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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

ADRIAN CENDEJAS, on behalf of himself
and all others similarly situated,

Plaintiff,

v.

SONY INTERACTIVE ENTERTAINMENT
LLC and SONY GROUP CORPORATION,

Defendants.

Civil Action No.

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

1. Plaintiff Adrian Cendejas, on behalf of himself and all others similarly situated, bring this Class Action Complaint against Sony Interactive Entertainment LLC and Sony Group Corporation (collectively, “Sony” or “Defendants”) for violations of Sections 2 and 3(b) of the Sherman Act, 15 U.S.C. §§ 2 and 3(b), and Section 4 of the Clayton Act, 15 U.S.C. § 15(a), as follows:

INTRODUCTION

2. Sony, operating from San Mateo, California, is one of the largest consumer electronics manufacturers in the world, and one of the dominant makers of video game consoles. In 1994, Sony launched its first video game console, the PlayStation. Sony's release of the PlayStation elicited critical acclaim and strong sales; in less than a decade, it became the first computer entertainment platform to ship over 100 million units. Sony revolutionized the console industry with its use of optical discs, heralding the console industry's transition away from cartridges.

3. Sony has since released five models of the PlayStation—its latest, the PlayStation 5 (“PS5”) released to much fanfare on November 12, 2020 in the United States. The PS5 comes in two versions, including a digital-only version, called the PlayStation 5 Digital Edition (“PS5 DE”).

4. Both versions of the PS5 include hardware (a specialized gaming computer known as a console) and software (the operating system that allows users to play video games). Sony's operating system runs various applications, including Sony's PlayStation Store where users can purchase digital copies of video games.

5. This action concerns Sony’s antitrust violations in the market for video games played on the PS5 DE. Among other things, Sony tied the PlayStation Store to the PS5 DE, relying on its monopoly power in the console market to acquire market share in the PS5 video game distribution market. In addition, Sony eliminated competition in the PS5 video game distribution market by refusing to allow retail outlets to sell digital copies of PS5 video games. This conduct is anticompetitive and violates federal antitrust law.

1 6. Before the PS5 DE was released, consumers could purchase PlayStation
2 video games from game developers and retailers including Amazon, GameStop, Walmart, and
3 Target, among others, on Blu-ray discs that could be inserted into the PlayStation console or in
4 the form of digital download codes that allow for downloading the game to the console. Because
5 the PS5 DE lacks a disc drive, consumers are limited to purchasing digital download codes from
6 retailers and digital copies of games from the PlayStation Store.

7 7. Recognizing the price competition digital download codes poses, Sony made the
8 anticompetitive decision to refuse to allow retail outlets to sell video games through digital
9 download codes.

10 8. Consumers are thus forced to purchase PS5 games on the PlayStation Store—an
11 application owned and operated by Sony that is pre-loaded on the PS5 DE. Sony does not allow
12 other applications that enable consumers to play video games to run on the PS5 DE. Nor does
13 Sony allow digital download codes sold by retailers to be redeemed through the PlayStation
14 Store. Consumers that purchase a PS5 DE are left with two choices: purchase games directly
15 from Sony using the PlayStation Store, or purchase another console for hundreds of dollars. For
16 those customers who have been in the Sony game console environment for years this is a negative
17 result personally and economically.

18 9. Consumers face major costs to switch between PlayStation and Xbox. For
19 example, video games available on the PS4 can be played on the PS5, but cannot be played on the
20 Xbox. Consumers that have built up a library of PS4 games would lose hundreds, if not
21 thousands, of dollars if they switched to Xbox. Also, consumers that use PlayStation are
22 accustomed to the use of the PlayStation controller and gameplay, and have developed social
23 networks within the PlayStation ecosystem that they would lose if they switched to Xbox. Finally,
24 certain games are available only in the PlayStation ecosystem, not on Xbox.

25 10. Sony's conduct insulates it from price competition and enables it to charge
26 supracompetitive prices for PS5 video games. Sony charges publishers an approximately 30%
27 commission for every game purchased through the PlayStation Store. This exorbitant
28

1 commission is passed on to consumers, who end up paying higher prices than they otherwise
2 would have. Sony also effectively quashes the secondary market for PS5 games—consumers can
3 no longer buy and sell their used games at significantly reduced prices. Instead, each time a
4 consumer wants to purchase a PS5 video game—whether a recent or older release—it must
5 purchase a new digital copy from PlayStation through the PlayStation Store.

6 11. Sony’s decision to tie the PlayStation Store with the PS5 and to eliminate
7 competition from retailers and game developers that could sell digital download codes is
8 anticompetitive. Sony’s decision was made solely to eliminate competition and enable it to
9 charge supracompetitive prices for PS5 DE video games. There are no procompetitive
10 justifications for its decision.

11 12. As a result of Sony’s unlawful acquisition and maintenance of a monopoly over
12 the sale of PS5 video games, Plaintiff and the Class have paid and will continue to pay significant
13 overcharges. Plaintiff seeks damages equal to the amount he has already overpaid, treble
14 damages, and injunctive relief to end the overcharges he will continue to pay until competition is
15 restored to the market.

16 THE PARTIES

17 13. Plaintiff Adrian Cendejas is a resident of California. Plaintiff has purchased, and
18 will continue to purchase, digital copies of video games directly from Sony through the
19 PlayStation Store to be played on his PS5 DE. Plaintiff has been injured, and will continue to be
20 injured, in his property by paying supracompetitive prices for these video games.

21 14. Defendant Sony Interactive Entertainment LLC (“SIE”) is a corporation
22 organized and existing under the laws of California, with its headquarters and principal place of
23 business at 2207 Bridgepointe Parkway, San Mateo, California. SIE undertakes product research,
24 development, design, marketing, sales, production, distribution and customer service for
25 PlayStation hardware, software, content, and network services. SIE is a wholly owned subsidiary
26 of the Japanese consumer electronics and media conglomerate Sony Group Corporation.
27
28

15. Defendant Sony Group Corporation is a corporation organized and existing under the laws of Japan with its principal place of business at 7-1, Konan 1-Chome, Minato-Ku, Tokyo 108-0075, Japan. Sony Group Corporation is the parent corporation of SIE.

16. SIE and Sony Group Corporation are collectively referred to as “Sony.”

JURISDICTION AND VENUE

17. Plaintiff brings this action on his own behalf as well as that of the Class to recover damages, including treble damages, costs of suit, and reasonable attorneys' fees arising from Defendants' violations of Section 2 and 3(b) of the Sherman Act (15 U.S.C. §§ 2 and 3(b)) and Section 4 of the Clayton Act, 15 U.S.C. § 15(a), as well as any and all equitable relief afforded them under the federal laws pled herein.

18. Jurisdiction and venue are proper in this judicial district pursuant to Section 12 of the Clayton Act (15 U.S.C. § 22), and 28 U.S.C. § 1391(b), (c) and (d), because a substantial part of the events giving rise to Plaintiff's claims occurred in this District, a substantial portion of the affected interstate trade and commerce was carried out in this District, and Sony resides in this District and is licensed to do business in this District. Sony has transacted business, maintained substantial contacts, and/or committed overt acts in furtherance of the illegal scheme throughout the United States, including in this district. The scheme has been directed at, and has had the intended effect of, causing injury to persons residing in, located in, or doing business throughout the United States, including in this District.

INTRADISTRICT ASSIGNMENT

19. Pursuant to N.D. Cal. Civ. L.R. 3-2(c), (d) & 3-5(b), this action is properly assigned to the San Francisco division because a substantial part of the events and omissions which give rise to the claim emanated from California and more specifically San Mateo County.

FACTUAL ALLEGATIONS

A. Video Game Industry

20. Video games are played on one of four electronic platforms: (i) smartphones; (ii) personal computers (“PCs”); (iii) arcade game consoles; or (iv) personal game consoles. This

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