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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

JARRETT REEVES, individually and on behalf
of all others similarly situated,

Plaintiff,

v.

NIANTIC, INC.,

Defendant.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff Jarrett Reeves (hereinafter “Plaintiff”), brings this action on behalf of himself and
2 all others similarly situated against Defendant Niantic, Inc. (hereinafter “Defendant” or “Niantic”).
3 Plaintiff makes the following allegations pursuant to the investigation of his counsel and based
4 upon information and belief, except as to the allegations specifically pertaining to himself, which
5 are based on personal knowledge.

6 **NATURE OF THE CASE**

7 1. This is a putative class action brought by Plaintiff and all others similarly situated
8 due to deceptive and misleading trade practices by Defendant in marketing and selling in-game
9 items and in-game currency for its popular online video game, Pokémon Go (hereinafter,
10 “Pokemon”). These items and in-game currency are frequently purchased by minors who were
11 unable to exercise their unrestricted rights under state laws to rescind contracts into which they
12 entered.

13 2. Niantic is a provider of socially connected video games on the internet. Niantic
14 allows for free downloads of video game applications including *Pokemon*, i.e. video game software
15 that users download on different computing device platforms, including iOS and Android. Users
16 running *Pokemon* on their devices connect to Niantic’s software servers and other users connected
17 through the internet together to create a simulation of the real-world in the digital realm, i.e.,
18 cyberworld. Niantic provides a video game service, i.e., an entertainment or recreational service
19 through the internet.

20 3. Plaintiff brings this action for declaratory, equitable and monetary relief under the
21 Declaratory Judgment Act, California’s contract laws, Consumers Legal Remedies Act Cal. Civ.
22 Code § 1750, *et seq.*, Breach of Good Faith and Fair Dealing, Negligent Misrepresentation,
23 Business and Professions Code Sections 17200 *et seq.*, and/or for Unjust Enrichment.

24 4. This is a class action, filed pursuant to Rule 23 of the Federal Rules of Civil
25 Procedure on behalf of a class of all persons in the United States who, while under the age of 18,
26 had a *Pokemon* account that they used to play the game on any device, in any mode, and exchanged
27 in-game virtual currency for any in-game benefit, or purchased virtual currency or any other in-
28 game benefit for use within *Pokemon*.

JURISDICTION AND VENUE

1
2 5. This Court has jurisdiction over the subject matter of this action pursuant to 28
3 U.S.C. § 1332(d)(2), because the matter in controversy exceeds \$5,000,000, exclusive of interest
4 and costs, and is a class action in which at least one member of the Class is a citizen of a State
5 different from the Defendant. The number of members of the proposed Class in aggregate exceeds
6 100 accountholders. 28 U.S.C. § 1332(d)(5)(B).

7 6. This Court has personal jurisdiction over the Defendant because Defendant
8 maintains its principal place of business in this District.

9 7. Venue is proper in this district pursuant to 28 U.S.C. § 1391 because a substantial
10 part of the events or omissions giving rise to the claims asserted herein occurred in this District and
11 because Defendant maintains its principal place of business in this District.

PARTIES

12 8. The foregoing allegations are incorporated by reference and realleged herein.

13 9. Plaintiff Jarrett Reeves is a natural person and resident of Texas.

14 10. Defendant Niantic, Inc., is a Delaware corporation with its headquarters and
15 principal place of business located in San Francisco, California, and has regularly engaged in
16 business in this district. Defendant directs the marketing and development of its products and
17 services, including the subject *Pokemon* video game, and the deceptive and unfair conduct
18 stemming therefrom, from its headquarters located in San Francisco, California.

GENERAL BACKGROUND

19 A. *Pokemon*

20 11. *Pokemon* is an online augmented reality video game in which players use mobile
21 devices with GPS to locate, capture, train, and battle virtual creatures, called Pokémon, which
22 appear as if they are in the player's real-world location.

23 12. *Pokemon*, during the relevant time period, was available on iOS and Android, and
24 has become one of the most played games on the planet, with more than 147 million monthly
25 active users. Regardless of the whether a player is on an iOS or Android platform, a player's
26 experience and Defendant's representations are the same.
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1 13. *Pokemon* breaks away from the traditional pay-for-game model, wherein a
2 consumer pays a one-time fee for a game and gains access to all of its features, and instead offers
3 the game for free with the hopes that players purchase various in-game items. This is referred to as
4 the free-to-play or “freemium” model.

5 14. The free-to-play model has broadened *Pokemon*’s customer base by allowing
6 players, including minors, to start playing the game without requiring payment or parental consent.

7 15. However, while *Pokemon* can be played without making in-game purchases, the
8 social nature of the game exacerbates the need for players, especially impressionable minors, to
9 make in-game purchases. Players are left with little choice but to make in-game purchases in order
10 to meaningfully enjoy the game and avoid lack of progression.

11 ***1. PokéCoins***

12 16. Niantic derives most of its *Pokemon*-related revenue through the sale of
13 “PokéCoins” or “PokeCoins,” *Pokemon*’s in-game currency. PokeCoins are an in-game currency
14 created by Defendant solely for the *Pokemon* game, and are used by players to purchase
15 equipment, tools, clothing, characters, “loot boxes,” items granting additional gameplay
16 opportunities, and expanded virtual storage for items within the *Pokemon* virtual world.

17 17. Critically, PokeCoins purchases are non-refundable, regardless of whether the
18 purchaser is a minor, or whether the minor’s parent or guardian has for any reason changed their
19 mind about their purchase.

20 18. While users can earn PokeCoins in-game instead of purchasing them for money,
21 earning PokeCoins in the game is a difficult, time consuming, and an inconsistent process due to
22 the amount of playtime required and the randomness at which PokeCoins are offered as rewards.
23 Further, Defendant artificially caps the total amount of PokeCoins that a player can earn in one day
24 at 50 PokeCoins. By making PokeCoins inordinately difficult and time consuming to earn,
25 Defendant creates a “paywall” to induce players to purchase PokeCoins instead of earning them.

26 19. The smallest amount of PokeCoins a player can currently purchase is 100
27 PokeCoins for \$0.99. However, Defendant encourages players to purchase larger quantities of
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1 PokeCoins by providing discounts on larger amounts. For example, as shown below, a player
2 could purchase a whopping 14,500 PokeCoins for \$99.99.



15 20. Although Defendant could have very easily based in-game transactions on actual
16 currency, requiring the conversion of money to PokeCoins permitted Defendant to particularly
17 maximize its revenue in several ways. First, the PokeCoins system distances the player
18 psychologically from the amount of real-world money he or she has spent within the game. The
19 PokeCoins system serves to psychologically distance players from the financial implications of
20 their in-game purchases by disconnecting the expenditure of real money from the products the
21 players purchase with their digital PokeCoins. This is especially the case for minors who may not
22 have a firm understanding of the correlation between the amount of real-world money and
23 PokeCoins spent. If *Pokemon* followed a traditional pay-for-game model, most players would
24 think that spending hundreds of dollars, let alone thousands of dollars, is an exorbitant price to pay
25 to play a single video game.

26 21. Defendant implements further pricing control by selling PokeCoins in currency
27 packs and setting the price of in-game loot at odd amounts. The amount of PokeCoins in a
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