

1 Plaintiffs Andrew Axelrod and Eliot Burk (“Plaintiffs”), individually and on behalf of all
 2 others similarly situated, bring this action against Defendant Lenovo (United States) Inc.
 3 (“Lenovo”). Upon personal knowledge as to their own acts and status and upon information and
 4 belief as to all other matters, Plaintiffs allege the following:

5 **INTRODUCTION**

6 1. This is a class action against Lenovo for false advertising on its website,
 7 lenovo.com. Lenovo is the largest computer manufacturer in the world. To sell more products and
 8 maximize its profits, Lenovo displays false regular prices on its website and advertises false
 9 discounts based on those prices. The regular prices are false because they do not represent the price
 10 at which Lenovo actually sells its products. The discounts are false because they do not represent
 11 the actual savings obtained by customers. This unlawful marketing practice, commonly known as
 12 false reference pricing, artificially increases demand for Lenovo’s products and induces customers
 13 to pay more for Lenovo-branded products based on a false impression of their value. Lenovo’s use
 14 of false regular prices and false discounts is pervasive throughout its website.

15 2. California law and federal regulations specifically prohibit this type of false advertising.
 16 For example, California’s consumer protection statute prohibits “[m]aking false or misleading
 17 statements of fact concerning reasons for, existence of, or amounts of, price reductions.” Civ. Code
 18 § 1770(a)(13). California’s false advertising law prohibits advertising a former price unless it was
 19 the prevailing market price during the previous three months. Bus. & Prof. Code § 17501. As
 20 explained in the Federal Trade Commission’s (FTC) Guide Against Deceptive Pricing,
 21 [When] the former price being advertised is not bona fide but fictitious—for example,
 22 where an artificial, inflated price was established for the purpose of enabling the
 23 subsequent offer of a large reduction—the “bargain” being advertised is a false one;
 the purchaser is not receiving the unusual value he expects.

24 16 C.F.R. § 233.1.

25 3. Lenovo willfully violates these laws. For example, in September 2019, Plaintiff
 26 Eliot Burk purchased a ThinkPad P52 Mobile Workstation laptop on Lenovo’s website. Lenovo
 27 advertised the laptop for \$1,189 and represented to Burk that he would save \$1,170 off the regular
 28 price of \$2,359 with the coupon code WSCLEARANCE—an abbreviation for Workstation Clearance.

1 4. However, \$2,359 was not the regular price of the laptop. In fact, discovery will
 2 show that Lenovo never sold Burk's laptop for anywhere near \$2,359. For example, in August
 3 2019, one month before Burk's purchase, Lenovo sold the laptop for \$1,229. In July 2019, two
 4 months before Burk's purchase, Lenovo sold the laptop for \$1,169.

5 5. Curiously, over the same time period, Lenovo increased the regular price of the
 6 laptop from \$1,559 in July, to \$2,049 in August, to \$2,359 in September. As depicted in the
 7 screenshots below, with each increase to the regular price, Lenovo advertised that customers were
 8 saving even more money.

<u>July 9, 2019</u>	<u>August 10, 2019</u>	<u>September 1, 2019</u>
ThinkPad P52 Mobile Workstation	ThinkPad P52 Mobile Workstation	ThinkPad P52 Mobile Workstation
Part Number: 20M950AW00	Part Number: 20M950AW00	Part Number: 20M950AW00
<div style="border: 1px solid red; padding: 2px;"> Web Price: \$1,559.00 After Instant Savings: \$1,409.00 After eCoupon: \$1,169.00 Savings: \$390.00 Use eCoupon: THINKBFNU eCoupon limited to 2 units only Ships same business day if ordered by 2PM ET </div>	<div style="border: 1px solid red; padding: 2px;"> Web Price: \$2,049.00 After Instant Savings: \$1,429.00 After eCoupon: \$1,229.00 Savings: \$820.00 Use eCoupon: THINKBIG Ships same business day if ordered by 2PM ET </div>	<div style="border: 1px solid red; padding: 2px;"> Web Price: \$2,359.00 After eCoupon: \$1,189.00 Savings: \$1,170.00 Use eCoupon: WSCLEARANCE Ships in 1-3 business days. </div>
 ADD TO CART 	 ADD TO CART 	 ADD TO CART

18 6. According to Lenovo, a customer who purchased Burk's laptop in July 2019 for
 19 \$1,169 saved \$390, while a customer who purchased the same laptop in September 2019 for \$1,189
 20 saved \$1,170.

21 7. Lenovo's artificial increases to the regular price demonstrate the fraudulent nature of
 22 its pricing scheme. Rather than advertise the true regular price of its products—i.e., the price at
 23 which Lenovo formerly sold the products—Lenovo inflates the regular price to make customers
 24 believe they are getting an incredible deal—here, \$1,170 off the regular price.

25 8. Indeed, to justify the Workstation Clearance sale that was advertised to Burk, it
 26 appears Lenovo first increased the regular price of the laptop, and then advertised it as 50% off, as
 27 depicted in the email marketing newsletter below, which was sent by Lenovo on September 2,
 28 2019, three days before Burk's purchase.



9. The “Big Summer Workstation Blowout” advertised in Lenovo’s newsletter was
 10 hardly a “blowout sale,” as reasonable consumers understand that term.¹ The sale price of Burk’s laptop in September was only forty dollars less than the price in August, and twenty dollars *more* than the price in July.

11. In addition to harming consumers, Lenovo’s deceptive pricing scheme also harms
 12 competition by giving Lenovo an unfair advantage over other computer manufacturers that do not
 13 engage in this type of false advertising. After all, a customer is more likely to purchase a \$2,000
 14 laptop advertised at 50% off its regular price than pay full price for a \$1,000 laptop.

15. Lenovo advertises false regular prices and false discounts for hundreds of products
 16 on its website every day. The pervasive, ongoing nature of its pricing scheme demonstrates that
 17 false reference pricing is central to its overall marketing strategy. In bringing this lawsuit, Plaintiffs
 18 intend curb this and other unlawful and deceptive marketing practices used on Lenovo’s website,
 19 and seek compensation for themselves and all others similarly situated who have been duped by
 20 Lenovo’s false advertising.

THE PARTIES

22. Plaintiff Andrew Axelrod (“Axelrod”) is a California citizen. On January 1, 2021,
 23 Axelrod accessed Lenovo’s website from his residence in San Francisco, California, and purchased
 24 a laptop from Lenovo.

25. Plaintiff Eliot Burk (“Burk”) is a California citizen. On September 5, 2019, Burk
 26 accessed Lenovo’s website from his workplace in California and purchased a laptop from Lenovo.

27
 28¹ See https://en.wiktionary.org/wiki/blowout_sale (defining blowout sale to be “a sale that is
 advertised as having bigger than usual discounts or clearance.”) (last visited Aug. 15, 2021).

14. Defendant Lenovo (United States) Inc. (“Lenovo”) is a Delaware corporation, with
2 its principal place of business at 8001 Development Dr. Morrisville, North Carolina, 27560.
3
4 Lenovo manufactures and sells computers and related peripheral parts, software, and services to
5 customers in California through its website, lenovo.com.

JURISDICTION AND VENUE

6 15. This Court has subject matter jurisdiction pursuant to the Class Action Fairness Act
7 of 2005, 28 U.S.C. § 1332(d)(2), because the aggregate claims of the members of the proposed
8 Classes exceed \$5 million (exclusive of interest and costs), the proposed Classes consist of 100 or
9 more members, and at least one member of the proposed Classes is a citizen of a different state than
10 Lenovo.

11 16. California has personal jurisdiction over Lenovo because Lenovo is registered with
12 the California Secretary of State and authorized to do business in California; maintains offices and
13 is licensed to do business and does business in California; and has sufficient minimum contacts
14 with California, having intentionally availed itself of the California market through the promotion,
15 marketing, and sale of products in California so as to render the exercise of jurisdiction by this
16 Court permissible under traditional notions of fair play and substantial justice.

17 17. Venue is proper in the Northern District of California pursuant to 28 U.S.C. § 1391
18 (b)(2) because a substantial part of the events or omissions which give rise to Plaintiffs' claims
19 occurred in San Francisco, California.

INTRADISTRICT ASSIGNMENT

18. Pursuant to the Northern District of California's Local Rule No. 3-2(d), assignment
of this matter to the San Francisco Division or Oakland Division is appropriate because this action
arises in San Francisco County, in that a substantial part of the events or omissions which give rise
to the claims asserted herein occurred in San Francisco County.

FACTUAL ALLEGATIONS

26 19. Lenovo is the U.S. subsidiary of Lenovo Group Limited (“Lenovo Group”), a
27 Chinese multinational technology company. Lenovo Group is a \$60 billion Fortune Global 500
28 company and the largest computer manufacturer in the world. In the first half of 2021, Lenovo

Explore Litigation Insights



Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.