FARUQI & FARUQI, LLP **DAVID E. BOWER (119546)** 10866 Wilshire Boulevard, Suite 1470 Los Angeles, California 90024 3 Telephone: (424) 256-2884 Facsimile: (424) 256-2885 dbower@faruqilaw.com 5 Attorneys for Plaintiff Danyelle Comer 6 UNITED STATES DISTRICT COURT 7 NORTHERN DISTRICT OF CALIFORNIA 8 9 DANYELLE COMER, Individually and of Behalf of All Others Similarly Situated, 11 Plaintiffs. CLASS ACTION COMPLAINT Violation of the Magnuson-Moss 12 vs. Warranty Act (15 U.S.C. § 2301, et seq.) 13 2. Unjust Enrichment APPLE, INC., a California corporation and 3. Breach of Express Warranty 14 DOES 1-10, 4. Breach of Implied Warranty of Merchantability 15 5. California Consumer Legal Remedies Defendants. Act 16 6. California Unfair Competition Law (California Business and Professions 17 Code §§ 17200, et seq.) 7. False Advertising (California 18 Business and Professions Code §§ 17500, et seq. 19 JURY TRIAL DEMANDED 20 21 Plaintiff, Danyelle Comer, is an individual residing in the state of California ("Plaintiff"), and by her attorneys, alleges upon personal knowledge as to her o'n acts, and as to all other matters 22 upon information and belief based upon, inter alia, the investigation made by and through his 23 24 attorneys, as follows: 25 26 27 28 CLASS ACTION COMPLAINT

Comer v. Apple, Inc

Doc. 1

1. This is a class action brought by Plaintiff against defendant Apple, Inc. ("Apple" or "Defendant") for unfair, unlawful, deceptive, and misleading r actices conducted in violation of California State, Federal, and common law. This action involves Apple's iCloud service.

- 2. Apple is headquartered in California and marke's the iCloud service nationwide. Apple represents that the iCloud service is the successor to Apple's MobileMe service which Apple claims functions as remote hard drive storage for Apple users, storing users' data and content online, rather than on the users' computer hard drive. This storing of data remotely online, accessed by an internet connection to a user's personal computer is called storing data in the "cloud."
- 3. Apple markets the iCloud service as "automatic and effortless." The claimed ease of a users' ability to use the iCloud service and set it up to save user content is a major element of Apple's marketing of the service. According to Apple's website:

iCloud is so much more than a hard drive in the sky. It makes it quick and effortless to access just about everything on the devices you use every day. iCloud automatically and securely stores your content so it's always available to your iPhone, iPad, iPod touch, Mac or PC. It gives you access to your music, me vies, apps, latest photos and more from whichever device you happen to be using. And it keeps your email, contacts, and calendars up to date across all your devices. No syncing required. No management required. In fact, no anything required. iCloud does it all for you.

- 4. Apple advertises that iCloud automatically makes music, movies, TV shows and Applications purchased on Apple's iTunes store available on all the Apple devices owned by the user. Apple claims that all photos and documents are also synced between devices, with the goal of making the entirety of a users' content easily accessible. Within a week after launch, iCloud had over 20 million users.
- 5. iCloud was launched in early October 2011. It was structured as the replacement for MobileMe, a predecessor Apple service with ongoing problems soing back to 2008. At that time, MobileMe was dogged by problems ranging from slow synchrosization to extended email outage. In fact Steve Jobs, Apple's former CEO, acknowledged these problems when he announced the iCloud in June 2011 stating: "You might ask, 'Why should I believe them, they're the ones that

brought me MobileMe?" As the crowd laughed, Jobs said "It vasn't our finest hour, just let me say that. But we learned a lot."

- 6. MobileMe, the predecessor of iCloud, was lanched in July 2008 as a paid subscription service which also had numerous teething problems. The service cost \$99.00 per year. It was panned by users almost initially as being an unstable platform and for having syncing problems. By signing up for MobileMe, users were entitled to a special @me.com and @mac.com email addresses and could add more for more fees, that could be accessed anywhere, online email and file storage, a synchronized address book and calendar feature, and a public photo and video gallery feature. Users also could access web applications through MobileMe and host and publish websites.
- 7. MobileMe users have been forced to upgrade to iCloud. Apple has announced MobileMe will become extinct after June, 2012, and will no longer supported or usable by subscribers, despite having paid for their MobileMe account.
- 8. Despite the yearly fee charges paid by customers for MobileMe services, MobileMe users have not received the benefit of their bargain as in the r forced migration to the iCloud platform; they have not been able to access the features they were promised by Apple.
- 9. Long time subscribers of MobileMe, when migraing to iCloud, have experienced a total loss of the ability to received emails and have been unable to log on to their Apple IDs, or their Apple email accounts. Their email accounts have even beer blocked from receipt of emails. Further problems resulted from Apple's failure to ensure its se vers could adequately handle the processing of MobileMe migration requests. As a result, users vere without access to their email accounts, which they had paid for, for extended periods of time. Soon after launch, Apple was forced to temporarily limit the number of users moving from MobileMe to iCloud as they had not adequately prepared for this transition. The misrepresentations by Apple that migrating to iCloud would be "effortless" were blatantly false for its MobileMe users and customers in general.
- 10. Throughout the migration, Apple failed to adequa ely ensure that features MobileMe users were paying for would be accessible, including access to their e-mail accounts for which

customers pay additional fees. As a result, numerous MobileManusers suffered damage from the inability to access their individual email accounts. Other MobileMe migrants to iCloud have had significant difficulty in getting contacts, calendars and other features to sync. MobileMe users therefore did not receive what Apple had advertised the iCloud as: an effortless way for them to sync and access their information.

- instead failed to provide sufficient functionality to ensure paying MobileMe users would be able to access their e-mail accounts, continue to sync their calendars and contacts and store data, all features they had continued to pay for as MobileMe users. Apple failed to ensure adequate server functionality to allow MobileMe users to migrate their accounts to iCloud. Apple knew or should have known that failures to ensure MobileMe email and sync access would have devastating consequences on MobileMe users.
- 12. Defendant knew or should have known that iCloud did not function as represented in its advertisements, marketing materials, and warranties disseminated in Apple's nationwide marketing and advertising campaign.
- 13. Therefore, Plaintiff seeks relief and damages in the action individually and on behalf of the Class (defined below) pursuant to the Magnuson-Moss Act, 15 U.S.C. § 2301, et. seq., for unjust enrichment, breach of express warranty, fraudulent concealment, common law and California's Consumer Legal Remedies Act (California Civil Cole §§ 1750, et seq.) and violations of the California Unfair Competition Laws (California Business & Professions Code §§ 17200, et seq.)

## THE PARTIES

14. Plaintiff Danyelle Comer is a resident of the state of California and purchased her Macintosh and Apple computer and software and subscribed to the MobileMe account here in California. She has experienced the problems described herein with her account and has lost the ability to utilize functions of MobileMe or iCloud account, including emails and receipt of same.

15. Defendant Apple is a California corporation with its principal place of business located at One Infinite Loop, Cupertino, California 95014. Apple designs, manufactures, and markets various consumer electronics products, including personal computers, portable MP3 players, tablet computers, smart phones and is responsible for the production, marketing and sale of its MobileMe and iCloud systems.

# **JURISDICTION AND VENU**

- 16. This Court has subject matter jurisdiction pursuan to 28 U.S.C. § 1331. This Court has supplemental jurisdiction over state law claims pursuant to 28 U.S.C. § 1367.
- 17. This Court also has jurisdiction over this action pursuant to 28 U.S.C. § 1332(d) because there are more than 100 class members and the aggregate amount in controversy exceeds \$5,000,000.00, exclusive of interest, fees, and costs and also, at least one Class member is a citizen of a state different from Defendant.
- 18. Venue lies within this judicial district under 28 J.S.C. § 1391(a) and (c) because Defendant's contacts are sufficient to subject it to personal jurisdiction in this District, and Defendant's principal offices are located in this District for purposes of venue.

# FACTUAL BACKGROUNE

- 19. Apple touts its iCloud service as allowing users to sync data between Macs, Windows PCs, iPhone and iPads. The data on Apple's iCloud servers includes photos in your Photo Stream, any documents stored in iCloud, backups for iOS cevices, @me.com e-mail, @mac.com e-mail, contacts, calendars, Safari bookmarks, reminders and notes.
- 20. In short, the iCloud service promises to continue the supposed functionality of MobileMe by providing user e-mail, and online data storage of contacts, calendar dates, photos and documents.
- 21. When MobileMe was still available to consumers it offered two different plans: an *Individual* plan and a *Family Pack*. The *Individual* plan cost \$99 0 per year and included 20 GB of email and file storage and 200 GB of monthly data transfer, with an e-mail account. Additional email accounts are charged extra. The *Family Pack* cost \$149.() per year and included 40 GB of

storage split among one 20GB individual (primary) account and our 5 GB sub-accounts, each sub-account having its own email address, online storage and acc ss to all the MobileMe features. Family members also were/are supposed to have a shared folder in their iDisk where supposedly they could share access to data amongst themselves. Members could also buy additional storage in 20GB or 40 GB allocations. Apple claims the iCloud service is free for the first 5GB of data storage, with a \$25.00 fee to sync music not bought via iTunes.

22. Apple announced it was discontinuing purchases of MobileMe in preparation for the movement to the new iCloud service. According to apple, MobileMe itself will be shut down and all services will be migrated into the iCloud service. Unfortunately, most users have had significant difficulty migrating to the iCloud service, with little help from Apple. Movement from MobileMe to iCloud has not been made voluntary for customers. So despite the numerous compounding of problems with the switch to iCloud, MobileMe customers have been given no choice.

## Migration To iCloud

- 23. According to Apple's website if you have a NobileMe account (with an email ending in @me.com or @mac.com), you will be able to mig ate your MobileMe account into iCloud. This is supposedly accomplished by using your MobileMe e-mail address as your Apple ID. An Apple ID is the email address you use as a login for everything you do with apple, including using iTunes, and downloading apps from the App Store.
- 24. By signing in with your MobileMe email as your Apple ID on iCloud, this should set up MobileMe email, contacts, calendar and bookmarks on your device. iCloud is supposed to automatically upload, store and push all your content wirelessly, and "effortlessly" to your devices.
- 25. According to Steve Jobs, the late CEO of Apple, at the 2011 WWDC Keynote Speech in discussing iCloud and comparing it to MobileMe, "t just works." Unfortunately for many users it doesn't "just work" and has resulted in a series of headacaes due to lack of syncing ability, lack of email functionality and other complications and losses and corruption of data. In fact a number of users have been forced to hire outside technical assistance at significant cost, just

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27 28 to migrate to the iCloud platform or get around it to obtain manimal functionality of emails and other systems.

## Users Face Numerous Issues Migrating to iCloud

- MobileMe users have faced an uphill battle while trying to get their email and 26. devices to sync with iCloud due to Apple's forced migration.
- AppleInsider, a publication following Apple devices, on October 17, 2011 published 27. an article highlighting the problems users were facing in merg ug their MobileMe accounts into iCloud. According to the article, a major problem was the lack of any technical support from Apple: "One person explained in an e-mail that they have called AppleCare, used online support and even asked for help at a local retail store. Apparently a number of problems arise out of Apple ID's that are @me.com email addresses. One user stated:
  - 'I bought a MobileMe subscription when they came ou ... [u]ntil Wednesday I didn't (realize) this created a new (Apple ID). I asked (iT mes) support to add this MobileMe address to my current (iTunes Apple ID) as his way to become my primary email address. On Wednesday when iCloud cam out it became apparent that this MobileMe email address could not be verified on the MobileMe account as it was in use by my old (iTunes Apple ID). So (I) wen to applied apple com to try to change the Primary email address to something different in my iTunes AppleID but it wouldn't let me.' Calls made to AppleC are couldn't resolve the problem, they said.
- Similar lists of headaches for MobileMe users me sing the move to iCloud \are well 28. documented. These issues can also apply to users who have shared an Apple ID with family members, allowing purchases like software from the App Store in be installed on multiple devices, a practice allowed with Apple's service terms. Unless all devices would be synced with the same data store - with everyone sharing contacts, calendars and other ersonal information - other users, such as family members, who were previously dependent on that account may have to re-purchase apps or music.
- In addition to these issues, users transitioning from MobileMe experienced several 29. other issues. During the initial period after the iCloud launch, Apple's servers were inundated with

www.appleinsider.com/articles/11/10/17/mobileme users experi nce issues\_in\_apples\_transition\_ to icloud.html

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iCloud transfer requests, resulting in Apple throttling back account transitions from MobileMe, setting back users from transferring seamlessly to the cloud.

# Users Are Unable To Access Their I nail Accounts

- Those that were successful in moving their Mobil Me account to iCloud at that time 30. also found that e-mail servers would no longer recognize valid passwords. Email accessibility has been a major problem for MobileMe migrants to iCloud, with users having difficulty syncing their email to their devices, thereby not receiving their email messages. Users from MobileMe with @me.com and @mac.com email addresses have been unable to receive emails at these addresses after migrating to iCloud.
- The lack of email service for these MobileMe use's appears to stem from two issues 31. (1) the change in authentication protocols that prevent individual from logging into their @me.com and @mac.com email addresses; and (2) the switching of server that Apple previously stored user data for these email addresses on. Users cannot send or receive emails from their wireless devices including iPhones and iPads, as well as from their home computers - services that worked before they were forcibly migrated to iCloud. E-mail has continu lly failed to operate for former MobileMe users – users who have paid for these email accounts.
- As a result of these users being unable to access and utilize email services that they 32. paid for as MobileMe users, they lost the benefit of the services new paid for. Although there were some advanced and technical workarounds to gain accessibility, these "fixes" or "workarounds" generally require advanced expertise far beyond what an average customer would know, to effectively allow them access their accounts. As a result, Apple's "it just works" pronouncement could not be farther from the truth. Apple, a company which advertises relentlessly touting is claim to a reputation for simplicity and ease of usability failed to deliver this with the iCloud service. In order just to access their email accounts, users were forced to pay for extra advanced technical assistance. This was not anticipated due to Apple's pronouncements regarding the "effortless" ease of migrating to the new iCloud.

33. In response to complaints regarding email accessicility for users, Apple has failed to take action. Apple has indicated that the problem is fixed and that users should be receiving their emails to their accounts. Unfortunately this is not the case, and even when users contact Apple's technical assistance department, assuming they can get through, are given no realistic or understandable solution. Apple has even been telling its customers that hiring a specialized technician may be the only way they can solve their problems vith their e-mail or other migration issues.

34. Numerous complaints have been made on Apple message boards from users who have been effected due to the transition from MobileMe to iCloud, including dedicated Apple consumers:

Is there anything more upsetting that seeing apple's status page (http://www.apple.com/support/icloud/systemstatus/) say "all services online", when they most definitely are NOT ONLINE? I still can't login, get tons of errors. And when I finally reached a rep at apple on the phone oday he told me it was not really his department, and that he would transfer me to "mobile me". And then he hung up on me. Grrr. This remains a disaster, made vorse by Apple ignoring users like me (who buy tons of their products!)<sup>2</sup>

I transferred from MobileMe to iCloud yesterday. I am using the same mac address but have changed my AppleID to this as suggested. I now see an iCloud account on all my devices (iMac, iPhone and iPad2). receive emails but the inbox only holds one or two messages and then seems to shift them direct to Archive. I can't read archive file on the regular Mail programme - only by going to iCloud.com. I have not instituted any rules on iCloud but it seems to be behaving as if I have? Any ideas??<sup>3</sup>

I also used to have a .mac account, which was then migrated to .me, which I have used now to \*try\* to setup icloud. For several hours I imply could not switch iCloud Mail on in the preference panel on my Mac. Now I still cannot login from the Web interface -- it tells me that I need to create a me account, which of course I have already -- it is the very AppleID I use to log n.4

<sup>2</sup> See Apple Thread, available at: https://discussions.apple.com/tl read/33 8893

<sup>3</sup> See Apple Thread, available at: https://discussions.apple.com/n.essage/ 7166242#17166242

<sup>4</sup> See Apple Thread, available at: https://discussions.apple.com/tl read/3378893

[H] ave been trying for days to access my mail using the mail app on my Mac after upgrading to iCloud. I can use the web interface ine, although it's slower than Mail was. I've tried on multiple computers. I have tried creating a new account, but get the error that logging in failed. Make sure the user name and password, etc...Is there any current fix or workaround for ais?<sup>5</sup>

UPDATE: Still no fix whatsoever. No way to login to or use mail (although I can login to icloud as I have been able to since the beginning). As an added bonus, I noticed with icloud activated on my iPhone, my battery would drain like crazy (fully in a few hours vs 2 days before the "upgrade"). No sure if this is due to the fact that it can never login to mail, but deleting the icloud account from my phone seems to have fixed the battery issue at least...SIGH.6

35. In sum, Apple's most dedicated consumers, including those who paid for MobileMe service have continually experienced problems with iCloud n igration, including lack of email access for extended periods.

## **CLASS ACTION ALLEGATIONS**

- 36. Plaintiff brings this action on behalf of themselves and all others similarly situated, as a class action suit pursuant to Fed. R. Civ. P. 23.
  - 37. The classes Plaintiff seek to represent are as follows
- 38. All persons who, within the State of California, purchased the MobileMe service and held a subscription until the iCloud launch (the "California Class")
- 39. All persons who, within the United States, purchased the MobileMe service and held a subscription until the iCloud launch (the "Class").
- 40. Members of the Class are so numerous that their individual joinder herein is impracticable. Members of each of these classes number in the tens of thousands. The precise number of Class members and their identities are unknown to Plaintiff this time but will be determined through discovery in the course of this action. Class members may be notified of the pendency of this action by mail and/or publication through the distribution records of Apple and third party retailers and vendors.

<sup>5</sup> See Apple Thread, available at: https://discussions.apple.com/tl/read/3378893

<sup>6</sup> See Apple Thread, available at: https://discussions.apple.com/taread/3378893

the interests of the other members of the Class. Plaintiff and all nembers of the Class have sustained economic injury arising out of Apple's violations of common and statutory laws as alleged herein.

- 43. Plaintiff is an adequate representative of the Class because her interest does not conflict with the interests of the other Class members she seeks to represent, she has retained counsel who are competent and experienced in prosecuting class actions, and they intend to prosecute this action vigorously. The interests of Class members will be fairly and adequately protected by Plaintiff and her counsel.
- 44. The class mechanism is superior to other available means for the fair and efficient adjudication of the claims of Plaintiff and Class members. Each individual Class member may lack the resources to undergo the burden and expense of individual prosecution of the complex and extensive litigation necessary to establish Apple's liability. Individualized litigation increases the delay and expense to all parties and multiplies the burden on the judicial system that is presented by the complex legal and factual issues of this case. Individualized litigation also persents a potential for inconsistent or contradictory judgments. In contrast, the class action device presents far fewer management difficulties and provides the benefits of single adjudication, economy of scale, and comprehensive supervision by a single court on the issue of Apple's liability. Class treatment of the liability issues will ensure that all claims and claimants are before this Court for consistent adjudication of the liability issues.

#### COUNT I

# Violation of the Magnuson-Moss War anty Act (15 U.S.C. § 2301, et seq.)

- 45. Plaintiff and Class members reallege and incorporate by reference each allegation set forth above and further allege as follows.
- 46. Plaintiff brings this claim individually and on behalv of the members of the Class against Defendant.
- 47. The iCloud service and Mobile Me are a consumer products as defined in 15 U.S.C. §2301(1).
  - 48. Plaintiff and Class members are consumers as defined in 15 U.S.C. §2301(3).

- 49. Defendant Apple is a supplier and warrantor as defined in 15 U.S.C. §2301(4) and (5).
- 50. In connection with the sale of their products, including MobileMe configurations and iCloud migration, Apple issued written warranties as defined in 1: U.S.C. §2301(6), which warranted that MobileMe and iCloud would operate as advertised.
- 51. By reason of Apple's breach of the express written v arranties regarding the functionality MobileMe and iCloud, Apple has violated the statutory rights due F aintiff and Class members pursuant to the Magnuson-Moss Warranty Act, 15 U.S.C. §2301 et seç, thereby damaging Plaintiff and Class members.

## **COUNT II**

## Unjust Enrichment

## (Brought on Behalf of the Class)

- 52. Plaintiff and Class members reallege and incorpor to by reference each allegation set forth above and further allege as follows.
  - 53. Plaintiff brings this claim individually and on behalf of the members of the Class.
- 54. "Although there are numerous permutations of the elements of the unjust enrichment cause of action in the various states, there are few real differences. In all states, the focus of an unjust enrichment claim is whether the Apple was unjustly enriched. At he core of each state's law are two fundamental elements that Apple received a benefit from the Plantiff and it would be inequitable for Apple to retain that benefit without compensating the Plaintiff.
- 55. Plaintiff and Class members conferred a benefit on Apple by purchasing the iCloud and MobileMe service and additional services connected thereto, such as additional e-mail accounts.
- 56. Apple has been unjustly enriched in retaining the revenues derived from Class members' purchases of the iCloud and MobileMe services, which retention under these circumstances is unjust and inequitable because Apple misrepresented the functionality and ease of the conversion from MobileMe to iCloud and these systems do not operate as advertised