

1 Mr. Nathan DeBockler and Mr. John Russo informed Plaintiffs' counsel that they
2 wish to become named Plaintiffs in this action. After discussing this matter with counsel for
3 Defendant, and pursuant to Fed. R. Civ. P. 15(a)(2), Plaintiffs intend to file a Third Amended
4 Consolidated Complaint to add Messrs. DeBockler and Russo as named Plaintiffs.

5 On April 13, 2010, the Court granted the voluntary dismissal of Plaintiff Inicom
6 Networks.

7 Plaintiffs wish to include Messrs. DeBockler and Russo as named Plaintiffs seeking
8 appointment as named Class Representatives pursuant to Plaintiffs' Motion For Class
9 Certification, filed with the Court on April 6, 2010. The parties agree to resolve the matter
10 among counsel without the need for a motion for leave to amend. NVIDIA does not oppose
11 these ministerial actions, and otherwise preserves all arguments against Class Certification.

12 Accordingly, IT IS HEREBY STIPULATED AND AGREED, by and between
13 Plaintiffs and NVIDIA, through their counsel of record and Interim Lead Class Counsel for
14 Plaintiffs, that:

15 1. Pursuant to Fed. R. Civ. P. 15(a)(2), Plaintiffs' Third Amended Consolidated
16 Complaint to remove the name of Inicom Networks (which the Court dismissed on April 13,
17 2010), and to add Nathan DeBockler and John Russo as named Plaintiffs, a copy of which is
18 attached as Exhibit A hereto, may be filed;

19 2. Messrs. DeBockler and Russo may be deemed named Plaintiffs seeking
20 appointment as named Class Representatives pursuant to Plaintiffs' Motion For Class
21 Certification, filed with the Court on April 6, 2010; and

22 3. Because this amendment does not change the substance of the Complaint, the
23 Third Amended Consolidated Complaint is the operative complaint for all purposes, including
24 but not limited to Defendant's pending Motion to Dismiss and Plaintiffs' pending Motion for
25 Class Certification. The parties respectfully inform the Court that Plaintiffs' pending Class
26 Certification motion papers cite paragraphs in Plaintiffs' Second Amended Consolidated
27 Complaint. To leave the substance of the Complaint intact, Plaintiffs simply replaced the

1 existing paragraph 15, which discusses Inicom, who was dismissed, with a new paragraph
2 15(a) and (b), discussing DeBockler and Russo who Plaintiffs are adding. Thus, other than
3 paragraph 15, the Second Amended Consolidated Complaint and the Third Amended
4 Consolidated Complaint are identical. The parties further advise the Court that the Third
5 Amended Consolidated Complaint adding the two Plaintiffs does not change any of the
6 positions in the pending motions.
7

8 DATED: April 27, 2010

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STIPULATION AND [PROPOSED] ORDER CONCERNING ADDITION OF NAMED PLAINTIFFS AND FILING OF THIRD AMENDED CONSOLIDATED COMPLAINT PURSUANT TO FED. R. CIV. P. 15(a)(2) Case No. C 08-4312 JW	- 3 -
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*Counsel for Plaintiff John Russo and Plaintiffs'
Co-Counsel*

PURSUANT TO STIPULATION, IT IS SO ORDERED. The Third Amended Consolidated complaint shall be filed as a separate docket entry by **May 7, 2010**.

DATED: May 4, 2010



JAMES WARE
United States District Judge

STIPULATION AND [PROPOSED] ORDER CONCERNING ADDITION OF NAMED PLAINTIFFS AND FILING OF THIRD AMENDED CONSOLIDATED COMPLAINT PURSUANT TO FED. R. CIV. P. 15(a)(2) Case No. C 08-4312 JW	- 4 -
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EXHIBIT A

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Interim Lead Class Counsel

[Additional Counsel on Signature Page]

15 UNITED STATES DISTRICT COURT
16 NORTHERN DISTRICT OF CALIFORNIA
17 SAN JOSE DIVISION

18 THE NVIDIA GPU LITIGATION) CLASS ACTION
19)
20) Case No. C 08-4312 JW
21)
22) THIRD AMENDED CONSOLIDATED
23) COMPLAINT
24)
25) This Document Relates To:) DEMAND FOR JURY TRIAL
26) C 08-4332; C 08-4596; C 08-5081; C 08-
27) 5082; C 08-5179; C 08-5217; C 08-5520; C
28) 09-0260; C 09-0328
29)
30)

THIRD AMENDED CONSOL. COMPLAINT		
Case No. C 08-4312 JW		

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COUNT I (By Plaintiffs, Individually and on Behalf of All Class Members for Violations
of California Bus. & Prof. Code §§ 17200 *et seq.*) 18

COUNT II (By Plaintiffs Robinson and Russo, Individually and on Behalf of All Class
Members Who Purchased a Class Computer in the State of California for Breach
Of Implied Warranty Under the Song-Beverly Consumer Warranty Act, Cal. Civ.
Code §§ 1792 *et seq.*) 20

COUNT III (By Plaintiffs, Individually and on Behalf of All Class Members for Breach
Of Warranty Under Magnuson-Moss Warranty Act, 15 U.S.C. §§ 2301 *et seq.*) 21

COUNT IV (By Plaintiff Nakash, Individually and on Behalf of All Class Members Who
Purchased a Class Computer in the State Of New Jersey for Violations of the New
Jersey Consumer Fraud Act, N.J. Stat. Ann. §§ 56:8-1 *et seq.*) 22

COUNT V (By Plaintiffs, Individually and on Behalf of All Class Members, for Strict
Liability and Negligence) 24

COUNT VI (By Plaintiffs, Individually and on Behalf of All Class Members, for
Violation of California’s Consumers Legal Remedies Act) 24

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PRAYER FOR RELIEF26

DEMAND FOR JURY TRIAL26

1 Plaintiffs Todd Feinstein, Brian Robinson, Nathan DeBockler, John Russo, Steven
2 Nakash, and Lance Waidzun, individually and on behalf of all others similarly situated, by
3 their undersigned counsel, allege the following upon personal knowledge as to their own acts and
4 upon information and belief as to all other matters, which is likely to have evidentiary support
5 after the opportunity for further investigation and discovery.

6 **NATURE OF THE ACTION**

7 1. Plaintiffs bring this action against defendant NVIDIA Corporation (“NVIDIA” or
8 the “Company”) on behalf of those who purchased at retail a computer equipped with a defective
9 NVIDIA graphics processing unit (“GPU”) and/or media communications chip (“MCP”)
10 (collectively the “NVIDIA GPUs” and “Class Computers”).

11 2. Defendant has admitted its NVIDIA GPUs are defective. Defendant knew or
12 should have known of the defect prior to selling or placing the NVIDIA GPUs into the stream of
13 commerce.

14 3. NVIDIA’s defective GPUs cause consumers’ computers to underperform, to
15 display corrupted images (including distorted images, lines, garbled characters, and artifacts), to
16 overheat, and even to suffer complete monitor/display and system failure.

17 4. NVIDIA is aware of hundreds (if not thousands) of consumer reports and
18 complaints about the graphics, video, heat and performance problems plaguing the Class
19 Computers.

20 5. The NVIDIA GPU defect manifests itself in all Class Computers to varying
21 degrees. For example, under normal use the defect causes the Class Computers to generate
22 excessive heat, which forces the system fan to run more often, increasing ambient noise and
23 reducing battery life. Excessive heat also affects other internal components like the CPU, which
24 will “throttle down,” decreasing overall system performance. The defect results in the inability
25 of Plaintiffs and Class members to use their Class Computers for their intended purposes.

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1 **THE PARTIES**

2 12. Plaintiff Todd Feinstein (“Feinstein”) is a citizen of Louisiana. In April of 2008,
3 Plaintiff Feinstein purchased a MacBook Pro computer containing an NVIDIA GPU. Plaintiff
4 Feinstein’s notebook has and continues to show signs of the NVIDIA GPU defect, including that
5 the notebook operates at excessively hot temperatures, has a screen which is fuzzy and displays
6 only grey or black at certain times, and periodically shuts down entirely without warning. At the
7 time of purchase, Plaintiff Feinstein was not aware of the defect complained of herein, and as a
8 result, Plaintiff Feinstein has suffered injuries and damages in a manner similar to other Class
9 members.

10 13. On September 26, 2008, Plaintiff Feinstein’s counsel sent a letter to NVIDIA on
11 behalf of Plaintiff Feinstein and all those similarly situated by certified mail, return receipt
12 requested, demanding that NVIDIA immediately correct, repair, replace, or otherwise rectify the
13 problems alleged herein, or that it remunerate consumers for these problems. NVIDIA has failed
14 to respond.

15 14. Plaintiff Brian Robinson (“Robinson”) is a citizen of California. During the Class
16 Period, Plaintiff Robinson purchased a Hewlett-Packard (“HP”) notebook computer containing
17 an NVIDIA GPU. Plaintiff Robinson’s notebook has and continues to show signs of the
18 NVIDIA GPU defect, including abnormal heat and display and system failure. At the time of
19 purchase, Plaintiff Robinson was not aware of the defect complained of herein, and as a result,
20 Plaintiff Robinson has suffered injuries and damages in a manner similar to other Class
21 members.

22 15. (a) Plaintiff Nathan DeBockler (“DeBockler”) is a citizen of Pennsylvania.
23 During the Class Period, Plaintiff DeBockler purchased a Dell XPS M1330 notebook computer
24 containing an NVIDIA GPU. Plaintiff DeBockler’s notebook has and continues to show signs of
25 the NVIDIA GPU defect, including the display of different colored lines on the computer’s
26 screen, excessively hot temperatures, failure to re-boot and complete failure of the video display.
27 At the time of purchase, Plaintiff DeBockler was not aware of the defect complained of herein,

1 and as a result, Plaintiff DeBockler has suffered injuries and damages in a manner similar to
2 other Class members.

3 (b) Plaintiff John Russo (“Russo”) is a citizen of California. During the Class
4 Period, Plaintiff Russo purchased a HP Pavilion tx1306nr notebook computer from HP,
5 containing an NVIDIA GPU. Plaintiff Russo’s notebook exhibits the NVIDIA GPU defect,
6 including abnormally hot temperatures and complete failure of the video display. At the time of
7 purchase, Plaintiff Russo was not aware of the defect complained of herein, and as a result,
8 Plaintiff Russo has suffered injuries and damages in a manner similar to other Class members.

9 16. Plaintiff Steven Nakash is a citizen of New Jersey. During the Class Period,
10 Plaintiff Nakash purchased a Dell-manufactured Vostro 1700 Notebook Computer equipped with
11 an NVIDIA GPU. Plaintiff Nakash’s notebook has and continues to show signs of the NVIDIA
12 GPU defect, including intermittently shutting down and a screen that displays only pink or grey
13 at certain times. At the time of purchase, Plaintiff Nakash was not aware of the defect
14 complained of herein, and as a result, Plaintiff Nakash has suffered injuries and damages in a
15 manner similar to other Class members.

16 17. Plaintiff Lance Waidzunas is a resident of Illinois. During the Class Period,
17 Plaintiff Waidzunas purchased a HP Pavilion Notebook Computer equipped with an NVIDIA
18 GPU. Plaintiff Waidzunas’ notebook has and continues to show signs of the NVIDIA GPU
19 defect, including abnormal heat and temperatures and video display problems. At the time of
20 purchase, Plaintiff Waidzunas was not aware of the defect complained of herein, and as a result,
21 Plaintiff Waidzunas has suffered injuries and damages in a manner similar to other Class
22 members.

23 18. Defendant NVIDIA is a Delaware corporation with its headquarters and principal
24 place of business at 2701 San Tomas Expressway, Santa Clara, California, and offices
25 throughout Asia, Europe and the Americas. NVIDIA designs, develops and markets three
26 dimensional (3D) graphics processors and related software. The Company’s products provide
27 interactive 3D graphics to the mainstream personal computer market. NVIDIA is the second
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1 leading producer of GPUs worldwide (as of the second quarter of fiscal 2008), controlling 31.4
2 percent of the market.

3 **FACTUAL ALLEGATIONS**

4 19. Defendant NVIDIA manufactures and sells graphics processing units and media
5 communications chips. NVIDIA’s GPUs and MCPs are used in computers manufactured and
6 sold by computer companies, like HP, Dell and Apple.

7 20. To understand the defect alleged herein, it is helpful to first examine the integral
8 parts and processes involved, including the Class Computer’s graphics display process and the
9 structure and operation of the GPU.

10 21. Every computer contains a Central Processing Unit (“CPU”). The CPU is the
11 “brain” of the computer and oversees and controls every programming function. To operate
12 properly, the CPU must connect with the other internal components of the computer. The CPU
13 connects to these other internal components through the computer’s “motherboard.” The
14 motherboard is the main circuit board and houses the CPU, memory, graphics, sound and other
15 processors and components. *See* Figure 1 below.

16 **FIGURE 1**



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25 **The Graphics Processing Unit or “GPU”**

26 22. For a computer to display images and video on the display monitor, the CPU
27 sends data to the GPU, which is connected to the computer’s motherboard. The GPU’s function
28 is to process the data and output images to a display.

1 circuit. Each of these pieces is called a “die.” As explained more fully below, the die
2 component of the NVIDIA GPUs is not robust enough to withstand normal operation.

3 **HP Confirmed the NVIDIA GPU Defect in an Internal Investigation**

4 26. HP conducted an investigation into suspected defects in its laptops containing the
5 NVIDIA GPUs. HP’s investigation identified 24 models affected by the defect and pinpointed
6 some of the symptoms manifested by the defective NVIDIA GPUs. NVIDIA subsequently
7 admitted to a defect in its NVIDIA GPUs in its July 2, 2008 Form 8-K, filed with the SEC.

8 27. When NVIDIA first designs and manufactures a GPU, it tests that GPU for
9 operating reliability. NVIDIA should have been aware of the defects from the routine tests
10 before the GPUs were shipped to OEM manufacturers.

11 **Consumer Complaints Concerning the Defective NVIDIA GPUs**

12 28. Because of the defect, consumers who purchased Class Computers containing
13 these NVIDIA GPUs experienced display problems and system crashes as evidenced by the
14 hundreds (if not thousands) of consumer complaints on the Internet.

15 29. Excerpts from some of these consumer complaints are set forth below:¹

Model Number and Source	Comments
Dell Vostro 1510 <i>Bit-tech.net</i> May 2008	Here I have a brand new Dell Vostro 1510 laptop. It has 2.0GHz CPU and Geforce 8400M GS 256MB graphics card. I am worried about the graphics card and CPU temperatures. While browsing the internet GPU temperature is about 62-63C and CPU temp is about 52-55C. These temperatures were about 15-20C less on my Inspiron 6400.
Apple <i>Apple.com</i> July 2008	My GPU is always way hotter than my CPU even when I’m running very basic applications.... Now, I know that Nvidia has reported problems with some of their mobile GPU, but no details as of which GPUs are affected. Did anyone else notice the same problem?

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27 ¹ Emphasis added. Edited for readability purposes.

<p>1 2 3 4 5 6</p> <p>ECS <i>Theinquirer.net</i> July 2008</p>	<p><i>We have two Nvidia products here that have failed too. Namely, an ECS laptop that uses an Nvidia GPU (can't remember which though ... 7300, 8300 or 8400. I'm not the one using the laptop and can't check it now because the thing's not displaying anything). Service personnel say the graphics chip went AWOL. Also, I have an Nvidia based mobo (MSI K9N Neo-F, Nvidia MCP 550) that has also gone the way of the dodo. Service says it must be the chipset. Mobo goes nuts when it's been on for a while and heat has built up, so maybe the Nvidia chip packaging is the culprit there too.</i></p>
<p>7 8 9</p> <p>Dell <i>Theinquirer.net</i> July 2008</p>	<p><i>FINALLY! Someone has written about how I'm NOT crazy, and it IS Nvidia's fault that my laptop died. If anyone cares, it was a Dell, not an HP. Too bad I sold the parts because no one believed me (even though it was the absolute truth). There needs to be a criminal investigation on this ... Nvidia is screwing people over.</i></p>
<p>11 12 13 14</p> <p>Dell XPS M1330 <i>Theinquirer.net</i> July 2008</p>	<p>Well this explains why both of my m1330's dell laptops have both had their GPU's die and required motherboard replacements within the first 4 months (8400gs integrated on motherboard). <i>And why there are a million threads on the m1330 dying the same way, graphics go corrupt/vertical lines on screen.</i></p>
<p>15 16 17 18 19 20 21 22 23 24 25 26</p> <p>Dell Vostro 1400 <i>Notebookreview.com</i> July 2008</p>	<p>I believe I have a defective graphics card and was wondering if you guys could give me some help in finding out for sure and some possible solutions ... the display is split in to six parts all showing the desktop. This happens even when I start the computer, it will show the same display on the BIOS loading screen, even also in safe mode. I have installed and uninstalled my graphics card drivers for the 8400gs which didn't work, I have reset all my services and settings to their factory settings which didn't work either. All other hardware on my laptop seems to be working. <i>Problems with the graphics first started a month when I noticed that the graphics card would now idle at about 60 degrees C instead of its normal 45-50 degrees C range.</i> It really got messed up when I was playing a game of America's army and the display just completely froze and then everything got a weird pinkish hue then it just crashed. It doesn't even show the bsod when it crashes it just simply freezes and then restarts. I have heard claims about defective graphics cards but was under the impression that Dell Vostros weren't affected.</p>
<p>27</p> <p>MacBook Pro <i>Macrumors.com</i></p>	<p><i>Starting yesterday, it seems that my GPU is dying. Every now and then my screen will either freeze or have particles all</i></p>

<p>1 August 2008</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p>	<p><i>over.</i> I just tried booting up to WoW and it froze with particles.... I'm really disappointed that I've only had this laptop for a little over a year putting extremely limited stress to it. I have not purchased AppleCare for it either.</p> <p>What's should I do? I would really appreciate any help with this. <i>It's crazy that I've been reading these stories about GPUs dying in Macbook Pros last week and BAM! Mine has to bite the dust as well.</i></p>
<p>7 Dell Vostro 1400</p> <p>8 <i>Notebookreview.com</i></p> <p>9 August 2008</p> <p>10</p> <p>11</p> <p>12</p>	<p><i>Is my graphics card dying?</i> I own a Dell Vostro 1400 (8400M Version). Just lately it's gone a little crazy. I push the power button, the <i>blue Dell logo comes up and loads, but instead of filling the whole screen, the screen is split up into six parts!</i> I have six of the Dell logos on my screen! This continues onto the Windows loading screen, which after it restarts and does exactly the same thing. <i>It does run abnormally hot (has done ever since I brought it)</i>, so I don't know if that has anything to do with it? Any ideas? Is my graphics card dead?</p>

13 **NVIDIA Admits Its GPUs Are Defective, But Fails to Institute a Recall**

14 30. In its July 2, 2008 Form 8-K NVIDIA admitted to a defect in the NVIDIA GPUs:

15 On July 2, 2008, NVIDIA Corporation stated that it would take a \$150 million to \$200 million charge against cost of revenue to cover anticipated customer warranty, repair, return, replacement and other consequential costs and expenses *arising from a weak die/package material set in certain versions of our previous generation MCP and GPU products used in notebook systems.* All newly manufactured products and all products currently shipping in volume have a different and more robust material set.

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17 *The previous generation MCP and GPU products that are impacted were included in a number of notebook products that were shipped and sold in significant quantities.* Certain notebook configurations of these MCP and GPU products are failing in the field at higher than normal rates. While we have not been able to determine a root cause for these failures, testing suggests a weak material set of die/package combination, system thermal management designs, and customer use patterns are contributing factors. *We have developed and have made available for download a software driver to cause the system fan to begin operation at the powering up of the system and reduce the thermal stress on these chips. We have also recommended to our customers that they consider changing the thermal management of the MCP and GPU products in their notebook system designs.* We intend to fully support our customers in their repair and replacement of these impacted MCP and GPU products that fail.

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27 (Emphasis added).

1 31. On the same day, NVIDIA issued a press release and provided a “Second Quarter
2 Fiscal 2009 Business Update” wherein the Company again admitted to the defect and stated the
3 following:

4 Company Lowers Financial Outlook for Second Quarter and Plans to Take
5 One-Time Charge for Certain Notebook Field Failures

6 * * *

7 Separately, NVIDIA plans to take a *one-time charge from \$150 million to*
8 *\$200 million* against cost of revenue for the second quarter to cover
9 anticipated warranty, repair, return, replacement and other costs and
10 expenses, arising from a weak die/package material set in certain
11 versions of its previous generation GPU and MCP products used in
12 notebook systems. Certain notebook configurations with GPUs and MCPs
13 manufactured with a certain die/package material set are failing in the
14 field at higher than normal rates. To date, abnormal failure rates with
15 systems other than certain notebook systems have not been seen. NVIDIA
16 has initiated discussions with its supply chain regarding this material set
17 issue and the Company will also seek to access insurance coverage for this
18 matter.

19 Regarding the notebook field failures, NVIDIA president and CEO Jen-
20 Hsun Huang stated: Although the failure appears related to the
21 combination of the interaction between the chip material set and system
22 design, we have a responsibility to our customers and will take our part in
23 resolving this problem....”

24 * * *

25 Huang added, This has been a challenging experience for us. However, the
26 lessons we’ve learned will help us build far more robust products in the
27 future, and become a more valuable system design partner to our
28 customers. *As for the present, we have switched production to a more*
29 *robust die/package material set and are working proactively with our*
30 *OEM partners to develop system management software that will provide*
31 *better thermal management to the GPU.*

32 (Emphasis added).

33 32. NVIDIA’s announcements failed to specify which GPU and MCP products or
34 computers were defective.

35 33. Although Defendant admits the NVIDIA GPUs are defective, remarkably,
36 NVIDIA has failed to take any steps to make Plaintiffs and Class members whole. Defendant
37 has failed to recall the defective NVIDIA GPUs and send Plaintiffs and Class members non-
38 defective NVIDIA GPUs with a “more robust material set” at NVIDIA’s expense.

1 34. EE|Times, a well-respected electronics industry newspaper, reported on July 2,
2 2008 that according to an email from an NVIDIA spokesman, Defendant NVIDIA denied the
3 need for a recall:

4 “We didn’t recall any chips.... We’ve replaced the products. We’ve
5 changed our packaging and *we’ve developed and distributed a software
6 driver to help avoid the failures.*”

7 35. Although NVIDIA changed its manufacturing and design techniques to remedy its
8 products on a going-forward basis, it failed to take proper corrective measures with respect to the
9 NVIDIA GPUs that were previously purchased by consumers.

10 36. NVIDIA also consistently attempted to shift the blame away from itself and onto
11 its suppliers, laptop manufacturers and, preposterously, consumers. Indeed, in the July 2, 2008
12 Form 8-K, NVIDIA stated, “testing suggests a weak material set of die/package combination [*i.e.*
13 its suppliers], system thermal management designs [*i.e.* the laptop manufacturers], and customer
14 use patterns [*i.e.* consumers] are contributing factors.”

15 37. Similarly, EE|Times reported on July 2, 2008 that “NVIDIA ... pointed the finger
16 at one of its foundry partners: Taiwan Semiconductor Manufacturing Co. Ltd.” in an e-mail first
17 explaining the defect problem. NVIDIA states in the e-mail that the “packaging was supplied by
18 TSMC.”

19 38. The July 2, 2008, article by EE|Times reported that NVIDIA then later retracted
20 its position:

21 Then, in another e-mail, Nvidia did an about-face. “Bottom line: We take
22 responsibility for this,” the Nvidia spokesman said. “We worked closely
23 with TSMC on packaging and the material.”

24 * * *

25 “With regards to TSMC, we are not ‘blaming’ TSMC,” the Nvidia
26 spokesman said in the second e-mail. “Also, to be clear, the material set
27 was co-qualified between [Nvidia] and TSMC.”

28 39. A July 9, 2008, article posted on TheInquirer.com, a website focusing on
technological processes and current events in the electronics field, states:

1 The short story is that *all the G84 and G86 parts are bad. Period. No*
2 *exceptions. All of them, mobile and desktop, use the exact same ASIC,*
3 so expect them to go south in inordinate numbers as well. There are
4 caveats however, and we will detail those in a bit.

5 * * *

6 Basically, *NV [NVIDIA] seems to have told each analyst a highly*
7 *personaliz[ed] version of the story, and stonewalls everyone else who*
8 *asks. Why? The magnitude of the problem is huge.* If Dell and HP hold
9 their feet to the fire, anyone want to bet that \$200 million won't cover it?
10 This has all the hallmarks of things the SEC used to investigate in a time
11 before government was purchasable.

12 The other problem is the long tail. Failures occur due to heat cycling, cold
13 -> hot -> cold for the non-engineers out there. If you remember, we said
14 all G84s and G86s are affected, and all are the same ASIC, so why aren't
15 the desktop parts dying? They are, you are just low enough on the bell
16 curve that you don't see it in number that set off alarm bells publicly yet.

17 Laptops get turned on and off many times in a day, and due to the power
18 management, throttle down much more than desktops. This has them
19 going through the heat cycle multiple times in a day, whereas desktops
20 typically get turned on and off once a day, sometimes left on for weeks at
21 a time. Failures like this are typically on a bell curve, so they start out
22 slow, build up, then tail off.

23 Since laptops and desktops have a different "customer use patterns", they
24 are at different points on the bell curve. Laptops have got to the, "we
25 can't bury this anymore" point, desktops haven't, but they will -
26 guaranteed. *The biggest question is whether or not they will be under*
27 *warranty at that point, not whether or not they are defective. They are.*

28 (Emphasis added).

40. NVIDIA issued another press release on August 12, 2008 reporting results for the
second quarter of Fiscal 2009, and stating:

During the second quarter of fiscal 2009, NVIDIA recorded a \$196
million charge against cost of revenue to cover anticipated customer
warranty, repair, return, replacement and associated costs arising from a
weak die/packaging material set in certain versions of our previous
generation MCP and GPU products used in notebook systems.

41. This press release further confirms the existence and widespread nature of the
defect.

42. On or about August 25, 2008, NVIDIA held its yearly NVISION convention at
the San Jose Centre for Performing Arts. According to news reports, angry consumers protested

1 outside the NVISION show to highlight NVIDIA's failure to address known problems with its
2 defective GPUs. An NVIDIA spokesman said to reporters:

3 "The truth is ... our obligations to our partners limit what we can say. We
4 need to leave announcements to our partners like Dell and HP.... I know
5 there's frustration, and it would make my job easier if I could give out the
6 facts that I know, but we have obligations to our partners. We discuss it
7 constantly, and *the company would like to be more upfront about this –
8 but we can't be.*"

9 43. On or about October 9, 2008, another computer manufacturer, Apple, admitted
10 certain of its notebook computers contained the defective NVIDIA GPUs.

11 44. Had Plaintiffs and Class members known about the defect, they would not have
12 purchased Class Computers with defective NVIDIA GPUs.

13 **NVIDIA Fails to Recall the Defective GPUs and Provides OEMs with "Fixes" to Hide and
14 Delay the Defect**

15 45. Instead of recalling the defective NVIDIA GPUs, NVIDIA has provided its
16 OEMs such as Dell, Acer and HP, inadequate remedies and other purported "fixes," which hide,
17 delay and in some instances, exacerbate the problems caused by the defect.

18 46. For example, on July 25, 2008, Dell announced on its Direct2Dell.com website
19 that it was providing a "software update" for some, but not all, Dell notebooks containing the
20 defective NVIDIA GPUs. This purported "solution" consisted of a BIOS update, which would
21 force the computer's fan to run more frequently (or continuously) in an effort to control the
22 excessive heat caused by the defect:²

23 Earlier this month, sites like Ars Technica and ZDNet blogged about
24 NVIDIA's statement regarding a potential issue with some of NVIDIA's
25 Graphics Processing Units (GPUs) used in notebooks. According to
26 NVIDIA, these affected GPUs are experiencing higher than expected
27 failure rates causing video problems. Though this issue is not unique to
28 Dell, some of these affected GPUs are used in certain Dell laptops....

29 *The issue is a weak die/packaging material set, which may fail with GPU
30 temperature fluctuations. If your GPU fails, you may see intermittent
31 symptoms during *early stages of failure* that include:*

32 ² "BIOS" stands for Basic Input Output System. The BIOS is computer instruction code
33 that assists in identifying and initializing the computer's component hardware.

- Multiple images
- Random characters on the screen
- Lines on the screen
- No video

Dell recommends that you flash your system BIOS (see links in the table below). *Each of these BIOS updates listed in the table below modifies the fan profile to help regulate GPU temperature fluctuations.*

(Emphasis added.)

47. Similarly, HP offered consumers through its website a “BIOS update”. The update fails to repair or replace the defective components and shifts repair responsibilities to Plaintiffs and Class members.

48. Many Class members are likely unaware of the BIOS update or are unable (or unwilling) to perform a BIOS update. Experts consider BIOS updates extremely dangerous, because any problems experienced during a BIOS update typically result in an unusable computer.

49. These BIOS updates are also fraught with complications, cause new or additional problems and are merely temporary band-aids meant to forestall the manifestation of major problems. As HP admits:

The new BIOS release for your notebook PC is preventative in nature to *reduce the likelihood of future system issues*. The BIOS updates the fan control algorithm of the system, and *turns the fan on at low volume while your notebook PC is operational*.

50. The BIOS updates cause the computer’s fan to run continuously. Although the BIOS update may lower the thermal stress on the defective NVIDIA components by running the system fan constantly, consumers experience a decrease in notebook battery life, increase in system noise, and decrease in computer life – manifesting further defects in the already defective computers.

51. NVIDIA’s purported BIOS “fix” is no fix at all. The BIOS fix does nothing to repair or replace the defective NVIDIA GPUs. Instead, the BIOS “fix” further degrades the functionality of the defective Class Computers in an attempt to postpone complete system failure until after the OEM’s warranty expires.

1 52. On August 19, 2008, *The Wall Street Journal* reported that consumers are not
2 satisfied with the BIOS updates:

3 Nvidia Corp. often gets good reviews for its technology. But the way the
4 chip maker and two computer manufacturers are handling a product defect
5 hasn't pleased some critics, adding to a series of headaches for the Silicon
6 Valley company.

7 The problem affects an undisclosed number of laptop computers, stopping
8 them from booting up, causing display screens to go dark and other
9 problems. Nvidia has traced it to packaging materials used on some chips
10 that manage graphics and other functions, which can fail if they get too
11 hot. The company disclosed the problem last month and is taking a \$196
12 million reserve to cover computer makers' costs in addressing it.

13 *Nvidia hasn't recalled the affected chips or identified which models have
14 problems. Dell Inc. and Hewlett-Packard Co., the two customers that
15 have so far announced plans for coping with the problem, said they
16 won't repair affected laptops until they fail.*

17 The PC makers instead recommend updating internal software -- known as
18 BIOS, for basic input-output system -- to adjust the speed of a laptop's
19 cooling fan. *That change doesn't guarantee the systems won't fail but is
20 expected to reduce the likelihood of failure....*

21 But some consumers who posted complaints on Web message boards
22 don't seem satisfied with the BIOS fix, knowing they own computers that
23 could stop working. "I hope Dell realizes that people will not be happy
24 until their graphics cards are replaced," wrote one customer on the
25 computer maker's site. Added another: "I did not pay for a high-end logic
26 bomb."

27 (Emphasis added.)

28 53. On August 13, 2008, TechSpot.com stated that NVIDIA's response to the defect
is wholly inadequate:

 Yesterday, it was speculated that there were manufacturing defects in the
G92 and G94 chipsets, on top of the already known bad parts in the G84
and G86 series. Nvidia may have tried to avoid blame here and there, but
ultimately it is coming down on them and they have been stuck with
warranty replacements galore. *Even if the newer chipsets are fine, it
doesn't do anything to remedy the mass amounts of defective ones
already sold.*

(Emphasis added.)

 54. The NVIDIA GPU defect manifests itself in all Class Computers to varying
degrees. For example, under normal use the defect causes the Class Computers to generate
excessive heat, which forces the system fan to run more often, increasing ambient noise and

1 reducing battery life. Excessive heat also affects other internal components like the CPU, which
2 will “throttle down,” decreasing overall system performance. The defective GPUs also cause
3 damage to other system components such as the motherboard. The defect results in the inability
4 of Plaintiffs and Class members to use their Class Computers for their intended purposes.

5 55. Thus, NVIDIA caused substantial harm and injury to Plaintiffs and to Class
6 members. NVIDIA refuses to remedy the harm consumers suffered by replacing the defective
7 NVIDIA GPUs and MCPs in consumers’ computers with properly engineered, manufactured and
8 functioning graphics chips.

9 **CLASS ACTION ALLEGATIONS**

10 56. Plaintiffs bring this class action pursuant to Rule 23 of the Federal Rules of Civil
11 Procedure on their own behalf and on behalf of all others who purchased at retail a Class
12 Computer equipped with an NVIDIA GPU within the last four years. Excluded from the Class is
13 Defendant, any entity that has a controlling interest in Defendant and Defendant’s current or
14 former directors, officers and counsel. Any claims for personal injury are expressly excluded
15 from this class action.

16 57. Plaintiffs meet the prerequisites to bring this action on behalf of the Class
17 because:

18 (a) numerosity: The Class is so numerous that joinder of all members as
19 individual plaintiffs is impracticable. While the exact number of Class members is unknown and
20 can only be ascertained via discovery, Plaintiffs believe that there are hundreds of thousands of
21 Class members.

22 (b) commonality: There are questions of law and fact common to the Class,
23 including:

24 (i) whether Defendant has violated Cal. Bus. & Prof. Code §§ 17200
25 *et seq.*

26 (ii) whether Defendant has violated the Song-Beverly Consumer
27 Warranty Act, Cal. Civ. Code §§ 1792 *et seq.*

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(iii) whether Defendant has violated the Magnuson-Moss Warranty Act, 15 U.S.C. §§ 2301 *et seq.*

(iv) whether Defendant has violated the New Jersey Consumer Fraud Act, N.J. Stat. Ann. §§ 56:8-1 *et seq.*

(v) whether Defendant is strictly liable for the damages caused by the defective NVIDIA GPUs;

(vi) whether Defendant has violated California’s Consumer Legal Remedies Act (“CLRA”); and

(vii) whether, because of Defendant’s misconduct, Plaintiffs and the Class are entitled to damages, restitution, equitable relief or other relief, and the amount and nature of such relief.

(c) typicality: Plaintiffs’ claims are typical of the claims of the Class because Plaintiffs and members of the Class each sustained damages arising out of Defendant’s wrongful conduct as complained of herein; and

(d) adequacy: Plaintiffs will fairly and adequately protect the interests of the Class. Plaintiffs have no interests that are antagonistic to, or in conflict with, the interests of the Class as a whole, and have engaged competent counsel, highly experienced in class actions and complex litigation.

58. A class action is superior to all other available methods for this controversy because: (a) the prosecution of separate actions by the members of the Class would create a risk of adjudications with respect to individual members of the Class that would, as a practical matter, be dispositive of the interests of the other members not parties to the adjudications, or substantially impair or impede their ability to protect their interests; (b) the prosecution of separate actions by the members of the Class would create a risk of inconsistent or varying adjudications with respect to the individual members of the Class, which would establish

1 incompatible standards of conduct for Defendant; (c) Defendant acted or refused to act on
2 grounds generally applicable to the Class; and (d) questions of law and fact common to members
3 of the Class predominate over any questions affecting only individual members, and a class
4 action is manageable and superior to other available methods for the fair and efficient
5 adjudication of the controversy.

6 **COUNT I**
7 **(By Plaintiffs, Individually and on Behalf of All Class Members for Violations of California**
8 **Bus. & Prof. Code §§ 17200 et seq.)**

9 59. Plaintiffs hereby incorporate all the above allegations by reference as if fully set
10 forth herein.

11 60. NVIDIA's practices as alleged in this Complaint constitute unlawful and unfair
12 business acts and practices under California's Unfair Competition Law ("UCL"), Bus. & Prof.
13 Code §§ 17200 et seq.

14 61. The circumstances giving rise to Plaintiffs' and Class members' allegations,
15 including the design, development and marketing of the defective NVIDIA GPUs, occurred in
16 the State of California. Additionally, NVIDIA maintains its corporate headquarters in Santa
17 Clara, California. Accordingly, application of California law is appropriate.

18 62. By engaging in the above-described acts and practices, Defendant has committed
19 one or more acts of unfair competition within the meaning of Bus. & Prof. Code §§ 17200 et seq.

20 63. Defendant committed "unlawful" business acts and practices by:

21 (a) engaging in conduct that violates California's Consumer Legal Remedies
22 Act, Civil Code §§ 1770(a)(5) and (a)(7);

23 (b) engaging in conduct that violates California's Song-Beverly Consumer
24 Warranty Act, Civil Code §§ 1792 et seq.;

25 (c) engaging in conduct that violates the Magnuson-Moss Warranty Act, 15
26 U.S.C. §§ 2301 et seq.;

27 (d) engaging in negligent conduct; and

28 64. NVIDIA committed "unfair" business acts and practices by:

1 (a) engaging in conduct where the utility of such conduct, if any, is
2 outweighed by the gravity of the consequences to Plaintiffs and to other Class members;

3 (b) engaging in conduct that is immoral, unethical, oppressive, unscrupulous,
4 or substantially injurious to Plaintiffs and to other Class members; and

5 (c) engaging in conduct that undermines or violates the spirit or intent of the
6 Magnuson-Moss Warranty Act, 15 U.S.C. §§ 2301 *et seq.* and the other consumer protection
7 laws detailed herein.

8 65. Specifically, NVIDIA engaged in “unfair” business acts and practices by selling
9 defective NVIDIA GPUs that, during normal operation, experienced overheating, causing
10 decreased battery life, degradation in performance of other internal components, excessive
11 ambient noise, and video display problems, including without limitation the display of random
12 characters, multiple or fuzzy images, horizontal or vertical lines, or grey or black screens.
13 Thereafter, NVIDIA distributed a “fix” that did not fix the defect at all, was dangerous to install,
14 or was designed primarily to forestall more significant failures until after the OEM’s warranty
15 expiration period.

16 66. Plaintiffs and Class members have suffered injury in fact and have lost money and
17 property as a result of Defendant’s unlawful and unfair practices, in that, among other things:

18 (a) Plaintiffs and Class members would not have bought or leased the Class
19 Computers at the price that they did;

20 (b) Plaintiffs and Class members’ computers have a lower market value than
21 they otherwise would have if not for the defective NVIDIA GPUs;

22 (c) Plaintiffs and Class members have paid for repairs and replacement parts
23 that they would not and should not have paid for; and

24 (d) Plaintiffs and Class members were denied their right to receive property
25 free from defect.

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1 exceeds the sum or value of \$75,000 (exclusive of interest and costs) computed on the basis of
2 all claims to be determined in this suit.

3 85. Resorting to any further informal dispute settlement procedure or affording
4 Defendant another opportunity to cure its breach of implied warranties is unnecessary or futile.
5 Defendant knew, reasonably should have known, or was reckless in not knowing of the defective
6 NVIDIA GPUs and MCPs and their inability to perform as warranted, but nevertheless failed to
7 rectify the situation. Further, Plaintiffs have provided Defendant with a written request to cure
8 such breaches, which has been ignored. Any remedies available through informal dispute
9 settlement procedures would be inadequate under the circumstances based on what Defendant
10 has said it would do. Accordingly, any requirement under the Magnuson-Moss Act or otherwise
11 that Plaintiffs resort to informal dispute settlement procedures or afford Defendant a reasonable
12 opportunity to cure its breach of implied warranties is excused or has been satisfied.

13 86. As a proximate result of Defendant’s breach of implied warranties, Plaintiffs and
14 Class members have sustained damages and other losses in an amount to be determined at trial.
15 Plaintiffs and Class members are entitled to recover damages, costs, attorneys’ fees, rescission
16 and other relief as is deemed appropriate.

17 **COUNT IV**
18 **(By Plaintiff Nakash, Individually and on Behalf of All Class Members Who Purchased a**
19 **Class Computer in the State Of New Jersey for Violations of the New Jersey Consumer**
20 **Fraud Act, N.J. Stat. Ann. §§ 56:8-1 et seq.)**

21 87. Plaintiff Nakash hereby incorporates all the above allegations by reference as if
22 fully set forth herein. Plaintiff Nakash purchased his Class Computer in New Jersey.

23 88. At all relevant times herein, New Jersey’s Consumer Fraud Act codified under
24 N.J. Stat. Ann. §§ 56:8-1 et seq., was in effect. The Act prohibits any “[f]raud, etc., in
25 connection with sale or advertisement of merchandise or real estate as unlawful practice.”

26 89. Further, the Act prohibits any “unconscionable practice” or any “knowing,
27 concealment, suppression, or omission of any material fact with the intent that others rely upon
28

1 such concealment, suppression or omission in connection with the sale ... of any merchandise.”
2 N.J. Stat. Ann. § 56:8-2.

3 90. Defendant manufactured and sold the NVIDIA GPUs, which it admits were
4 defective at the time of sale.

5 91. Defendant knew or should have known about the defective NVIDIA GPUs prior
6 to selling or placing the NVIDIA GPUs into the stream of commerce.

7 92. Defendant was further put on notice of the defect by the numerous complaints that
8 Defendant received concerning the defect and by the filing of this lawsuit.

9 93. Plaintiffs and Class members were not aware of the defective NVIDIA GPUs at
10 the time of sale.

11 94. Despite Defendant’s knowledge or prior notice of the defect, it omitted this
12 material fact with the intent that Plaintiff Nakash and Class Members act upon this material
13 omission. Further, Defendant continued to place defective NVIDIA GPUs into the stream of
14 commerce.

15 95. Had Plaintiffs and Class members known of the defective NVIDIA GPUs, they
16 would not have purchased the Class Computers, because the existence of the defect was a
17 material fact to the transaction. Defendant, at all relevant times, knew or should have known that
18 Plaintiff Nakash and members of the Class did not know or could not have reasonably
19 discovered the defect prior to their purchases.

20 96. Defendant’s conduct constitutes a violation of New Jersey’s Consumer Fraud Act
21 codified under N.J. Stat. Ann. § 56:8-1 *et seq.*, and entitles Plaintiff Nakash and members of the
22 Class entitled to relief under this statute to statutory and actual damages, injunctive relief and
23 attorney fees and costs.

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COUNT V
(By Plaintiffs, Individually and on Behalf of All Class Members,
for Strict Liability and Negligence)

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3 97. Plaintiffs hereby incorporate all the above allegations by reference as if fully set
4 forth herein.

5 98. NVIDIA manufactured, designed, assembled, compounded, tested or failed to
6 test, inspected or failed to inspect, packaged, fabricated, distributed, marketed and sold, contrary
7 to its legal obligations, the defective NVIDIA GPUs and their component parts, which were
8 intended by NVIDIA to be used in the Class Computers.

9 99. Defendant placed a defective product, the NVIDIA GPUs, on the market,
10 knowing the product was to be purchased and used without inspection for defects by Plaintiffs
11 and Class members.

12 100. NVIDIA took no steps to warn consumers of the manufacturing or design defect
13 inherent in the NVIDIA GPUs.

14 101. Plaintiffs and the Class in fact used the NVIDIA GPUs without inspection for
15 defect.

16 102. Plaintiffs and the Class were not aware of the defect at any time prior to the
17 damages caused by the defect.

18 103. As a proximate result of the manufacturing or design defect inherent in the
19 NVIDIA GPUs, Plaintiffs and the Class have been damaged, by damage other than to the GPU
20 itself, in the course of using the NVIDIA GPUs in the ordinary manner in which they were
21 intended.

22 104. Plaintiffs and the Class expressly exclude any claims relating to personal injury or
23 other bodily harm arising from NVIDIA's conduct.

COUNT VI
(By Plaintiffs, Individually and on Behalf of All Class Members, for Violation of
California's Consumers Legal Remedies Act)

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27 105. Plaintiffs hereby incorporate all the above allegations by reference as if fully set
28 forth herein.

1 106. The CLRA was enacted to protect consumers against unfair and deceptive
2 business practices. The CLRA applies to Defendant’s acts and practices described herein
3 because it extends to transactions that are intended to result, or which have resulted, in the sale or
4 lease of goods or services to consumers.

5 107. The circumstances giving rise to Plaintiffs’ and Class members’ allegations,
6 including the design, development and sale of the NVIDIA GPUs, occurred in the State of
7 California. Additionally, NVIDIA maintains its corporate headquarters in Santa Clara,
8 California. Accordingly, application of California law is appropriate.

9 108. The NVIDIA GPUs are “goods” within the meaning of Cal. Civ. Code § 1761(a).

10 109. Plaintiffs and each member of the Class are “consumers” within the meaning of
11 Cal. Civ. Code § 1761(d).

12 110. NVIDIA’s deceptive acts and practices occurred in the course of selling a
13 defective consumer product.

14 111. NVIDIA has admitted its NVIDIA GPUs failed to perform in accordance with
15 their specifications, contained a common defect and, as result were not of merchantable quality.

16 112. NVIDIA had exclusive knowledge of undisclosed material facts, *i.e.* that the
17 NVIDIA GPUs were defective, which was not known to Plaintiffs or the Class.

18 113. NVIDIA engaged in unfair acts and practices by withholding these material facts
19 from Plaintiffs and the Class.

20 114. Plaintiffs and the Class were not aware of the defective NVIDIA GPUs at the time
21 of sale.

22 115. Had Plaintiffs and Class members known of the defective NVIDIA GPUs, they
23 would not have purchased the Class Computers.

24 116. Defendant has violated the CLRA by engaging in the above unfair acts and
25 practices, which results in the following violations:

26 (a) In violation of § 1770(a)(5), Defendant has represented that the NVIDIA
27 GPUs have characteristics, uses and benefits that they do not have; and

1 (b) In violation of § 1770(a)(7), Defendant has represented that the NVIDIA
2 GPUs are of a particular standard, quality or grade when they are not.

3 117. As a proximate result of NVIDIA's unfair acts and practices, Plaintiffs and Class
4 members suffered damages in purchasing Class Computers containing the defective NVIDIA
5 GPUs. As alleged above, notice was sent to Defendant prior to asserting a claim for damages
6 under the CLRA, which notice was ignored. Thus, Class members are entitled to all remedies
7 available under Cal. Civ. Code §1780.

8 **PRAYER FOR RELIEF**

9 WHEREFORE, Plaintiffs and all Class members pray that this Court:

- 10 A. certify this action as a Class Action under Rule 23;
- 11 B. order Defendant to pay Plaintiffs and Class members an amount of actual, direct,
12 incidental, consequential, statutory and exemplary damages to be determined at trial;
- 13 C. issue an injunction preventing Defendant from selling the defective NVIDIA
14 GPUs;
- 15 D. award pre- and post-judgment interest;
- 16 E. award attorney's fees and costs of suit pursuant to, *inter alia*, Cal. Code of Civ.
17 Pro. § 1021.5 and 15 U.S.C. §§ 2301 *et seq.*;
- 18 F. for such other and further relief this Court may deem just and proper

19 **DEMAND FOR JURY TRIAL**

20 Plaintiffs demand a trial by jury on all issues so triable.

21 DATED: April 27, 2010

MILBERG LLP
JEFF S. WESTERMAN
SABRINA S. KIM
NICOLE M. DUCKETT

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25 /s/ Nicole M. Duckett
NICOLE M. DUCKETT

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DECLARATION OF SERVICE BY CM/ECF AND/OR MAIL

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, employed in the County of Los Angeles, over the age of 18 years, and not a party to or interest in the within action; that declarant’s business address is One California Plaza, 300 South Grand Avenue, Suite 3900, Los Angeles, California 90071-3149.

2. Declarant hereby certifies that on April 27, 2010, declarant served the STIPULATION AND [PROPOSED] ORDER CONCERNING ADDITION OF NAMED PLAINTIFFS and FILING OF THIRD AMENDED CONSOLIDATED COMPLAINT PURSUANT TO FED. R. CIV. P. 15(a)(2) FOR LIMITED PURPOSE OF ADDING PARTIES by electronically filing the foregoing document listed above by using the Case Management/ Electronic Case filing system.

3. Declarant further certifies:

All participants in the case are registered CM/ECF users and that service will be accomplished by the court’s CM/ECF system

Participants in the case who are registered CM/ECF users will be served by the court’s CM/ECF system. Participants in the case that are not registered CM/ECF users will be served by First-Class Mail, postage pre-paid or have dispatched to a third-party commercial carrier for delivery to the non-CM/ECF participants as addressed and listed in the Service List.

4. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 27th day of April, 2010, at Los Angeles, California.



CECILLE CHAFFINS

STIPULATION AND [PROPOSED] ORDER CONCERNING ADDITION OF NAMED PLAINTIFFS AND FILING OF THIRD AMENDED CONSOLIDATED COMPLAINT PURSUANT TO FED. R. CIV. P. 15(a)(2) Case No. C 08-4312 JW	
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Mailing Information for a Case 5:08-cv-04312-JW

Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

- **James E. Cecchi**
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- **Thomas G Ciarlone , Jr**
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