supposedly former or prevailing market price next to the current supposed
19 “sale” price. However, the former or prevailing market price listed next to the sales
20 price is not actually the former or prevailing market price at which the product was
21 sold in the previous three months. Instead, it is a false or inflated price used to trick
22 consumers into believing they are receiving a discount on their purchase. It is false
23 because the item has not been prevailingly listed for sale or sold on the website in the
24 previous three months at the listed former price.

25 5. Section 17500 of California’s False Advertising Law prohibits
26 businesses from making statements they know or should know to be untrue or
27 misleading. Cal. Bus. & Prof. Code § 17500. This includes statements falsely
28 suggesting that a product is on sale, when it actually is not.

1 6. Section 17501 of California’s False Advertising Law provides that “[n]o
2 price shall be advertised as a former price ... unless the alleged former price was the
3 prevailing market price ... within three months next immediately preceding” the
4 advertisement. Cal. Bus. & Prof. Code § 17501. Therefore, the statute specifically
5 prohibits this type of fake discount, where the advertised former price is not the
6 prevailing price during the specified timeframe.

7 7. Upon investigation, all or nearly all of the reference higher prices on the
8 website are false and misleading. They are not former or prevailing market prices at
9 which the products were offered on the website during the previous three months.

10 8. Plaintiffs—like other customers across the United States—fell prey to
11 Defendant’s false, deceptive, and misleading discount scheme. As a result, Defendant
12 has earned millions of dollars selling products at misrepresented discounts that do not
13 actually exist.

14 9. When purchasing the Products, Plaintiffs relied on Defendant’s
15 misrepresentations that the Products were on sale and were previously sold at the
16 former strikethrough price listed next to the sale price. However, these products were
17 not actually sold at the former or regular price listed on the website within the previous
18 three months before the purchase. Therefore, the discount was false.

19 10. Defendant’s conduct violated and continues to violate the California
20 Unfair Competition Law (“UCL”), Cal. Bus. & Prof. Code §§ 17200, *et seq.*;
21 California’s False Advertising Law (“FAL”), Cal. Bus. & Prof. Code §§ 17500, *et*
22 *seq.*; and the California Consumer Legal Remedies Act (“CLRA”), Cal. Civ. Code §§
23 1750, *et seq.* Defendant’s conduct also constitutes negligent misrepresentation, and
24 has unjustly enriched Defendant by the sale of these Products.

25 11. Accordingly, Plaintiffs bring this civil action to put an end to
26 Defendant’s illegal conduct. Through this class action lawsuit, Plaintiffs seek
27 monetary damages, restitution, and declaratory and injunctive relief on behalf of the
28 proposed Class.

PARTIES

12. Plaintiff Leonard Tan is a citizen and resident of San Diego County, California.

13. Plaintiff Adam Aldrich is a citizen and resident of Riverside County, California.

14. Defendant Rest Inc. is a corporation organized under the laws of Delaware, with a registered address at 131 Continental Drive, Suite 305, Newark, Delaware 19713. Defendant is an online retailer that sells comforters, bedsheets, linens, and other bedding products in California and across the United States.

JURISDICTION AND VENUE

15. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332(d)(2) because this is a class action in which (1) there are at least 100 members, (2) the matter in controversy exceeds \$5,000,000 exclusive of interest and costs, and (3) Plaintiffs and members of the putative Class are citizens of a state that is different from the states in which Defendant is a citizen.

16. The Court has personal jurisdiction over Defendant because it has contacts with California that are so continuous and systematic that they are essentially at home in this state. Defendant sold Rest products to consumers in California, including Plaintiffs. Defendant regularly conducts and solicits business in California, provides products to persons in the State of California, maintains an interactive commercial website, offers to ship products, and does ship products to California, allows customers in California to order products, and derives substantial revenue from customers in California.

17. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) because a substantial part of the events or omissions giving rise to Plaintiffs' and the Class Members' claims occurred in this District, and Defendant is subject to the Court's personal jurisdiction.

BACKGROUND FACTS

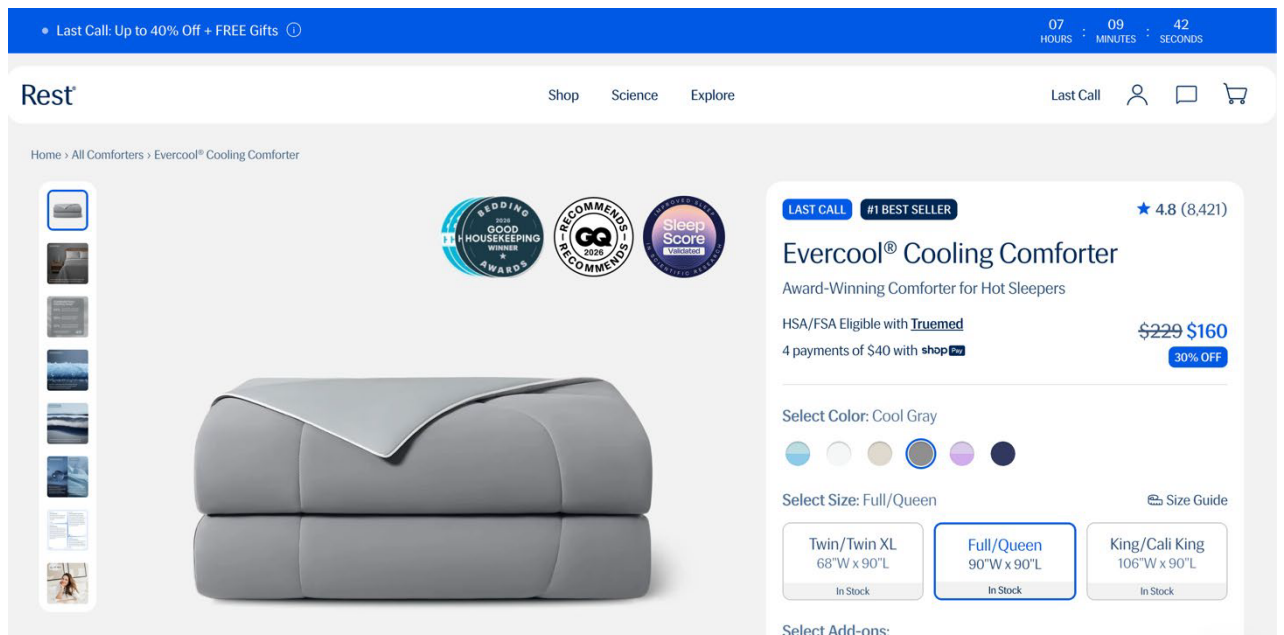
18. Defendant markets and sells comforters, bedsheets, linens, and other bedding products on its website.

19. Defendant, through its website, has sold millions of units of merchandise to customers in California and nationwide.

I. Rest's Fake Discount Scheme

20. Defendant creates the false impression that its Products' regular or former prices are higher than they truly are.

21. On any given day, most if not all products on Defendant's website are represented as being discounted from a substantially higher reference price. On individual listing pages and category listing pages, the supposed mark-downs are represented to consumers by (1) prominently displaying a "crossed-out" or strikethrough reference price next to a sale price, (2) stating "____% off" adjacent to the higher reference price, and/or (3) depicting the sale price in bold text adjacent to the reference price. Example screenshots are provided below:



22. The below sections describe further the types of deceptive sales schemes instituted by Defendant on its website.

1 23. These pricing and advertising practices are deceptive and pressure
2 consumers into purchasing products from Defendant at an inflated price. Defendant
3 intends to mislead consumers into believing that they are getting a bargain by buying
4 products from its website on sale and at a substantial and deep discount. For many if
5 not all products, Defendant does not offer or sell (at all, let alone prevalingly) the
6 products on the website at the reference price for the three months immediately
7 preceding the listing of the sale. Therefore, the reference price is artificially inflated
8 and the advertised discounts are deceiving.

9 ***A. Plaintiffs Purchased Products that Were Falsely Advertised as Having***
10 ***Discounts***

11 **Leonard Tan**

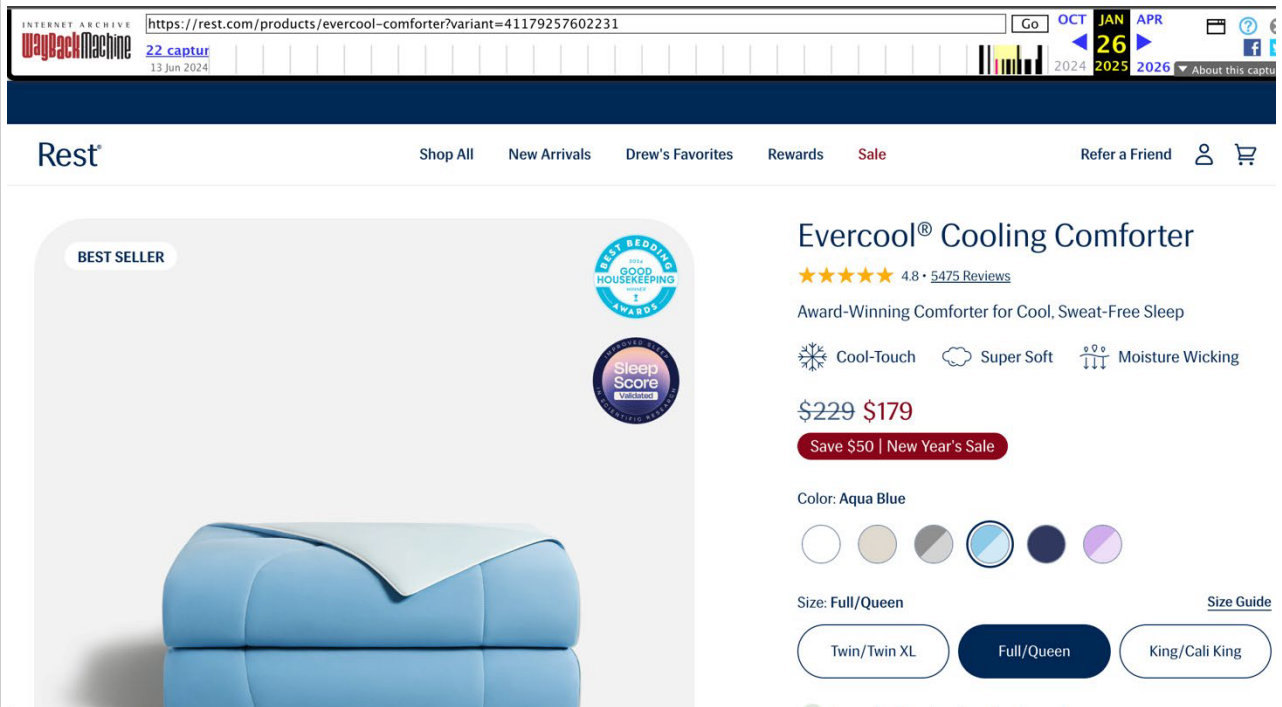
12 24. On December 21, 2025, Plaintiff Tan purchased The Evercool Cooling
13 Comforter in the Full/Queen Size in Cool Gray color (the “Product”) directly from
14 Rest’s website for \$160.00. He made this purchase while living in San Diego,
15 California.

16 25. On or around December 21, 2025, Defendant represented on its website
17 that this product was for sale at a discount, with a regular or former price of \$229,
18 listed as a strikethrough reference price under the product, with the text “30% off”
19 shown next to the price.

20 26. As evidenced by the images below, Defendant did not list or sell this
21 product for the \$229 strikethrough reference price for at least the three months prior
22 to Plaintiff Tan’s purchase.

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25 *[Remainder of page intentionally left blank]*
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1 January 26, 2025

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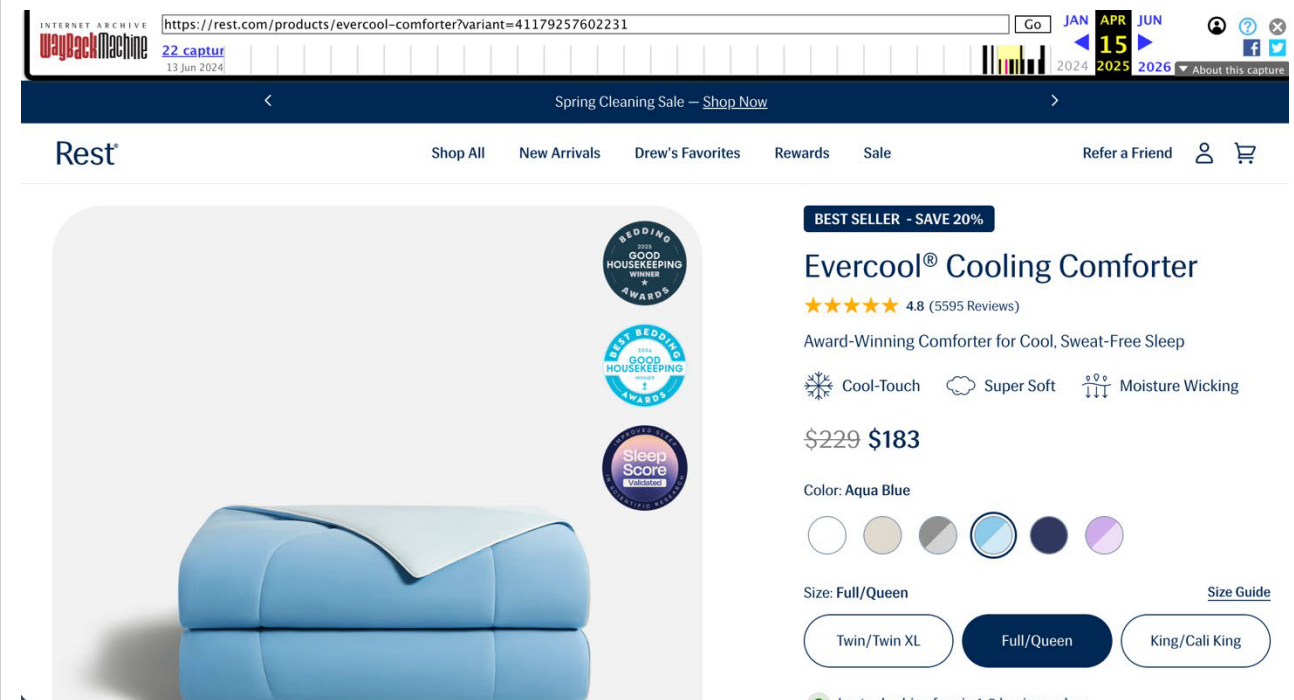
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14 April 15, 2025

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July 9, 2025

Internet Archive Wayback Machine <https://rest.com/products/evercool-comforter?variant=41179257602231> 22 captui 13 Jun 2024

Store Locator Prime Sale | Up to 35% Off | Shop Now Rewards Refer a Friend

Rest Shop All New Arrivals Drew's Favorites Prime Sale

Evercool® Cooling Comforter
Award-Winning Comforter for Hot Sleepers
★★★★★ 4.8 (5963 Reviews)
\$229 \$160 **SAVE 30% — PRIME SALE**

Select Color: Aqua Blue

Select Size: Full/Queen [Size Guide](#)

Twin/Twin XL 68" W x 90" L Full/Queen 90" W x 90" L King/Cali King 106" W x 90" L

Add to Cart — \$160

September 23, 2025

Internet Archive Wayback Machine <https://rest.com/products/evercool-comforter?variant=41179257602231> 22 captui 13 Jun 2024

Store Locator Free Shipping Orders Over \$99+ Rewards Refer a Friend

Rest Shop All Drew's Favorites End of Summer Sale

Evercool® Cooling Comforter
Award-Winning Comforter for Hot Sleepers
★★★★★ (4.8) 6209 Aggregated Reviews*
4 payments of \$40 with **shop Pay** 30% off **SAVE \$69**

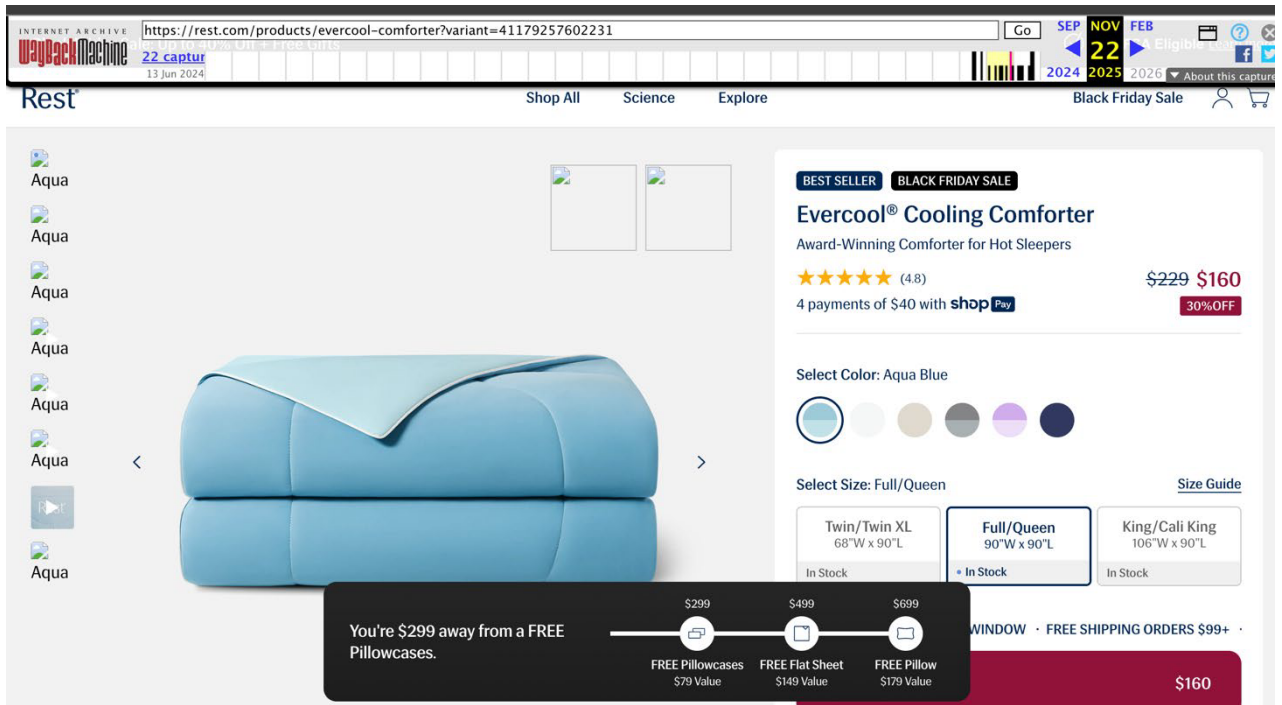
Select Color: Aqua Blue

Select Size: Full/Queen [Size Guide](#)

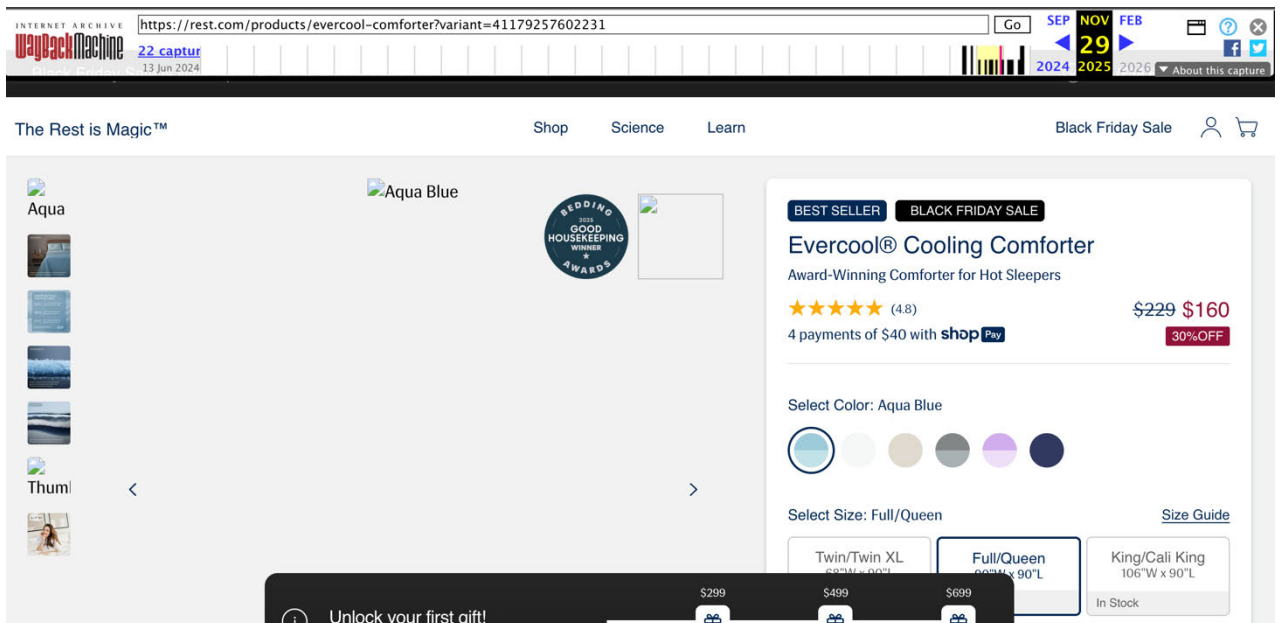
Twin/Twin XL 68" W x 90" L Full/Queen 90" W x 90" L King/Cali King 106" W x 90" L

FREE SHIPPING ORDERS \$99+ · ONE-YEAR WARRANTY · 30-DAY RETURN V

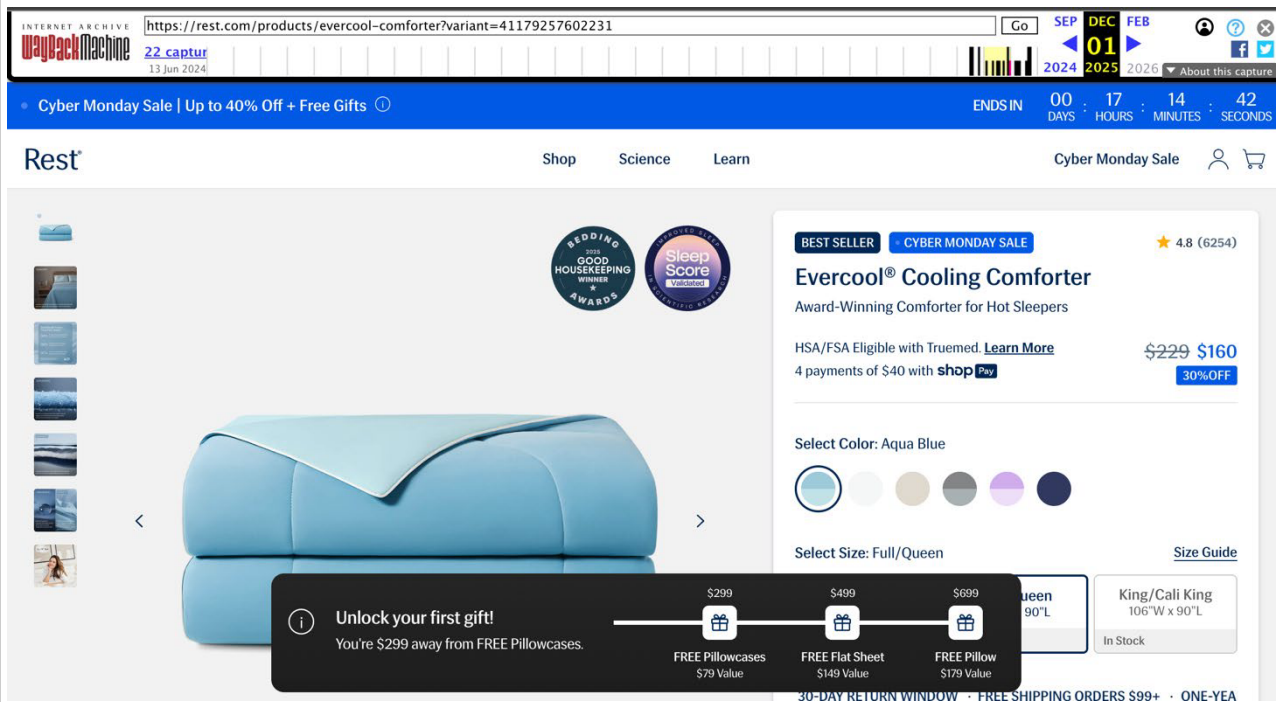
November 22, 2025



November 29, 2025



December 1, 2025



27. As evidenced by the above images, the Evercool Cooling Comforter Full/Queen size was not listed or sold at the strikethrough reference price of \$229 within the three months (and likely longer) prior to Plaintiff Tan's purchase. Defendant actually listed the product with the same false reference price at least a year prior to Plaintiff Tan's purchase. Upon information and belief, the Evercool Cooling Comforter Full/Queen size is listed at the same price and with the same false reference price on Defendant's website, regardless of the color option selected.

28. Even after Plaintiff Tan's purchase on December 21, 2025, Defendant continued to list the Product at a fake discount with a false reference price for months after:

[Images on Next Page]

February 8, 2026

Internet Archive Wayback Machine <https://rest.com/products/evercool-comforter?variant=41179257602231> 22 captu 13 Jun 2024

Valentine's Day Sale | Up to 30% Off

HSA/FSA Eligible

Rest Shop Science About Valentine's Day Sale



BEST SELLER **VALENTINE'S DAY SALE** ★ 4.8 (6552)

Evercool® Cooling Comforter
Award-Winning Comforter for Hot Sleepers

HSA/FSA Eligible with Truemed. [Learn More](#) **\$229 \$171**
4 payments of \$42.75 with **shop Pay** **25% OFF**

Select Color: Aqua Blue

Select Size: Full/Queen [Size Guide](#)

Twin/Twin XL 68"W x 90"L In Stock	Full/Queen 90"W x 90"L In Stock	King/Cali King 106"W x 90"L In Stock
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Select Popular Add-ons:

March 31, 2026

Internet Archive Wayback Machine <https://rest.com/products/evercool-comforter?variant=41179257602231> 22 captu 13 Jun 2024

End of Season Sale: Up to 30% Off + FREE Gifts

HSA/FSA Eligible

Rest Shop Science About End of Season Sale



BEST SELLER **END OF SEASON SALE** ★ 4.8 (6705)

Evercool® Cooling Comforter
Award-Winning Comforter for Hot Sleepers

HSA/FSA Eligible with Truemed. [Learn More](#) **\$229 \$171**
4 payments of \$42.75 with **shop Pay** **25% OFF**

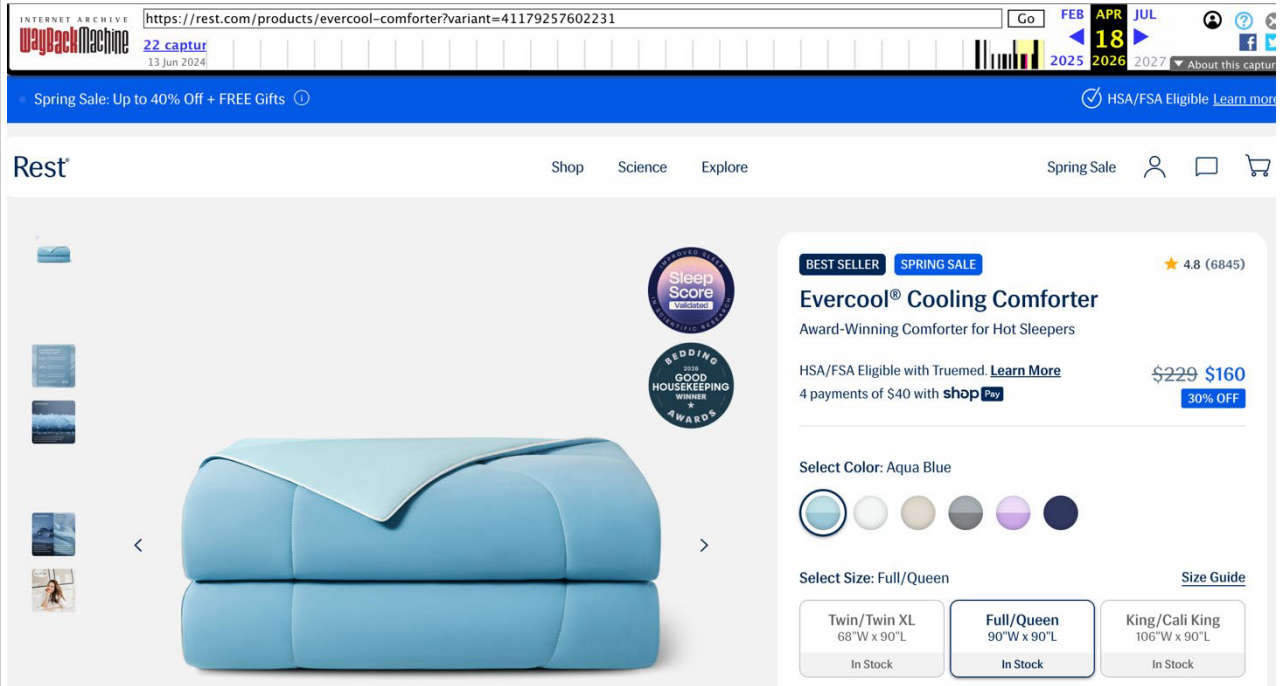
Select Color: Aqua Blue

Select Size: Full/Queen [Size Guide](#)

Twin/Twin XL 68"W x 90"L In Stock	Full/Queen 90"W x 90"L In Stock	King/Cali King 106"W x 90"L In Stock
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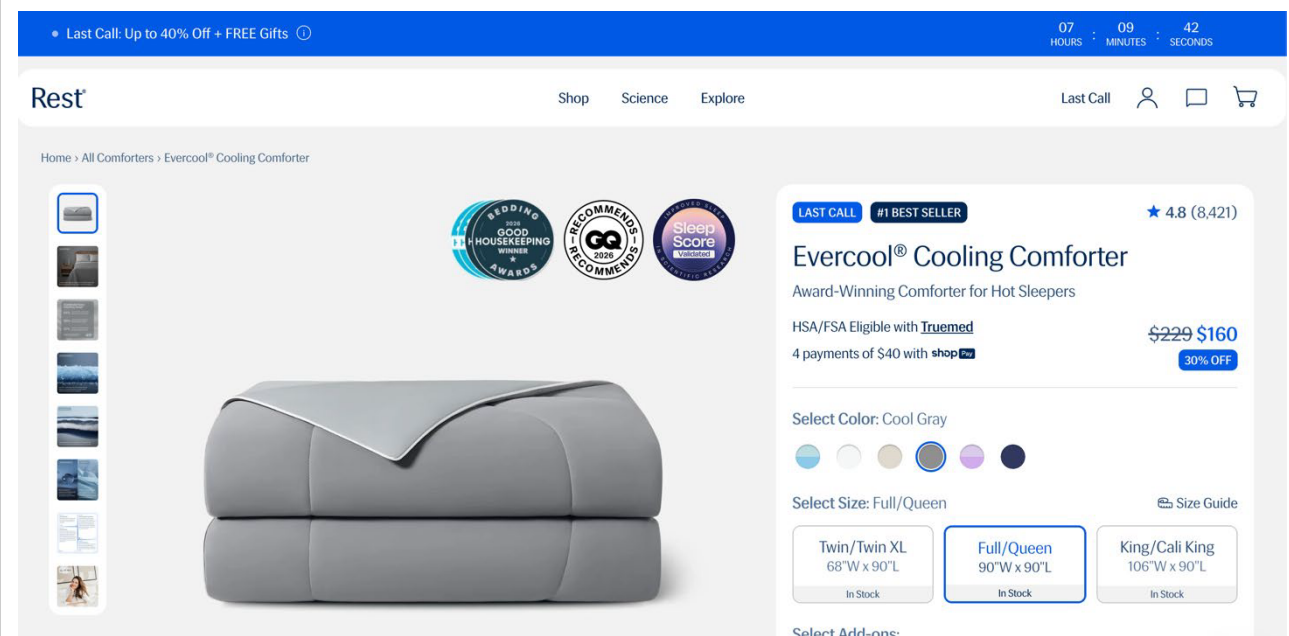
Select Popular Add-ons:

April 18, 2026



29. Even as late as September 28, 2026, Defendant continues to list the Product at a discount with the same false reference price:

September 28, 2026



1 30. Further, Defendant Rest also routinely includes a countdown clock at the
2 top of its webpages which falsely advertises that the “sale” ends when the clock stops.
3 However, based on the images from Defendant’s own website, these discounts never
4 actually end. This means the countdown clock is false, and intended only to pressure
5 customers into making a purchase even though the discounts will continue long after
6 the clock strikes zero.

7 31. Plaintiff Tan relied on Defendant’s representations on the website that
8 the Product was being offered at a discount and that previously it was listed and sold
9 on the website at the stated reference price within the three months immediately
10 preceding Plaintiff Tan’s purchase.

11 32. However, as shown above, Defendant did not list or sell the Product at
12 the reference price for at least the previous three months (and likely much longer)
13 prior to Plaintiff Tan’s purchase. In fact, Defendant instituted a similar discount
14 during the previous months, using the same or similar false reference prices.

15 33. The above-listed Product Plaintiff Tan purchased was not substantially
16 marked down or discounted, and any discount he was receiving had been grossly
17 exaggerated.

18 34. For at least the 90-day period prior to Plaintiff Tan’s purchase, and even
19 months and possibly years more, Defendant did not list or sell the Product on its
20 website at the reference prices.

21 35. Plaintiff Tan would not have purchased the Product if he had known the
22 Product was not discounted as advertised, and that he was not receiving the advertised
23 discount.

24 **Adam Aldrich**

25 36. On October 12, 2024, Plaintiff Aldrich purchased The Evercool Cooling
26 Comforter in the King/Cali King Size in Cool Gray color directly from Rest’s website
27 for \$181.00. On the same day, Plaintiff Aldrich also purchased the Evercool Cooling
28 Fitted Sheet in Full Size in Cool Gray color directly from Rest’s website for \$76

1 (together as the “Products”). He made these purchases while living in San Diego,
2 California.

3 37. On or around October 12, 2024, Defendant listed the products as follows
4 on its website:

5 (1)Evercool Cooling Comforter King/Cali King - \$181, strike-through
6 reference price of \$279.00 (text stating 35% off)

7 (2)Evercool Cooling Fitted Sheet Full Size - \$76, strike-through reference
8 price of \$119.00 (text stating 35% off)

9 38. Plaintiff Aldrich also received an additional \$30 off his total purchase at
10 checkout, resulting in a total price of \$227.00.

11 39. As evidenced by the images below, Defendant did not list or sell these
12 Products for the strike-through reference prices listed on the website for at least the
13 three months prior to Plaintiff Aldrich’s purchase.

14 **Evercool Cooling Comforter King/Cali King**

15 40. Defendant did not sell the Evercool Cooling Comforter in King/Cali
16 King size at the \$279.00 reference price for at least the three months (and likely much
17 longer) prior to Plaintiff Aldrich’s purchase. Instead, Defendant consistently listed the
18 product with the same false reference price and varying discounts for the months
19 preceding Plaintiff Aldrich’s purchase.

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June 11, 2024

INTERNET ARCHIVE <https://rest.com/products/evercool-comforter?variant=41519180480695> Go MAY JUN 11 SEP 2023 2024 2025 About this capture

8 capture 10 Jun 2024

Father's Day Sale: Up to 50% Off + 2 FREE Pillowcases (\$79 value) with \$200+ order

Shop All About Gift Guide **Father's Day Sale** Rest® Refer a Friend

Winner of 2024 Good Housekeeping Best Bedding Award



★★★★★ 4,230 Reviews

Evercool® Cooling Comforter

AWARD WINNING COMFORTER FOR HOT SLEEPERS

~~\$279~~ **\$195.30** SAVE 30% FATHER'S DAY SALE

Color: Frosty Peach

Size: King/Cali King [Size Guide](#)

Twin/Twin XL Full/Queen **King/Cali King**

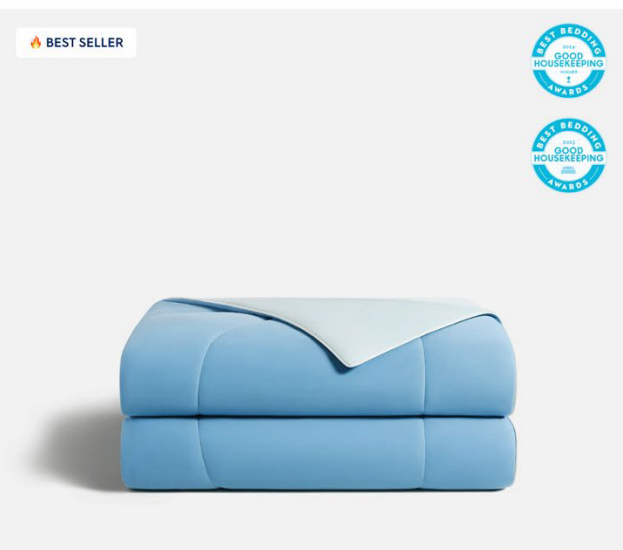
August 9, 2024

INTERNET ARCHIVE <https://rest.com/products/evercool-comforter?variant=41179257634999> Go JUL AUG 09 DEC 2023 2024 2025 About this capture

20 capture 9 Aug 2024

Shop All About Rewards **Hot Summer Sale** Rest® Refer a Friend

BEST SELLER



★★★★★ 4,812 Reviews

Evercool® Cooling Comforter

AWARD WINNING COMFORTER FOR HOT SLEEPERS

~~\$279~~ **\$223** 20% Off - You Save \$56

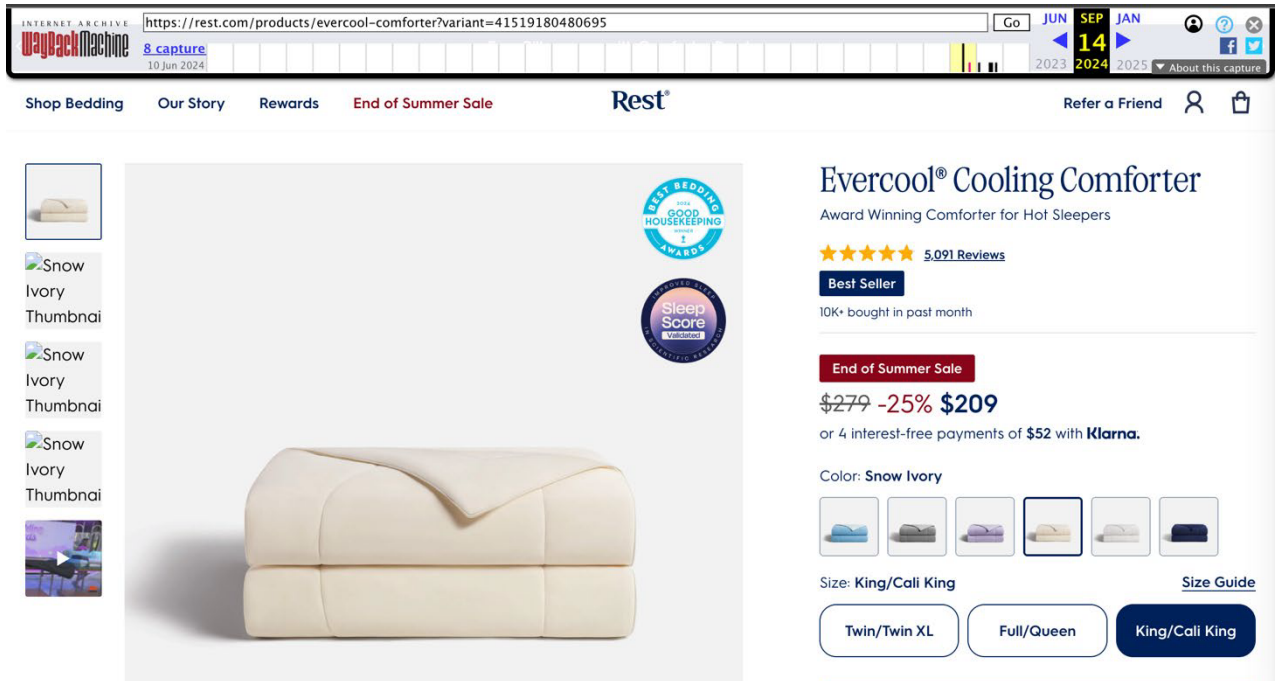
BONUS: Get 2 Free Evercool® Pillowcases (\$79 value) when you order our Evercool® Comforter.

Color: Aqua Blue

Size: King/Cali King [Size Guide](#)

Twin/Twin XL Full/Queen **King/Cali King**

September 14, 2024



41. As evidenced by the above images, the Evercool Cooling Comforter King/Cali King size was not listed or sold at the strikethrough reference price of \$279 within the three months (and likely longer) prior to Plaintiff Aldrich's purchase. Upon information and belief, the Evercool Cooling Comforter King/Cali King size is listed at the same price and with the same false reference price on Defendant's website, regardless of the color option selected.

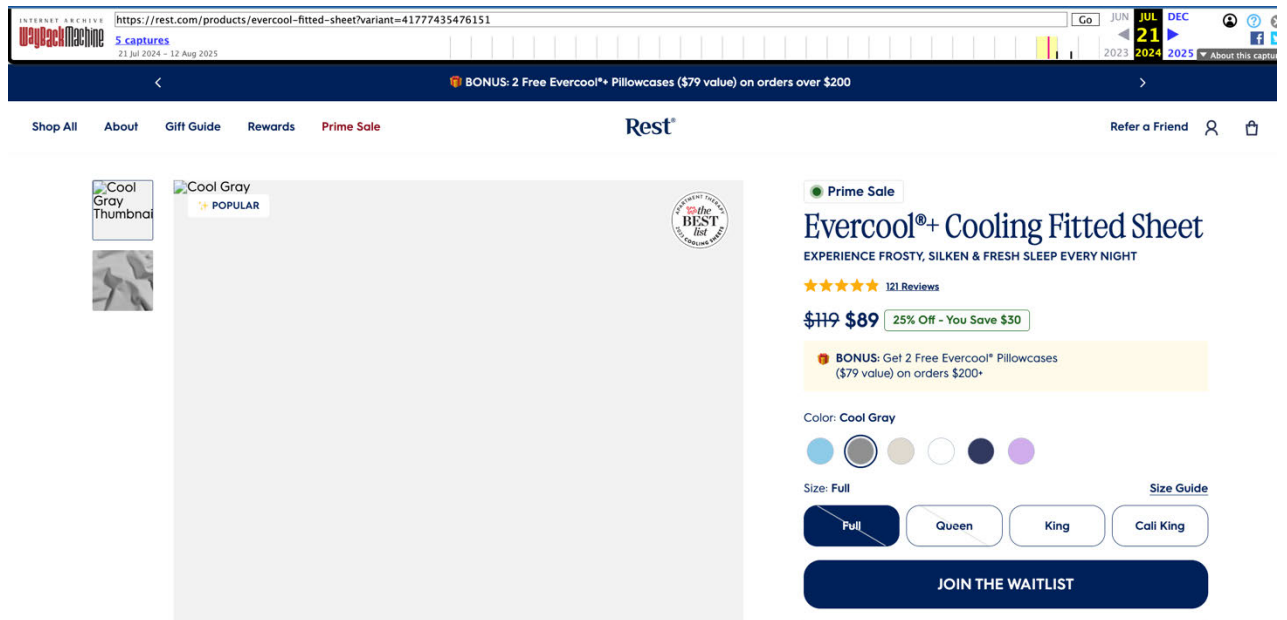
Evercool Cooling Fitted Sheet Full

42. Defendant did not sell the Evercool Cooling Fitted Sheet in Full size at the \$119.00 reference price for at least the three months (and likely much longer) prior to Plaintiff Aldrich's purchase. Instead, Defendant consistently listed the product with the same false reference price and varying discounts for the months preceding Plaintiff Aldrich's purchase.

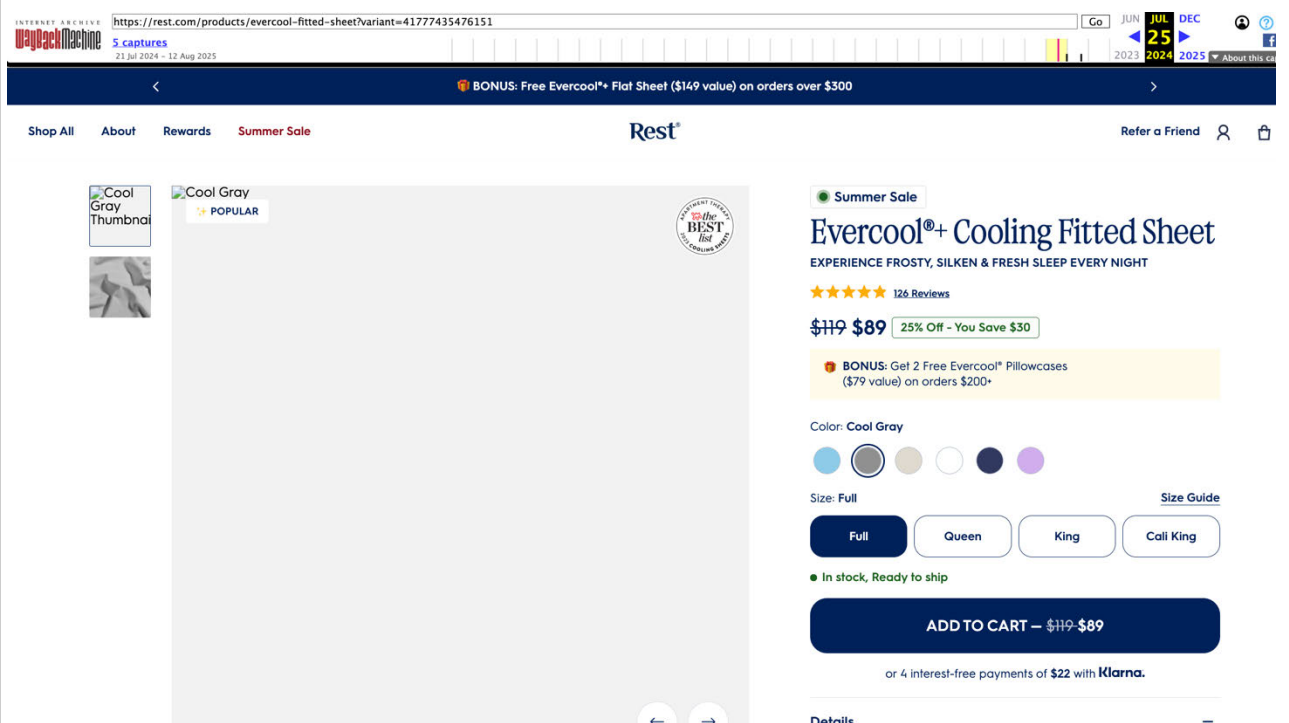
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July 21, 2024



July 25, 2024



September 8, 2024

Internet Archive Wayback Machine https://rest.com/products/evercool-fitted-sheet?variant=41777435410615 5 captures 25 Jul 2024 - 25 May 2025

Extended Labor Day Sale — Up to 35% Off

Shop Bedding Our Story Rewards Extended Labor Day Sale Rest Refer a Friend

Aqua Blue

Evercool®+ Cooling Fitted Sheet
Experience Frosty, Silken & Fresh Sleep Every Night

★★★★★ 166 Reviews
Popular
1k+ bought in past month

Extended Labor Day Sale
\$119 -25% \$89
or 4 interest-free payments of \$22 with Klarna.

Color: Aqua Blue

Size: Full

Twin Twin XL Full Queen King Cali King

In stock, Ready to ship

ADD TO CART — \$119 \$89

30-Night Trial • Free Shipping \$100+ • 1-Year Warranty

Details

October 3, 2024

Internet Archive Wayback Machine https://rest.com/products/evercool-fitted-sheet?variant=42973382639799 11 captures 3 Oct 2024 - 21 Apr 2025

Free Pillowcases with Comforter Purchase →

Shop Bedding Our Story Rewards Sale Rest Refer a Friend

Lavender Breeze

Evercool®+ Cooling Fitted Sheet
Experience Frosty, Silken & Fresh Sleep Every Night

★★★★★ 176 Reviews
Popular
1k+ bought in past month

Extended Labor Day Sale
\$119 -25% \$89
or 4 interest-free payments of \$22 with Klarna.

Color: Lavender Breeze

Size: Full

Twin Twin XL Full Queen King Cali King

In stock, Ready to ship

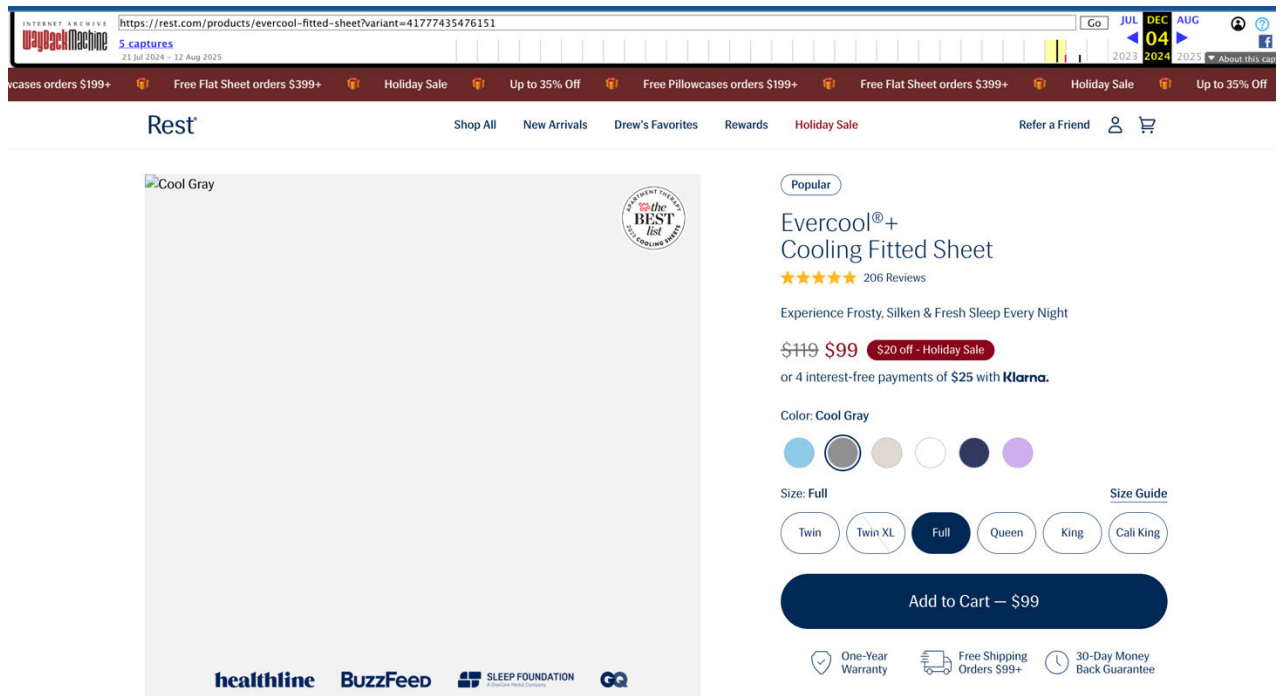
ADD TO CART — \$119 \$89

30-Night Trial • Free Shipping \$100+ • 1-Year Warranty

Details

43. Even after Plaintiff Aldrich's purchase on October 12, 2024, Defendant continued to list the product at a false discount with the same false reference price:

December 4, 2024



44. As evidenced by the above images, the Evercool Cooling Fitted Sheet Full size was not listed or sold at the strikethrough reference price of \$119 within the three months (and likely longer) prior to Plaintiff Aldrich's purchase. Upon information and belief, the Evercool Cooling Fitted Sheet Full size is listed at the same price and with the same false reference price on Defendant's website, regardless of the color option selected.

45. Plaintiff Aldrich relied on Defendant's representations on the website that the Products were being offered at a discount and that previously they were listed and sold on the website at the stated reference price within the three months immediately preceding Plaintiff Aldrich's purchase.

46. However, as shown above, Defendant did not list or sell the Products at the reference price for at least the previous three months (and likely much longer)

1 prior to Plaintiff Aldrich's purchase. In fact, Defendant instituted a similar discount
2 during the previous months, using the same or similar false reference prices.

3 47. The above-listed Products Plaintiff Aldrich purchased were not
4 substantially marked down or discounted, and any discount he was receiving had been
5 grossly exaggerated.

6 48. For at least the 90-day period prior to Plaintiff Aldrich's purchase, and
7 even months and possibly years more, Defendant did not list or sell the Products on
8 its website at the reference prices.

9 49. Plaintiff Aldrich would not have purchased the Product if he had known
10 the Product was not discounted as advertised, and that he was not receiving the
11 advertised discount.

12 50. Defendant enacts the same false discount scheme with many, if not all,
13 of the Products listed on its website.

14 51. Based on Defendant's numerous advertisements, reasonable consumers
15 would reasonably believe that the reference prices Defendant advertises are
16 Defendant's former prices (that is, the price at which the goods were actually offered
17 for sale and sold at before the limited time offer went into effect). In other words,
18 reasonable consumers would reasonably believe that the reference prices Defendant
19 advertises represent the amount that consumers formerly had to pay for Defendant's
20 goods, before the limited-time sale began.

21 52. Reasonable consumers would also believe that the reference prices
22 Defendant advertises represent the true comparison price for the Products, and are the
23 prevailing price for those Products, and that they are receiving reductions from those
24 regular prices in the amounts advertised. In truth, however, Defendant persistently
25 offers sales at lower prices and only gives the false appearance of discounts off the
26 purportedly regular prices it advertises. As a result, Defendant's price and purported
27 discount advertising is false. The regular prices Defendant advertises are not actually
28 Defendant's regular or former prices, or the prevailing prices for the Products

1 Defendant sells, and do not represent the true comparison price for the Products,
2 because Defendant's Products are consistently available for less than that, and
3 customers did not have to formerly pay that amount to get those items. The purported
4 discounts Defendant advertises are not the true discount the customer is receiving,
5 and are often not a discount at all.

6 ***B. The Reference Prices Are Not the Prevailing Market Price of the Products,***
7 ***Including During the Rolling 90-day Period Prior to the Offering and/or***
8 ***Purchase***

9 53. Defendant is the manufacturer of the Products, and the vast majority of
10 the Products are sold by Defendant directly to consumers (at a purportedly discounted
11 price), on its website.

12 54. Defendant is primarily a direct-to-consumer brand that sells its Products
13 online. As the primary seller of the Products, Defendant sets the prevailing market
14 price—most sales are made at Defendant's prices, because Defendant is the one
15 making the sales.

16 55. In short, because the Products are most commonly sold by Defendant on
17 its website, they are most commonly sold for the discounted prices that are always
18 available from Defendant (across all Defendant's sales channels).

19 56. Upon information and belief, many, if not all, of Rest's products that are
20 sold anywhere are sold by Defendant on its website. To the extent the Products are
21 sold through a third-party seller and there is any differentiation in pricing, the third-
22 party seller's prices for the Product are not the prevailing market price. Furthermore,
23 Defendant has an interest to, and upon information and belief does, exert control over
24 the pricing of the sales of its products.

25 57. On information and belief, Defendant's advertised prices are
26 unsubstantiated and based on an undisclosed formula, or are outdated, or are
27 cherrypicked or otherwise not representative of the prevailing market prices. On
28 information and belief, Defendant does not independently verify that the reference

1 prices are the prevailing market prices at which the Products are listed for sale by
2 Defendant or other retailers for a substantial period of time in substantial quantities,
3 and Defendant does not update the reference prices on a daily basis.

4 **II. Research Shows That Reference Price Advertising Influences Consumer**
5 **Behavior and Perceptions of Value**

6 58. The effectiveness of Defendant’s deceitful pricing scheme is backed by
7 longstanding research.

8 59. “By creating an impression of savings, the presence of a higher reference
9 price enhances subjects’ perceived value and willingness to buy the product.”¹ Thus,
10 “empirical studies indicate that, as discount size increases, consumers’ perceptions of
11 value and their willingness to buy the product increase, while their intention to search
12 for a lower price decreases.”² For this reason, the Ninth Circuit in *Hinojos* held that a
13 plaintiff making a claim of deceptive pricing (similar to the claim at issue here) had
14 standing to pursue his claim against the Defendant retailer. In doing so, the Court
15 observed that “[m]isinformation about a product’s ‘normal’ price is . . . significant to
16 many consumers in the same way as a false product label would be.” *Hinojos v. Kohl’s*
17 *Corp.*, 718 F.3d 1098, 1106 (9th Cir. 2013).

18 60. “[D]ecades of research support the conclusion that advertised reference
19 prices do indeed enhance consumers’ perceptions of the value of the deal.”³
20 According to academic studies, “[c]onsumers are influenced by comparison prices
21 even when the stated reference prices are implausibly high.”⁴

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24 ¹ Dhruv Grewal & Larry D. Compeau, *Comparative Price Advertising: Informative*
or Deceptive?, 11 J. Pub. Pol’y & Mktg. 52, 55 (Spring 1992).

25 ² *Id.* at 56.

26 ³ Dhruv Grewal & Larry D. Compeau, *Comparative Price Advertising: Believe It or*
27 *Not*, J. of Consumer Affairs, Vol. 36, No. 2, at 287 (Winter 2002).

28 ⁴ *Id.*

1 61. Further, consumers are more likely to buy the product if they believe that
2 the product is on sale and that they are getting a product with a higher regular price
3 and/or market value at a substantial discount.

4 62. Consumers that are presented with discounts are substantially more
5 likely to make the purchase. “Nearly two-thirds of consumers surveyed admitted that
6 a promotion or a coupon often closes the deal, if they are wavering or are undecided
7 on making a purchase.”⁵ And, “two-thirds of consumers have made a purchase they
8 weren’t originally planning to make solely based on finding a coupon or discount,”
9 while “80% [of consumers] said they feel encouraged to make a first-time purchase
10 with a brand that is new to them if they found an offer or discount.”⁶

11 63. Another academic journal explains that “[r]eference price ads strongly
12 influence consumer perceptions of value ... Consumers often make purchases not
13 based on price but because a retailer assures them that a deal is a good bargain. This
14 occurs when ... the retailer highlights the relative savings compared with the prices
15 of competitors ... [T]hese bargain assurances (BAs) change consumers’ purchasing
16 behavior and may deceive consumers.”⁷

17
18
19 ⁵ Khalid Saleh, *How Discounts Affect Online Consumer Buying Behavior*, Invesp,
20 June 16, 2024, [https://www.invespcro.com/blog/how-discounts-affect-online-](https://www.invespcro.com/blog/how-discounts-affect-online-consumer-buying-behavior/)
21 [consumer-buying-behavior/](https://www.invespcro.com/blog/how-discounts-affect-online-consumer-buying-behavior/) (last visited September 11, 2024).

22 ⁶ RetailMeNot Survey: Deals and Promotional Offers Drive Incremental Purchases
23 Online, Especially Among Millennial Buyers PR NEWswire (April 25, 2018),
24 [https://www.prnewswire.com/news-releases/retailmenot-survey-deals-and-](https://www.prnewswire.com/news-releases/retailmenot-survey-deals-and-promotional-offers-drive-incremental-purchases-online-especially-among-millennial-buyers-300635775.html#:~:text=In%2DLanguage%20News-,RetailMeNot%20Survey%3A%20Deals%20and%20Promotional%20Offers%20Drive%20Incremental%20Purchases%20Online,finding%20a%20coupon%20or%20discount.(last%20visited%20September%2011,%202024).)
25 [promotional-offers-drive-incremental-purchases-online-especially-among-](https://www.prnewswire.com/news-releases/retailmenot-survey-deals-and-promotional-offers-drive-incremental-purchases-online-especially-among-millennial-buyers-300635775.html#:~:text=In%2DLanguage%20News-,RetailMeNot%20Survey%3A%20Deals%20and%20Promotional%20Offers%20Drive%20Incremental%20Purchases%20Online,finding%20a%20coupon%20or%20discount.(last%20visited%20September%2011,%202024).)
26 [millennial-buyers-300635775.html#:~:text=In%2DLanguage%20News-](https://www.prnewswire.com/news-releases/retailmenot-survey-deals-and-promotional-offers-drive-incremental-purchases-online-especially-among-millennial-buyers-300635775.html#:~:text=In%2DLanguage%20News-,RetailMeNot%20Survey%3A%20Deals%20and%20Promotional%20Offers%20Drive%20Incremental%20Purchases%20Online,finding%20a%20coupon%20or%20discount.(last%20visited%20September%2011,%202024).)
27 [,RetailMeNot%20Survey%3A%20Deals%20and%20Promotional%20Offers%20Dri-](https://www.prnewswire.com/news-releases/retailmenot-survey-deals-and-promotional-offers-drive-incremental-purchases-online-especially-among-millennial-buyers-300635775.html#:~:text=In%2DLanguage%20News-,RetailMeNot%20Survey%3A%20Deals%20and%20Promotional%20Offers%20Drive%20Incremental%20Purchases%20Online,finding%20a%20coupon%20or%20discount.(last%20visited%20September%2011,%202024).)
28 [ve%20Incremental%20Purchases%20Online,finding%20a%20coupon%20or%20dis-](https://www.prnewswire.com/news-releases/retailmenot-survey-deals-and-promotional-offers-drive-incremental-purchases-online-especially-among-millennial-buyers-300635775.html#:~:text=In%2DLanguage%20News-,RetailMeNot%20Survey%3A%20Deals%20and%20Promotional%20Offers%20Drive%20Incremental%20Purchases%20Online,finding%20a%20coupon%20or%20discount.(last%20visited%20September%2011,%202024).)
[count.\(last%20visited%20September%2011,%202024\).](https://www.prnewswire.com/news-releases/retailmenot-survey-deals-and-promotional-offers-drive-incremental-purchases-online-especially-among-millennial-buyers-300635775.html#:~:text=In%2DLanguage%20News-,RetailMeNot%20Survey%3A%20Deals%20and%20Promotional%20Offers%20Drive%20Incremental%20Purchases%20Online,finding%20a%20coupon%20or%20discount.(last%20visited%20September%2011,%202024).)

27 ⁷ Joan Lindsey-Mullikin & Ross D. Petty, *Marketing Tactics Discouraging Price*
28 *Search: Deception and Competition*, 64 J. of Bus. Research 67 (January 2011).

64. “[R]esearch has shown that retailer-supplied reference prices clearly enhance buyers’ perceptions of value” and “have a significant impact on consumer purchasing decisions.”⁸

65. “[R]eference prices are important cues consumers use when making the decision concerning how much they are willing to pay for the product.”⁹ This study also concluded that “consumers are likely to be misled into a willingness to pay a higher price for a product simply because the product has a higher reference price.”¹⁰

66. Accordingly, research confirms that deceptive advertising through false reference pricing is intended to, and does, influence consumer behavior by artificially inflating consumer perceptions of an item’s value and causing consumers to spend money they otherwise would not have, purchase items they otherwise would not have, and/or purchase products from a specific retailer.

A. Consumers Suffered Harm

67. Based on Defendant’s advertisements, reasonable consumers would expect that the listed regular prices are the regular prices at which Defendant usually sells its Products.

68. Reasonable consumers would also expect that, if they purchase during the sale, they will receive an item whose regular or former price is the advertised regular or former price and that they will receive the advertised discount from the regular or former purchase price.

⁸ Praveen K. Kopalle & Joan Lindsey-Mullikin, *The Impact of External Reference Price On Consumer Price Expectations*, 79 J. of Retailing 225 (2003).

⁹ Jerry B. Gotlieb & Cyndy Thomas Fitzgerald, *An Investigation Into The Effects of Advertised Reference Prices On the Price Consumers Are Willing To Pay For the Product*, 6 J. of App’d Bus. Res. 1 (1990).

¹⁰ *Id.*

1 69. Plaintiffs and consumers paid a “price premium” for the Products. If the
2 reference prices were omitted from the product listings, the Plaintiffs would not have
3 purchased the Products.

4 70. Also, as further described above, Plaintiffs and consumers are more
5 likely to buy the Products if they believe that the product is on sale and that they are
6 getting Products with a higher regular or former price at a substantial discount.

7 71. Thus, Defendant’s advertisements harm consumers by inducing them to
8 make purchases based on false information. In addition, by this same mechanism,
9 Defendant’s advertisements artificially increase consumer demand for Defendant’s
10 Products. This puts upward pressure on the prices that Defendant can charge for its
11 Products. As a result, Defendant can charge a price premium for its Products that it
12 would not be able to charge absent the misrepresentations described above.

13 72. Therefore, Defendant’s Products not only have a market value lower than
14 the promised regular or former price; the value of the Products is also lower than the
15 “sale” price. By using false reference pricing and false limited time sales, Defendant
16 artificially drives up demand for the Products and by extension drives up the price of
17 the Products. As a result, consumers were harmed because they received a product
18 worth less than the price paid. Reasonable consumers would not have paid the prices
19 charged had they known that products were rarely, if ever, offered for sale on the
20 website at the reference prices.

21 **III. Defendant’s Deceptive Pricing Practices Violate Federal and California**
22 **State Law**

23 73. The Federal Trade Commission Act (“FTCA”) prohibits “unfair or
24 deceptive acts or practices in or affecting commerce.” 15 U.S.C. § 45(a)(1). Under 16
25 C.F.R. § 233.1, which is titled Former Price Comparisons, the FTC prohibits such
26 misleading price comparisons as the ones employed by Defendant.

27 74. Pursuant to 16 C.F.R. § 233.1
28

1 (a) One of the most commonly used forms of bargain advertising is to
2 offer a reduction from the advertiser's own former price for an
3 article. If the **former price** is the actual, bona fide price at which the
4 article was offered to the public **on a regular basis for a reasonably**
5 **substantial period of time**, it provides a legitimate basis for the
6 advertising of a price comparison. Where the former price is
7 genuine, the bargain being advertised is a true one. If, on the other
8 hand, the former price being advertised is not bona fide but fictitious
9 – for example, where an **artificial, inflated price was established**
10 **for the purpose of enabling the subsequent offer of a large**
11 **reduction** – the “bargain” being advertised **is a false one**; the
12 purchaser is not receiving the unusual value he expects.

13 (b) A former price is not necessarily fictitious merely because no sales
14 at the advertised price were made. The advertiser should be
15 especially careful, however, in such a case, that the price is one at
16 which the product was openly and actively offered for sale, for a
17 reasonably substantial period of time, in the recent, regular course
18 of her business, honestly and in good faith – and, of course, not for
19 the purpose of establishing a fictitious higher price on which a
20 deceptive comparison might be based.

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

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

1 might use a price that was not openly offered to the public, or that
2 was *not maintained for a reasonable length of time*, but was
3 immediately reduce.

4 16 C.F.R. § 233.1 (emphasis added).

5 75. The FTCA expressly prohibits the advertising of former fictitious prices,
6 like the scheme employed by Defendant, regardless of whether the product
7 advertisements and representations use the words “regular”, “original”, or “former”
8 price:

9 (e) If the former price is set forth in the advertisement, whether
10 accompanied or not by descriptive terminology such as “Regularly,”
11 “Usually,” “Formerly,” etc., the advertiser should make certain that
12 the former price is not a fictitious one. If the former price, or the
13 amount or percentage of reduction, is not stated in the advertisement,
14 as when the ad merely states, “Sale,” the advertiser must take care
15 that the amount of reduction is not so insignificant as to be
16 meaningless. It should be sufficiently large that the consumer, if he
17 knew what it was, would believe that a genuine bargain or saving
was being offered. An advertiser who claims that an item has been
“Reduced to \$9.99,” when the former price was \$10, is misleading
the consumer, who will understand the claim to mean that a much
greater, and not merely nominal, reduction was being offered.

18 16 C.F.R. § 233.1.

19
20 76. Defendant’s pricing scheme directly violates the FTCA.

21 77. In addition, Section 17500 of California’s False Advertising Law
22 prohibits businesses from making statements they know or should know to be untrue
23 or misleading. Cal. Bus. & Prof. Code § 17500. This includes statements falsely
24 suggesting that a product is on sale, when it actually is not.

25 78. Section 17501 of California’s False Advertising Law provides that “[n]o
26 price shall be advertised as a former price ... unless the alleged former price was the
27 prevailing market price ... within three months next immediately preceding” the
28 advertisement. Cal. Bus. & Prof. Code § 17501.

1 officer(s) to whom this action is assigned, and the members of their immediate
2 families.

3 84. Plaintiffs reserve the right to modify or amend the definition of the
4 proposed Class if necessary, before this Court determines whether certification is
5 appropriate.

6 85. This case is properly brought as a class action under Fed. R. Civ. P.
7 23(b)(2) and (b)(3) and all requirements are met for the reasons set forth in the
8 following paragraphs.

9 86. *Numerosity.* The members of the Class are so numerous that separate
10 joinder of each member is impracticable. Upon information and belief, and subject to
11 discovery, the Class consists of many thousands of members, the identity of whom
12 are within the exclusive knowledge of Defendant and can be ascertained only by
13 resorting to Defendant's records, discovery, and other third-party sources.

14 87. *Commonality.* There are numerous questions of law and fact common to
15 the Class relating to Defendant's business practices challenged herein, and those
16 common questions predominate over any questions affecting only individual Class
17 members. The common questions include, but are not limited to:

- 18 ○ Whether Defendant's labeling, advertising, and marketing of the
19 Products is false and misleading;
- 20 ○ Whether Defendant advertised false reference prices on Products
21 offered on the website;
- 22 ○ Whether Defendant advertised price discounts from the false
23 reference prices on the Products offered on the website;
- 24 ○ Whether the Products listed on Defendant's website were offered at
25 their reference price within the three months preceding purchases by
26 Plaintiffs and class members;
- 27 ○ Whether Defendant's misrepresentations were material to reasonable
28 consumers;

- Whether Defendant engaged in unlawful or unfair conduct prohibited by the California UCL;
- Whether Defendant engaged in conduct prohibited by the California FAL;
- Whether Defendant violated the CLRA's prohibition on unfair methods of competition and/or unfair and deceptive practices;
- Whether Defendant violated the FTCA;
- Whether Defendant harmed the Plaintiffs and members of the Class;
- the proper measure of damages; and
- the declaratory and injunctive relief to which the Class is entitled.

88. *Typicality.* Plaintiffs' claims are typical of the claims of the other Class members in that they arise out of the same wrongful business practices engaged in by Defendant, as described herein.

89. *Adequacy of Representation.* Plaintiffs are adequate representatives of the Class because Plaintiffs have sustained damage as a result of Defendant's uniform conduct. In addition:

- Plaintiffs are committed to the vigorous prosecution of this action individually and on behalf of all others similarly situated and have retained competent counsel experienced in the prosecution of class actions and, in particular, class actions on behalf of consumers against financial institutions;
- There is no hostility of interest between Plaintiffs and the unnamed Class members;
- Plaintiffs anticipate no difficulty in the management of this litigation as a class action; and

- Plaintiffs’ legal counsel has the financial and legal resources to meet the substantial costs and legal work associated with this type of litigation.

90. *Predominance.* The questions of law and fact common to the Class as set forth in the “commonality” allegation above predominate over any individual issues. As such, the “commonality” allegations are restated and incorporated herein by reference.

91. *Superiority.* A class action is superior to other available methods and highly desirable for the fair and efficient adjudication of this controversy. Since the amount of each individual Class member’s claim is small relative to the complexity of the litigation and since the financial resources of Defendant are significant, no Class member could afford to seek legal redress individually for the claims alleged herein. Therefore, absent a class action, the Class members will continue to suffer losses and Defendant’s misconduct will proceed without remedy. In addition, even if Class members themselves could afford such individual litigation, the court system could not. Given the complex legal and factual issues involved, individualized litigation would significantly increase the delay and expense to all parties and to the Court. Individualized litigation would also create the potential for inconsistent or contradictory rulings. By contrast, a class action presents far fewer management difficulties, allows claims to be heard which might otherwise go unheard because of the relative expense of bringing individual lawsuits, and provides the benefits of adjudication, economies of scale and comprehensive supervision by a single court.

92. All conditions precedent to bringing this action have been satisfied and/or waived.

FIRST CAUSE OF ACTION
VIOLATION OF CALIFORNIA’S UNFAIR COMPETITION LAW (“UCL”)
(Cal. Bus. & Prof. Code §§ 17200, *et seq.*)
(On behalf of Plaintiffs and the Class)

1 93. Plaintiffs hereby incorporate by reference the allegations contained in
2 the preceding paragraphs of this Complaint.

3 94. Plaintiffs and Defendant are “persons” within the meaning of the UCL.
4 Cal. Bus. & Prof. Code § 17200.

5 95. The UCL defines unfair competition to include any “unlawful, unfair or
6 fraudulent business act or practice.” Cal. Bus. & Prof. Code § 17200.

7 96. Defendant violated the UCL by engaging in “unlawful, unfair, and
8 fraudulent business acts or practices” and engaging in “unfair, deceptive, untrue or
9 misleading advertising,” including advertising false and deceptive reference prices on
10 its Products. Cal. Bus. & Prof. Code § 17200.

11 **a. *Unlawful Prong***

12 97. As a result of engaging in the conduct alleged in this Complaint,
13 Defendant has violated the UCL’s proscription against engaging in “unlawful”
14 conduct by virtue of its violations of the following laws:

15 (1) **California Bus. & Prof. Code § 17501:** As further detailed in this
16 Complaint, Defendant violated California’s False Advertising Law, Cal.
17 Bus. & Prof. Code §§ 17500 and 17501.

18 (2) **The Federal Trade Commission Act:** As detailed in this
19 Complaint, Defendant violated 16 C.F.R. §§ 233.1 and 233.5.

20 (3) **Consumers Legal Remedies Act (“CLRA”), Cal. Civ. Code §**
21 **1770(a):** As alleged below, Defendant’s conduct, individually and
22 collectively, violates section 1770(a)(5), (7), (9), and (13) of the CLRA.
23 Therefore, Defendant has also violated the UCL’s “unlawful” provision.

24 98. Plaintiffs reserve the right to allege other violations of law, which
25 constitute other unlawful business acts or practices. Such conduct is ongoing and
26 continues to this date. Unless restrained and enjoined, Defendant will continue to
27 engage in the unlawful conduct described herein.
28

1 99. Defendant’s conduct caused and continues to cause substantial injury to
2 Plaintiffs and the Class. As described herein, Defendant made false and deceptive
3 advertisements and representations regarding the reference prices on the Products it
4 claimed were on sale. But for Defendant’s unlawful and unfair conduct, Plaintiffs and
5 Class members would not have purchased the Products.

6 100. Plaintiffs have suffered injury in fact and have lost money as a result of
7 Defendant’s conduct.

8 101. Accordingly, Plaintiffs and Class Members seek restitution from
9 Defendant of all money obtained from Plaintiffs and the Class as a result of
10 Defendant’s unlawful acts.

11 **b. *Unfair Prong***

12 102. As a result of engaging in the conduct alleged herein, Defendant has
13 violated the UCL’s proscription against “unfair” business practices.

14 103. Under the UCL, a business act or practice is “unfair” if the Defendant’s
15 conduct is substantially injurious to consumers, offends public policy, and is immoral,
16 unethical, oppressive, and unscrupulous, as the benefits for committing such acts or
17 practices are outweighed by the gravity of the harm to the alleged victims.

18 104. Defendant’s unfair conduct alleged in the Complaint is illegal, deceptive,
19 unethical, and unscrupulous. Under federal and state law, making false and deceptive
20 claims about products being marketed and sold to consumers violates the UCL.

21 105. Defendant’s deceptive marketing gave consumers the false impression
22 that their products were regularly listed or sold on the website for a substantially
23 higher price in the recent past than they were and, thus, led to the false impression
24 that Defendant’s products were being sold at a discount to a regular price.

25 106. Furthermore these acts and practices offend public policy by violating
26 the CLRA and the California False Advertising Law (“FAL”), Cal. Bus. & Prof. Code
27 17500, *et seq.*

28

1 107. Defendant's conduct was and continues to be of no benefit to purchasers
2 of the Products, as it is misleading, unfair, unlawful, and is injurious to consumers.

3 108. Therefore, Defendant's conduct was and continues to be "unfair."

4 109. Defendant's violations of the UCL continue to this day. Unless restrained
5 and enjoined, Defendant will continue to engage in the unfair conduct described
6 herein. Plaintiffs would buy again from the Rest website if they knew that the pricing
7 misrepresentations were halted.

8 110. Defendant's conduct caused and continues to cause substantial injury to
9 Plaintiffs, as well as the Class members.

10 111. The harm to Plaintiffs and members of the Class outweighs the utility of
11 Defendant's practices. There were reasonably available alternatives to further
12 Defendant's legitimate business interests, other than the unfair conduct described
13 herein.

14 112. Accordingly, Plaintiffs and the Class seek restitution from Defendant of
15 all money obtained from Plaintiffs and the Class members as a result of Defendant's
16 unfair competition.

17 ***c. Fraudulent Prong***

18 113. As a result of engaging in the conduct alleged herein, Defendant has
19 violated the UCL's proscription against "fraudulent" business practices.

20 114. Under the UCL, a business act or practice is "fraudulent" if it actually
21 deceives or is likely to deceive members of the consuming public. Defendant
22 affirmatively misrepresented the reference prices of products which, in turn, misled
23 and deceived consumers into believing that they were buying products at substantially
24 discounted prices. Defendant's deceptive marketing gave consumers the false
25 impression that its products were regularly listed or sold on the website for a
26 substantially higher price in the previous three months. Because Defendant misled
27 Plaintiffs and members of the Class, Defendant's conduct was "fraudulent."

1 115. Defendant's advertisements concerning the reference price of Products
2 on its website were fraudulent business acts in violation of the UCL. These acts were
3 reasonably likely to deceive consumers, and in fact did deceive Plaintiffs and induce
4 them into purchasing Defendant's Products.

5 116. Defendant knew its Products were not actually sold at the higher
6 reference price for a three month period of time preceding Plaintiffs' and class
7 members purchases.

8 117. Defendant had a duty to disclose the truth about its pricing deception,
9 including that the reference prices advertised on its website were not, in fact, prices
10 at which Defendant's items were listed or sold on the website in the previous three
11 months, but in truth, the products never (or rarely) were offered or sold at the reference
12 prices.

13 118. Defendant made these statements with the intention that Plaintiffs would
14 see them and rely on them to purchase their Products, and, in fact, Plaintiffs did rely
15 on Defendant's fraudulent misrepresentations on Defendant's website when
16 purchasing the Products.

17 119. If not for Defendant's fraudulent acts and practices, Plaintiffs would not
18 have purchased the Products.

19 120. As a result, Plaintiffs and Class Members suffered substantial injury and
20 lost money due to Defendant's conduct.

21 121. There were reasonably available alternatives to further Defendant's
22 legitimate business interests, other than the conduct described herein. As a result of
23 Defendant's fraudulent business acts and practices, Defendant has and/or continues
24 to fraudulently obtain money from Plaintiffs and Class Members.

25 122. Plaintiffs request that this Court cause Defendant to restore this
26 unlawfully, unfairly, and fraudulently obtained money to them, and members of the
27 Class, to disgorge the profits Defendant made on these transactions, and to enjoin
28 Defendant from violating the UCL or violating it in the same fashion in the future.

123. Plaintiffs have no adequate remedy at law to address Defendant's unlawful conduct. The legal remedies available to Plaintiffs are not equally ripe, prompt, certain, efficient, or complete as equitable relief, including as to the applicable statutes of limitation, such that equitable relief may reach transactions for which no legal remedy exists. *Compare* Cal. Bus. & Prof. Code § 17208 (four-year limitations period) *with* Cal. Civ. Code § 1783 (three years). Whereas equitable claims may be tried by the court, legal claims are tried by jury, which may result in delay or additional expense. Further, the Court's discretion in fashioning equitable relief extends broader than legal damages and can be awarded in situations where establishing entitlement to damages may prove difficult, including under claims, such as the UCL, where the necessary elements differ from those governing legal claims.

SECOND CAUSE OF ACTION
VIOLATION OF CALIFORNIA'S FALSE ADVERTISING LAW ("FAL")
(Cal. Bus. & Prof. Code §§ 17500, et seq.)
(On behalf of Plaintiffs and the Class)

124. Plaintiffs hereby incorporate by reference the allegations contained in the preceding paragraphs of this Complaint.

125. This Claim is brought on behalf of the Class.

126. Defendant violated Cal. Bus. & Prof. Code §§ 17500 and 17501.

127. The California's False Advertising Law ("FAL"), Cal. Bus. & Prof. Code § 17500, et seq., states, in part, that:

It is unlawful for any person, firm, corporation or association, or any employee thereof with intent directly or indirectly to dispose of real or personal property or to perform services, professional or otherwise, or anything of any nature whatsoever or to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated before the public in this state, or to make or disseminate or cause to be made or disseminated from this state before the public in any state, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatever, including over the Internet, any statement, concerning that real or personal property or those services, professional

1 or otherwise, or concerning any circumstance or matter of fact
2 connected with the proposed performance or disposition thereof, **which**
3 **is untrue or misleading, and which is known, or which by the**
4 **exercise of reasonable care should be known, to be untrue or**
misleading...

5 Cal. Bus. & Prof. Code § 17500. (emphasis added).

6 128. The FAL also provides that:

7 For the purposes of this article the worth or value of any thing
8 advertised is the prevailing market price, wholesale if the offer is at
9 wholesale, retail if the offer is at retail, at the time of publication of such
advertisement in the locality wherein the advertisement is published.

10 No price shall be advertised as a *former price* of any advertised thing,
11 unless the alleged former price was the *prevailing market price* as
12 above defined within *three months next immediately preceding* the
13 publication of the advertisement or unless the date when the alleged
14 former price did prevail is clearly, exactly and conspicuously stated in
the advertisement.

15 Cal. Bus. & Prof. Code § 17501. (emphasis added).

16 129. As used in the FAL:

17 (a) The term “prevailing market price” refers to the “retail [price] if the
18 offer is at retail.”

19 (b) The term “advertised thing” refers to the exact same product
20 offered—*not* an equivalent or similar product. *People v. Superior Ct.*
21 *(J.C. Penney Corp.)*, 34 Cal. App. 5th 376, 412 (2019) (“if the
22 advertisement specifies a precise item—say, by reference to name,
23 brand, or other distinctive features ... the market and therefore the
24 market price is potentially determined on the basis of sales of *that*
25 *item only.*”) (emphasis added).

26 (c) The term “ ‘former price’ ... includes but is not limited to the
27 following words and phrases when used in connection with
28

1 advertised prices: ‘formerly—,’ ‘regularly—,’ ‘usually—,’
2 ‘originally—,’ ‘reduced from __,’ was __ now __,’ ‘__% *off*.’” 4
3 Cal. Code Regs., § 1301 (emphasis added).

4 (d) The “three-month period is properly construed as a ‘rolling’ period,
5 that is, one whose beginning and end changes each day, thus requiring
6 a daily recalculation of the prevailing market price during the three-
7 month period.” *People v. Superior Ct. (J.C. Penney Corp.)*, 34 Cal.
8 App. 5th 376, 416 n.26 (2019) (emphasis added).

9 130. As alleged more fully above, Defendant advertises former prices along
10 with discounts on its website. Defendant does this, for example, by crossing out a
11 higher price (e.g. \$150) and displaying it next to a lower, discounted price. Reasonable
12 consumers would understand prices denoted as regular prices from which time-
13 limited discounts are calculated to denote “former” prices, i.e., the prices that
14 Defendant charges before the discount went into effect.

15 131. The reference prices advertised as former or regular prices on
16 Defendant’s website are not former or regular prices under the FAL. Defendant rarely,
17 if ever, offered Products on the website at the reference prices within three months
18 immediately preceding the publication of the reference prices. Additionally, the
19 reference prices shown were not the prevailing market prices for the Products in the
20 three months immediately preceding the publication.

21 132. Defendant’s misrepresentations were intended to induce reliance, and
22 Plaintiffs saw, read, and reasonably relied on the false reference prices when
23 purchasing Defendant’s Products. Defendant’s misrepresentations were a substantial
24 factor in the Plaintiffs’ purchase decisions.

25 133. Plaintiffs relied on Defendant’s false advertisements with regard to the
26 Products, at the time of purchase.

27 134. As a result of Defendant’s violation of the FAL, Plaintiffs and Class
28 Members suffered substantial injury and lost money.

1 135. Pursuant to Cal. Bus. & Prof. Code § 17535, this Court has the power to
2 award such equitable relief, including but not limited to an order declaring the
3 reference prices listed on Defendant's Products to be unlawful, an order enjoining
4 Defendant from engaging in any such further unlawful conduct, and an order directing
5 Defendant to refund to Plaintiffs and Class Members all monies wrongfully collected
6 as a result of its false advertisements.

7 136. Plaintiffs have no adequate remedy at law to address Defendant's
8 unlawful conduct. The legal remedies available to Plaintiffs are not equally ripe,
9 prompt, certain, efficient, or complete as equitable relief, including as to the
10 applicable statutes of limitation, such that equitable relief may reach transactions for
11 which no legal remedy exists. *Compare* Cal. Bus. & Prof. Code § 17208 (four-year
12 limitations period for unlawful conduct, including violations of the FAL) *with* Cal.
13 Civ. Code § 1783 (three years). Whereas equitable claims may be tried by the court,
14 legal claims are tried by jury, which may result in delay or additional expense. Further,
15 the Court's discretion in fashioning equitable relief extends broader than legal
16 damages and can be awarded in situations where establishing entitlement to damages
17 may prove difficult, including under claims, such as the FAL, where the necessary
18 elements differ from those governing legal claims.

19 **THIRD CAUSE OF ACTION**
20 **VIOLATION OF THE CONSUMERS LEGAL REMEDIES ACT ("CLRA")**
21 **(Cal. Civ. Code §§ 1750, *et seq.*)**
22 ***(On behalf of Plaintiffs and the Class)***

23 137. Plaintiffs hereby incorporate by reference the allegations contained in
24 the preceding paragraphs of this Complaint.

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26 //

1 138. Plaintiffs and members of the Class are “consumers,” as that term is
2 defined by Civil Code § 1761(d), because they purchased Products for personal,
3 family, or household purposes.

4 139. Plaintiffs and Class members have engaged in a “transaction” with
5 Defendant, as that term is defined by Civil Code § 1761(e).

6 140. The conduct alleged in this Complaint constitutes unfair methods of
7 competition and unfair and deceptive acts and practices for purposes of the CLRA,
8 and was undertaken by Defendant in transactions intended to result in, and which
9 resulted in, the sale of goods or services to consumers.

10 141. As described more fully above, Defendant made and disseminated untrue
11 and misleading statements of fact in its advertisements to class members. Defendant
12 did this by using fake reference prices, i.e., reference prices that are not the prevailing
13 market price, and/or were not the prevailing market price within the three months
14 preceding the publication of the discount, and advertising fake discounts.

15 142. As a result of Defendant’s conduct, Plaintiffs and Class members
16 purchased Defendant’s Products for their use.

17 143. By engaging in the conduct described herein, Defendant has violated the
18 following subdivisions of Cal. Civ. Code § 1770(a) by:

19 (5) Representing that goods or services have sponsorship, approval,
20 characteristics, ingredients, uses, benefits, or quantities which they
21 do not have.

22 (7) Representing that goods or services are of a particular standard,
23 quality, or grade, or that goods are of a particular style or model, if
24 they are of another.

25 (9) Advertising goods or services with intent not to sell them as
26 advertised.

27 (13) Making false or misleading statements of fact concerning
28 reasons for, existence of, or amounts of price reductions.

1 144. Regarding section 1770(a)(13), Defendant made false or misleading
2 statements of fact concerning the “existence of” and the “amounts of price reductions”
3 because (a) no true price reductions existed in that Defendant’s Products were rarely,
4 if ever, offered for sale and/or sold on the website at the higher reference prices, let
5 alone on a regular basis within the three months immediately preceding the
6 publication of the reference prices, (b) the reference prices Defendant advertised in
7 connection with its Products are not prevailing market prices because, on information
8 and belief, the Products were not sold elsewhere at the reference prices on a regular
9 basis within the three months immediately preceding the publication of the reference
10 prices, and (c) Defendant falsely represents the Products as on sale for a limited time
11 when in truth it appears they are perpetually sold at the advertised “sale” prices.

12 145. With regards to sections 1770(a)(5), (7), and (9), Defendant advertised
13 and represented Products on the website with the “intent not to sell” them as
14 advertised and misrepresenting product characteristics and standards because, as
15 explained herein, the false reference prices advertised in connection with products
16 offered on the website misled and continue to mislead customers into believing the
17 Products were previously offered for sale and/or sold on the website at the higher
18 reference prices during the three months preceding the advertisement.

19 146. Defendant intended for Plaintiffs and the Class to rely on its
20 aforementioned unfair and deceptive acts and practices, including the
21 misrepresentations and omissions alleged above.

22 147. Defendant’s violations of the CLRA proximately caused injury in fact to
23 Plaintiffs and the Class.

24 148. Plaintiffs reasonably relied on Defendant’s representations. Absent
25 Defendant’s misrepresentations, Plaintiffs would not have purchased the items they
26 purchased from Defendant. Plaintiffs’ reliance was a substantial factor in causing
27 them harm.

28 //

1 149. Defendant continues to violate the CLRA with its false discounts and
2 reference prices to this day. Unless restrained and enjoined, Defendant will continue
3 to engage in the unfair conduct described herein. Plaintiffs would buy again from the
4 Rest website if they knew that the pricing misrepresentations were halted.

5 150. Pursuant to Cal. Civ. Code § 1782(d), Plaintiffs, individually and on
6 behalf of the Class, seek a Court order enjoining the above-described wrongful acts
7 and practices of Defendant and for restitution and disgorgement.

8 151. On October 6, 2026, pursuant to Cal. Civ. Code § 1782(a) and (d),
9 Defendant was sent in writing, by certified mail, notice of the violations of Section
10 1770 of the CLRA, which notification demanded that Defendant cease and rectify the
11 problems associated with the actions detailed above and give notice to all affected
12 consumers of its intent to so act. The 30-day response period has not elapsed. Thus,
13 Plaintiffs claim no damages pursuant to this count, but will timely amend this
14 Complaint after expiration of the response period to seek money damages and
15 punitive damages under the CLRA. At this time, Plaintiffs seek only injunctive relief
16 under the CLRA as described above.

17 **REQUEST FOR RELIEF**

18 WHEREFORE, Plaintiffs and members of the Class, respectfully request that
19 the Court:

- 20 a. Certify this case as a class action, designating Plaintiffs as class
21 representatives and designating the undersigned as Class Counsel;
- 22 b. Declare that Defendant's conduct violates the statutes set forth above;
- 23 c. Award Plaintiffs and the Class restitution in an amount to be proven at
24 trial;
- 25 d. Award Plaintiffs and the Class pre-judgment interest in the amount
26 permitted by law;
- 27 e. Award Plaintiffs and their attorneys' fees and costs as permitted by law;
- 28 f. Declare Defendant's practices outlined herein to be unlawful;

- 1 g. Grant equitable and/or injunctive relief, including to enjoin Defendant
2 from engaging in the practices outlined herein;
3 h. Grant Plaintiffs and the Class a trial by jury;
4 i. Grant leave to amend these pleadings to conform to evidence produced
5 at trial; and
6 j. Grant such other relief as the Court deems just and proper, including all
7 forms of relief provided for under the UCL, CLRA, and FAL, except that
8 this Complaint does not seek damages under the CLRA.

9 **JURY DEMAND**

10 Plaintiffs, by counsel, demand a trial by jury.

11
12 Dated: October 6, 2026

Respectfully submitted,

13 /s/ Victor J. Sandoval

14 Victor J. Sandoval (SBN 344461)

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25 *Counsel for Plaintiffs and the Proposed Class*
26
27
28