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11  
12 **UNITED STATES DISTRICT COURT**  
13 **NORTHERN DISTRICT OF CALIFORNIA**  
14 **SAN FRANCISCO DIVISION**

15 ADRIAN CENDEJAS, on behalf of himself  
16 and all others similarly situated,  
17  
18 Plaintiff,  
19  
20 v.  
21 SONY INTERACTIVE ENTERTAINMENT  
22 LLC and SONY GROUP CORPORATION,  
23  
24 Defendants.

Civil Action No.  
**CLASS ACTION COMPLAINT**  
**DEMAND FOR JURY TRIAL**

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

6 **INTRODUCTION**

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

14 3. Sony has since released five models of the PlayStation—its latest, the PlayStation  
15 5 (“PS5”) released to much fanfare on November 12, 2020 in the United States. The PS5 comes  
16 in two versions, including a digital-only version, called the PlayStation 5 Digital Edition (“PS5  
17 DE”).

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

22 5. This action concerns Sony’s antitrust violations in the market for video games  
23 played on the PS5 DE. Among other things, Sony tied the PlayStation Store to the PS5 DE,  
24 relying on its monopoly power in the console market to acquire market share in the PS5 video  
25 game distribution market. In addition, Sony eliminated competition in the PS5 video game  
26 distribution market by refusing to allow retail outlets to sell digital copies of PS5 video games.  
27 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.

1 15. Defendant Sony Group Corporation is a corporation organized and existing under  
2 the laws of Japan with its principal place of business at 7-1, Konan 1-Chome, Minato-Ku, Tokyo  
3 108-0075, Japan. Sony Group Corporation is the parent corporation of SIE.

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

#### 5 **JURISDICTION AND VENUE**

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

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

#### 20 **INTRADISTRICT ASSIGNMENT**

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

#### 24 **FACTUAL ALLEGATIONS**

##### 25 **A. Video Game Industry**

26 20. Video games are played on one of four electronic platforms: (i) smartphones; (ii)  
27 personal computers (“PCs”); (iii) arcade game consoles; or (iv) personal game consoles. This  
28

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