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Deputy Clerk

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF SAN FRANCISCO

14 **THE PEOPLE OF THE STATE OF**
15 **CALIFORNIA, ex rel. KAMALA D.**
16 **HARRIS, Attorney General of the State of**
California; and

17 **THE CITY AND COUNTY OF SAN**
18 **FRANCISCO, individually, and on behalf of**
all others similarly situated,

19 Plaintiffs,

20 v.

21 **CHUNGHWA PICTURE TUBES, LTD.,**

22 Defendant.

Case No. **CGC-11-513732**

CLASS ACTION

**COMPLAINT FOR DAMAGES AND
INJUNCTIVE RELIEF BASED ON:**

(1) VIOLATIONS OF THE
CARTWRIGHT ACT (Bus. & Prof. Code
§§ 16720, et seq.)

(2) VIOLATIONS OF THE UNFAIR
COMPETITION ACT (Bus. & Prof. Code
§§ 17200, et seq.)

(3) UNJUST ENRICHMENT

24 Plaintiffs, by and through Kamala D. Harris as Attorney General of the State of California,
25 allege as follows:
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I. INTRODUCTION

1. This action arises from Defendant Chunghwa Picture Tubes, Ltd.'s indictment and admission of guilt that it participated in a conspiracy to fix the price of thin film transistor liquid crystal display ("LCD") panels. As of July 2010, the United States Department of Justice ("USDOJ") has obtained guilty pleas for the price fixing conspiracy from Chunghwa Picture Tubes and six of its co-conspirators, which have collectively been sentenced to pay or have agreed to pay criminal fines totaling more than \$890 million. LCD is a type of display technology utilized in products including televisions ("TVs"), computer monitors, laptops, mobile phones, digital cameras, and numerous other electronic products. LCD panels are the dominant form of display screen in the TV, computer monitor, and laptop industries.

2. Plaintiffs bring this action by and through the Attorney General of the State of California ("Attorney General"). Plaintiffs are: the Attorney General in the name of the people of the State of California, as *parens patriae* on behalf of natural persons residing in the state; the State of California in a propriety capacity on its own behalf; and the City and County of San Francisco, individually and on behalf of all others similarly situated. Plaintiffs purchased LCD panels separately or as part of other products. Plaintiff government entities are expressly excluded from classes certified in direct and indirect purchaser federal class action litigation pending in the United States District Court for the Northern District of California, IN RE TFT-LCD (FLAT PANEL) ANTITRUST LITIGATION, Master File No. C07-1827 SI (the "Class Actions"). By fixing the price of LCD panels, Defendant caused consumers of LCD products to pay more for products containing LCD panels, or, to receive less valuable LCD panels in those products.

II. JURISDICTION AND VENUE

3. This Court has subject matter jurisdiction over all causes of action alleged in this Complaint pursuant to the California Constitution, Article VI, § 10, and is a Court of competent jurisdiction to grant the relief requested. Plaintiffs' claims for violation of Business & Professions Code §§ 16720 and 17200, *et seq.*, and for unjust enrichment, arise under the laws of

the State of California, are not preempted by federal law, do not challenge conduct within any federal agency's exclusive domain, and are not statutorily assigned to any other trial court.

4. The Defendant transacts business in the State of California. The unlawful conduct pursuant to or in furtherance of the combination or conspiracy occurred in substantial part within the State of California and was intended to and did substantially affect business and commerce within this State.

5. Venue is proper in this Court pursuant to California Code of Civil Procedure sections 395 and 395.5, and California Business & Professions Code sections 16750 and 16754. Defendant conducts substantial business in the City and County of San Francisco. The injuries that have been sustained as a result of Defendant's illegal conduct occurred in part in the City and County of San Francisco.

III. DEFINITIONS

6. "Thin Film Transistor Liquid Crystal Display" ("LCD") means the display technology that involves sandwiching a liquid crystal compound between two glass plates called "substrates." The resulting panel contains hundreds or thousands of electrically charged dots, called pixels, that form an image. This panel is then combined with a backlight unit, a driver, and other equipment to create a "module" allowing the panel to operate and be integrated into a TV, computer monitor or other product.

7. "LCD panel" refers to the particular kinds of LCD panels that are used in LCD products.

8. "LCD products" means the following products of which LCD panels are a component: TVs, computer monitors, laptop computers, and cell phones.

9. "Original Equipment Manufacturer" ("OEM") means any original equipment manufacturer of LCD products. OEMs include, but are not limited to, Apple Computer, Inc.; Compaq Computer Corp.; Dell Inc.; Gateway Inc.; Hewlett-Packard; and International Business Machines Corp. ("IBM").

10. "Political Subdivisions and Public Agencies" means counties, cities, towns, K-12 school districts, public undergraduate and graduate educational institutions, and other government

units, entities, and instrumentalities, as well as all electric, utility, water, sewer, fire, port authority and other special districts and tax-supported institutions that are either autonomous or independent from the State of California itself under the Eleventh Amendment or otherwise treated as being autonomous from the State itself, where the law permits such to be represented by the Attorney General.

IV. THE PARTIES

A. Plaintiffs

11. Plaintiffs are the Attorney General, in the name of the people of the State of California, as *parens patriae* on behalf of natural persons residing in the state who are consumers that purchased LCD panels, or LCD products separately or as part of other LCD products; the State of California; and the City and County of San Francisco, individually and on behalf of all Political Subdivisions and Public Agencies in the State of California.

B. Defendant

12. Defendant Chunghwa Picture Tubes, Ltd. ("Chunghwa") has its global headquarters at 1127 Hopin Rd., Padeh City, Taoyuan, Taiwan. During the time period covered by this Complaint, Chunghwa manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in California.

C. Co-Conspirators

13. Co-conspirator AU Optronics Corporation has its corporate headquarters at No. 1, Li-Hsin Rd. 2, Hsinchu Science Park, Hsinchu 30078, Taiwan. Co-conspirator AU Optronics Corporation was formed by the September 2001 merger of Unipac Optoelectronics and Acer Display Technology ("ADT"). During the time period covered by this Complaint, said co-conspirator (either itself, or through one of its predecessors prior to the merger) manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in California.

14. Unipac Optoelectronics, a former Taiwanese LCD panel manufacturer and an affiliate of United Microelectronics Corp., was founded in November 1990. ADT, a former Taiwanese LCD panel manufacturer and an affiliate of the Acer Group, was founded in August 1996.

1 Quanta Display, Inc., ("QDI"), a former Taiwanese LCD panel manufacturer and a subsidiary of
2 Quanta Computer Inc., was founded in July 1999 and was merged into co-conspirator AU
3 Optronics Corporation in October 2006.

4 15. Co-conspirator AU Optronics Corporation America, Inc., is a wholly owned and
5 controlled subsidiary of co-conspirator AU Optronics Corporation, with its corporate
6 headquarters at 9720 Cypresswood Drive, Suite 241, Houston, Texas and facilities located in San
7 Diego and Cupertino, California. During the time period covered by this Complaint, co-
8 conspirator AU Optronics Corporation America, Inc., manufactured, marketed, sold and/or
9 distributed LCD panels directly and/or indirectly to customers in California.

10 16. Co-conspirators AU Optronics Corporation and AU Optronics Corporation America,
11 Inc., are referred to collectively herein as "AU Optronics."

12 17. Co-conspirator Chimei Innolux Corporation has its principal place of business located
13 at No. 160 Kesyue Rd., Chu-Nan Site, Hsinchu Science Park Chu-Nan, Miao-Li, Taiwan.
14 Co-conspirator Chimei Innolux Corporation was formed on March 18, 2010 by a merger of Chi
15 Mei Optoelectronics Corp., Innolux Display Corp., and TPO Displays Corp., through exchanges
16 of shares. Innolux Display Corp., the surviving company of the merger, renamed itself "Chimei
17 Innolux Corporation." TPO and Chi Mei were dissolved after the merger. During the time period
18 covered by this Complaint, co-conspirator Chimei Innolux Corporation (either itself, or through
19 one of its predecessors prior to the merger) manufactured, marketed, sold and/or distributed LCD
20 panels directly and/or indirectly to customers in California.

21 18. Chi Mei Optoelectronics Corporation was a former manufacturer of LCD panels, with
22 its global headquarters at No. 3, Sec. 1, Huanshi Rd., Southern Taiwan Science Park, Sinshih
23 Township, Tainan County, 74147 Taiwan. Innolux Display Corp. was a former manufacturer of
24 LCD panels, with its principal place of business located at No. 160 Kesyue Rd., Chu-Nan Site,
25 Hsinchu Science Park Chu-Nan, Miao-Li, Taiwan.

26 19. Co-conspirator Chi Mei Optoelectronics USA, Inc., f/k/a International Display
27 Technology USA, Inc., is a wholly owned and controlled subsidiary of Chi Mei Corporation, with
28 its corporate headquarters at 101 Metro Drive Suite 510, San Jose, California 95110. During the

1 time period covered by this Complaint, said co-conspirator manufactured, marketed, sold and/or
2 distributed LCD panels directly and/or indirectly to customers in California.

3 20. Co-conspirator CMO Japan Co., Ltd., f/k/a International Display Technology, Ltd., is
4 a subsidiary of Chi Mei Corporation, with its principal place of business located at Nansei Yaesu
5 Bldg. 3F, 2-2-10 Yaesu, Chuo-Ku, Tokyo 104-0028, Japan. During the time period covered by
6 this Complaint, said co-conspirator manufactured, marketed, sold and/or distributed LCD panels
7 directly and/or indirectly to customers in California.

8 21. Co-conspirators Chimei Innolux Corporation, Chi Mei Optoelectronics USA, Inc.,
9 and CMO Japan Co., Ltd. are referred to collectively herein as "Chi Mei."

10 22. Co-conspirator Epson Imaging Devices Corporation ("EIDC") has its principal place
11 of business at 3-101 Minami-Yoshikata Tottori-Shi, Tottori-ken 680-8577 Japan. EIDC was
12 originally formed as Sanyo Epson Imaging Devices Corporation on October 1, 2004, as a joint
13 venture co-owned by Seiko Epson Corporation and Sanyo Electric Co., Ltd. As of December 28,
14 2006, Sanyo Epson Imaging Devices Corporation became a wholly-owned subsidiary of Seiko
15 Epson Corporation and changed its name to EIDC. During the time period covered by this
16 Complaint, co-conspirator EIDC (either itself, or through one of its predecessors) manufactured,
17 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
18 California.

19 23. Co-conspirator Epson Electronics America, Inc., ("Epson America") is a California
20 corporation with its principal place of business at 2580 Orchard Parkway, San Jose, California
21 95131. Epson America is a wholly-owned and controlled subsidiary of Seiko Epson Corporation.
22 During the time period covered by this Complaint, co-conspirator Epson America manufactured,
23 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
24 California.

25 24. Co-conspirator HannStar Display Corporation ("HannStar") has its headquarters at
26 26th floor, No. 1, Songzhi Road, Xinyi District, Taipei 110, Taiwan, R.O.C. During the time
27 period covered by this Complaint, said co-conspirator manufactured, marketed, sold and/or
28 distributed LCD panels directly and/or indirectly to customers in California.

1 25. Co-conspirator Hitachi, Ltd., has its headquarters at 6-6 Marunouchi 1-chome,
2 Chiyoda-ku, Tokyo, 100-8280, Japan. During the time period covered by this Complaint, said co-
3 conspirator manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly
4 to customers in California.

5 26. Co-conspirator Hitachi Displays, Ltd., has its principal place of business at AKS
6 Bldg. 5F, 6-2 Kanda Neribei-cho 3, Chiyoda-ku, Tokyo, 101-0022, Japan. During the time period
7 covered by this Complaint, said co-conspirator manufactured, marketed, sold and/or distributed
8 LCD panels directly and/or indirectly to customers in California.

9 27. Co-conspirator Hitachi Electronic Devices (USA), Inc., a wholly owned and
10 controlled subsidiary of co-conspirator Hitachi, Ltd., has its principal place of business at 1000
11 Hurricane Shoals Road, Ste. D-100, Lawrenceville, GA 30043. During the time period covered
12 by this Complaint, co-conspirator Hitachi Electronic Devices (USA), Inc., manufactured,
13 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
14 California.

15 28. Co-conspirators Hitachi Displays, Ltd., Hitachi America, Ltd., and Hitachi Electronic
16 Devices (USA), Inc., are referred to collectively herein as "Hitachi."

17 29. Co-conspirator Hydys Technologies Co., Ltd., f/k/a BOE Hydys Technology Co., Ltd.,
18 ("Hydis") has its principal place of business at San 136-1, Ami-ri, Bubal-eub, Icheon-si,
19 Gyeonggido, 467-866, Republic of Korea. During the time period covered by this Complaint,
20 said co-conspirator manufactured, marketed, sold and/or distributed LCD panels directly and/or
21 indirectly to customers in California.

22 30. Co-conspirator LG Display Co., Ltd., f/k/a LG Phillips LCD Co., Ltd., is a joint
23 venture created in 1999 by Philips Electronics NV and LG LCD, maintains offices in San Jose,
24 California, and has its principal place of business at 20 Yoido-dong, Youngdungpo-gu, Seoul,
25 150-721, Republic of Korea. During the time period covered by this Complaint, said co-
26 conspirator manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly
27 to customers in California.

1 31. Co-conspirator LG Display America, Inc. f/k/a LGD LCD America, Inc., has its
2 principal place of business at 150 East Brokaw Rd., San Jose, CA 95112. During the time period
3 covered by this Complaint, said co-conspirator manufactured, marketed, sold and/or distributed
4 LCD panels directly and/or indirectly to customers in California.

5 32. Co-conspirators LG Display Co., Ltd., and LG Display America, Inc., are referred to
6 collectively herein as "LGD."

7 33. Co-conspirator Samsung Electronics Co., Ltd., has its principal place of business at
8 Samsung Electronics Bldg., 1320-10, Seocho 2-dong, Seocho-gu, Seoul 137-857, Republic of
9 Korea. During the time period covered by this Complaint, said co-conspirator manufactured,
10 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
11 California.

12 34. Co-conspirator Samsung Semiconductor, Inc., is a wholly-owned and controlled
13 subsidiary of co-conspirator Samsung Electronics Co., Ltd., with its principal place of business at
14 3655 North First Street, San Jose, California 95134. During the time period covered by this
15 Complaint, co-conspirator Samsung Semiconductor, Inc., manufactured, marketed, sold and/or
16 distributed LCD panels directly and/or indirectly to customers in California.

17 35. Co-conspirator Samsung Electronics America, Inc., ("Samsung America") is a
18 wholly-owned and controlled subsidiary of co-conspirator Samsung Electronics Company, Ltd.,
19 with its principal place of business at 105 Challenger Road, Ridgefield Park, New Jersey. During
20 the time period covered by this Complaint, co-conspirator Samsung America manufactured,
21 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
22 California.

23 36. Co-conspirators Samsung Electronics Co., Ltd., Samsung Electronics America, Inc.,
24 and Samsung Semiconductor, Inc., are referred to collectively herein as "Samsung."

25 37. Co-conspirator Sharp Corporation has its principal place of business at 22-22
26 Nagaike-cho, Abeno-ku, Osaka 545-8522, Japan. During the time period covered by this
27 Complaint, said co-conspirator manufactured, marketed, sold and/or distributed LCD panels
28 directly and/or indirectly to customers in California.

1 38. Co-conspirator Sharp Electronics Corporation is a wholly-owned and controlled
2 subsidiary of co-conspirator Sharp Corporation, with its principal place of business at Sharp
3 Plaza, Mahwah, New Jersey, 07430. During the time period covered by this Complaint, co-
4 conspirator Sharp Electronics Corporation manufactured, marketed, sold and/or distributed LCD
5 panels directly and/or indirectly to customers in California.

6 39. Co-conspirators Sharp Corporation and Sharp Electronics Corporation are referred to
7 collectively herein as "Sharp."

8 40. Co-conspirator Toshiba Corporation has its principal place of business at 1-1,
9 Shibaura 1-chome, Minato-ku, Tokyo, 105-8001, Japan. During the time period covered by this
10 Complaint, said co-conspirator manufactured, marketed, sold and/or distributed LCD panels
11 directly and/or indirectly to customers in California

12 41. Co-conspirator Toshiba Mobile Display Co., Ltd., is a wholly owned and controlled
13 subsidiary of co-conspirator Toshiba Corporation, with its principal place of business at 1-9-2,
14 Hatara-cho, Fukaya-shi, Saitama, 366-0032, Japan. Prior to May 29, 2009, Toshiba Mobile
15 Display Co., Ltd., was known as Toshiba Matsushita Display Technology Co., Ltd., and was
16 jointly owned by co-conspirator Toshiba Corporation and Panasonic Corporation. During the
17 time period covered by this Complaint, co-conspirator Toshiba Mobile Display Co., Ltd., (either
18 itself, or through one of its predecessors) manufactured, marketed, sold and/or distributed LCD
19 panels directly and/or indirectly to customers in California.

20 42. Co-conspirator Toshiba America Electronics Components, Inc., is a wholly owned
21 and controlled subsidiary of co-conspirator Toshiba Corporation, with its corporate headquarters
22 at 19900 MacArthur Blvd., Ste. 400, Irvine, California 92612. During the time period covered by
23 this Complaint, co-conspirator Toshiba America Electronics Components, Inc., manufactured,
24 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
25 California.

26 43. Co-conspirator Toshiba America Information Systems, Inc., is a California
27 corporation, with its principal place of business at 9740 Irvine Boulevard, Irvine, California
28 92718. Co-conspirator Toshiba America Information Systems, Inc. is a wholly-owned and

1 controlled subsidiary of Toshiba America, Inc. During the time period covered by this
2 Complaint, co-conspirator Toshiba America Information Systems, Inc., manufactured, marketed,
3 sold and/or distributed LCD panels directly and/or indirectly to customers in California.

4 44. Co-conspirators Toshiba Corporation, Toshiba Mobile Display Co., Ltd., Toshiba
5 America Electronics Components, Inc., and Toshiba America Information Systems, Inc., are
6 referred to collectively herein as "Toshiba."

7 45. Co-conspirator Mitsubishi Electric Corporation has its principal place of business at
8 Tokyo Building 2-7-3, Marunouchi, Chiyoda-ku, Tokyo 100-8310, Japan. During the time period
9 covered by this Complaint, Mitsubishi Electric Corporation manufactured, marketed, sold and/or
10 distributed LCD panels directly and/or indirectly to customers in California.

11 46. Co-conspirator Mitsubishi Electric & Electronics USA, Inc., is a wholly owned
12 subsidiary of co-conspirator Mitsubishi Electric Corporation, with its principal place of business
13 at 5665 Plaza Drive, Cypress, California 90630-0007. During the time period covered by this
14 Complaint, Mitsubishi Electric & Electronics USA, Inc., manufactured, marketed, sold and/or
15 distributed LCD panels directly and/or indirectly to customers in California.

16 47. Wherever in this Complaint a family of co-conspirator corporate entities is referred to
17 by a common name, it shall be understood that Plaintiffs are alleging that one or more officers or
18 employees of one or more of the named related co-conspirator companies participated in the
19 illegal acts alleged herein on behalf of all of the related corporate family entities.

20 48. Co-conspirators are also liable for acts done in furtherance of the alleged conspiracy
21 by companies they acquired through mergers or acquisitions.

22 V. NATURE OF TRADE AND COMMERCE

23 A. LCD Panels

24 49. LCD is a type of display technology utilized in products including TVs, computer
25 monitors, laptops, mobile phones, digital cameras, and numerous other electronic products. LCD
26 panels are the dominant form of display screen in the TV, computer monitor, and laptop
27 industries. Computer monitors now comprise approximately 50% of revenues for the large LCD
28 products market, with TVs and laptop computers accounting for approximately 27% and 21% of

1 revenues, respectively. All other LCD products combined accounted for between 2-5% of LCD
2 panel revenues during the relevant time period.

3 50. LCD technology offers benefits over both traditional cathode-ray tube ("CRT")
4 technology and the other flat screen technology, commonly called "plasma." LCD is thin and
5 light and uses low power. Thus, unlike CRTs, which are heavy and bulky, LCD panels can fit into
6 a laptop and permit mobility. Because a CRT is so bulky, CRTs have never been used in laptop
7 computers. For TVs and monitors, LCD panels use less space than traditional CRT technology;
8 they can be mounted on a wall because of their light weight, and offer superior viewing angles.

9 51. The other flat panel technology, plasma, is not practical for use in laptops. Because
10 plasma has a high power requirement, it "runs hot" and cannot be operated by battery power. In
11 addition, because of problems called "burn-in" and the fragility of the plasma panel itself, plasma
12 has not been used in the laptop market. Thus, normally only LCD panels are used to make
13 laptops.

14 52. LCD technology dominates the flat panel market. It has virtually 100% market share
15 for laptops and flat panel computer monitors, and at least 80% market share for flat panel TVs.

16 **B. Manufacturing an LCD Panel**

17 53. The technology behind LCDs is not new. In the 1950s and 1960s, RCA Corporation
18 researched whether liquid crystals could be the basis for lightweight, low-power display
19 technology. In the 1970s, after RCA discontinued its efforts, Japanese companies took the lead in
20 commercializing liquid crystal technology. These efforts resulted in monochrome calculators and
21 watches. By the early 1990s, liquid crystal technology was introduced in notebook computers and
22 small, low-resolution TVs. In the mid-1990s, the technology advanced further with the
23 development of LCDs.

24 54. LCDs use liquid crystal to control the passage of light. More specifically, an LCD
25 panel is made of a layer of liquid crystal sandwiched between two glass sheets. The front glass
26 sheet is fitted with a color filter, while the back glass substrate has transistors fabricated on it.
27 When voltage is applied to a transistor, the liquid crystal is bent, allowing light to pass through to
28

1 form a pixel. The front glass sheet contains a color filter, which gives each pixel its own color.
2 The combination of these pixels in different colors forms the image on the panel.

3 55. There are significant manufacturing and technological barriers to entry in the LCD
4 products market. A state-of-the-art fabrication plant (called "fabs" in the industry) can cost
5 upwards of \$2 billion, and changing technology requires constant investments in research and
6 development. The most expensive material used to make an LCD panel is the glass. In industry
7 language, glass sizes advance in what are called "generations." These generation sizes have
8 developed at a rapid pace, continuing to expand in size.

9 56. Since 2000, glass substrate size for LCD panels has approximately doubled every 1.5
10 years. Large-generation glass offers great economies of scale. Larger sheets allow display
11 manufacturers to produce larger panel sizes from a single substrate more efficiently

12 57. Today's eighth generation glass substrates have about four times the surface area of
13 fourth generation substrates, which means they yield more (and larger) LCD panels. For instance,
14 one eighth generation substrate can produce the panels needed for fifteen 32" LCD TVs. Larger
15 sheets of glass reduce manufacturing costs. For example, panel costs were approximately
16 \$20/inch for fourth generation fabs, falling to \$10/inch for fifth generation fabs, and then falling
17 another 80% to the eighth generation.

18 58. There have been at least eight generations of LCD fabs, each requiring significant
19 new investment. Because building a new fabrication line or retrofitting the old line is very
20 expensive, and because the glass is nearly all sourced from the same supplier (Corning
21 Incorporated) LCD panel manufacturers use standard sizes for their products. Thus, for the major
22 input cost, each has the same supplier. A fab line that works with one size glass cannot switch
23 over to another size without substantial retrofitting.

24 59. Because fabrication plants are most efficient when they cut standard sizes for panels,
25 different manufacturers with different generation fabs seek to make only the most efficient size
26 panels for that fab. For example, a fab that makes 730 mm x 920 mm (a 4th generation fab) glass
27 sheets can cut that sheet to make exactly six 17" LCD panels. A fab that uses 680mm x 880mm
28 glass can cut exactly six 15" panels from that glass. But different generation fabs inefficiently

1 yield non-standard LCD panel sizes, with the rest of the glass as waste. Thus, when Defendant
2 needed other panel sizes not efficiently made by their fabs, they cross-purchase from each other.
3 For example, co-conspirator LGD supplies certain size panels to other co-conspirators, and, in
4 turn, buys other size panels from Defendant Chunghwa, Chi Mei, and AU Optronics. HannStar
5 and Chunghwa have an agreement whereby Chunghwa supplies 17" panels to HannStar, and
6 HannStar supplies 19" panels to Chunghwa. Samsung has a joint venture with Sony to supply
7 each other with LCD panels, but Samsung also purchases panels from AU Optronics and
8 HannStar. HannStar makes panels for Hitachi. Chunghwa makes panels for AU Optronics, and
9 Chi Mei makes panels for Sharp and Toshiba, as well as Sanyo.

10 60. These cross-licensing and cross-purchasing agreements provide opportunities for
11 collusion and coordination among members, as well as a means of checking, agreeing on, and
12 controlling prices and output, not only a priori, but also a posteriori in order to detect cheating on
13 agreements to limit output and fix prices. Antitrust risk is also particularly acute when there are
14 cooperative efforts to develop, design, implement, and license certain technologies, as exist in the
15 LCD products market.

16 61. There is a great deal of cross-licensing and there are many cooperative arrangements
17 in the LCD products market, all of which create additional opportunities for collusive activity.
18 The various joint ventures, cross licenses, and other cooperative arrangements among the
19 Defendant and co-conspirators have provided a means of implementing and policing the
20 agreements to fix prices and limit output for LCD panels that Defendant and co-conspirators have
21 entered into at numerous meetings described hereafter.

22 62. These combinations are between significantly large rivals and not trivial. The effects
23 of these combinations substantially lessen competition and/or tend to create an unlawful
24 combination, and were used as part and parcel of the conspiracy alleged herein and in furtherance
25 of it.

C. Market Size And Structure For LCD Panels And LCD Products

63. The market for LCD panels is huge. Manufacturers produced approximately 48.4 million LCDs for TVs in 2006, and flat-panel sales -- most of those using LCD technology -- reached approximately \$US 88 billion in 2006 and \$US 100 billion in 2007.

64. The market for the manufacture and sale of LCD panels is conducive to the type of collusive activity alleged herein. During the time period covered by this Complaint, Defendant and its co-conspirators collectively controlled a significant share of the market for LCD panels, both globally and in the United States. Specifically, the top six companies (Samsung, LGD, Chi Mei, AU Optronics, Sharp, and Chunghwa) as of 2009 controlled in excess of 80% of the LCD panels market.

65. The LCD panels industry has experienced significant consolidation during the time period covered by this Complaint, as reflected by: AU Optronics' acquisition of QDI; the creation in 2001 of AU Optronics itself through the merger of Acer Display and Unipac Electronics; Fujitsu Limited's transfer of its LCD business to Sharp in 2005; the merger of the LCD operations of Toshiba and Matsushita into one entity; defendant Toshiba Matsushita Display Co., Ltd., in 2002; and the joint venture for the production of LCD panels for TVs by Hitachi, Toshiba, and Matsushita in 2004.

66. Defendant, a number of its co-conspirators, and/or their corporate parents or subsidiaries, including Chunghwa, Samsung, Hitachi, Epson, Sharp, LGD, Chi Mei, AU Optronics, and Toshiba, have either been indicted, pled guilty to, or are currently being investigated by the USDOJ, for entering into one or more price-fixing agreements in other closely-related industries similar to that alleged herein. Such industries include dynamic random access memory ("DRAM") computer chips, static random access memory ("SRAM") computer chips, CRTs, and NAND chips or flash memory ("Flash"). The DRAM, SRAM, and Flash industries are oligopoly industries dominated by many of the same co-conspirators as in the LCD panel industry, which has a similar oligopoly structure. The Defendant's entry into express price-fixing agreements in other computer electronics markets demonstrates that the oligopoly structure of those industries has not in itself been sufficient to achieve price uniformity and output controls,

1 but that agreement among the market participants has been required to achieve price uniformity
2 and output controls. Such evidence tends to exclude the possibility that price uniformity in the
3 LCD panel industry, which is similar to the DRAM, SRAM, CRT and Flash industries and
4 includes some of the same co-conspirators, is merely a result of normal market forces rather than
5 express agreement.

6 67. Direct purchasers buy LCD panels in order to include them as components in TVs,
7 computer monitors, laptops, and other electronic products. The largest direct purchasers of LCD
8 panels are computer OEMs such as Dell, HP, Apple, and Gateway. Significantly, a number of the
9 co-conspirators are also computer and/or TV OEMs, such as Toshiba and Samsung (computers)
10 and Samsung, Hitachi, and Toshiba (TVs).

11 68. LCD panels have no independent utility, and have value only as components of other
12 products, such as TVs, computer monitors, and laptops. The demand for LCD panels thus directly
13 derives from the demand for such products. The market for LCD panels and the market for the
14 products into which they are placed are inextricably linked and intertwined, because the LCD
15 panel market exists to serve the LCD products markets. The market for LCD panels and the
16 markets for the products in which LCD panels are placed are, in effect, inseparable in that one
17 would not exist without the other.

18 69. Plaintiffs have participated in the market for LCD panels through purchases of
19 products containing such panels. The Defendant's and co-conspirators' unlawful actions have
20 inflated the prices at which Plaintiffs and other purchasers have bought products made with LCD
21 panels, and Plaintiffs have been injured thereby and paid supracompetitive prices for LCD panels
22 contained in such products.

23 70. Consumers, including Plaintiffs, are injured by paying supracompetitive prices for
24 products containing LCD panels.

25 VI. VIOLATIONS ALLEGED

26 71. Beginning at a date as yet unknown to the Plaintiffs, but at least as early as January 1,
27 1996 and continuing thereafter up to and including December 11, 2006 at a minimum, Defendant
28 and its co-conspirators agreed, combined, and conspired to raise, maintain, and stabilize at

1 artificial levels the prices at which LCD panels have been sold directly and indirectly in the
2 United States and the State of California.

3 72. Defendant, through its officers, directors and employees, effectuated a contract,
4 combination, trust, or conspiracy between itself and its co-conspirators by, among other things:

5 a. Participating in meetings and conversations to discuss the prices and supply of
6 LCD panels in the United States;

7 b. Agreeing to fix the prices and limit the supply of LCD panels sold in the United
8 States in a manner that deprived direct and indirect purchasers of free and open competition;

9 c. Issuing price announcements and quotations in accordance with the agreements
10 reached;

11 d. Selling LCD panels to various customers in the United States and the State of
12 California at fixed, non-competitive prices; and

13 e. Invoicing customers in the United States and the State of California at the agreed-
14 upon fixed prices for LCD panels and transmitting such invoices via U.S. mail and other interstate
15 means of delivery.

16 **A. Defendant's Agreements To Set Prices And Limit Production**

17 73. The LCD panel conspiracy alleged herein was effectuated through a combination of
18 group and bilateral discussions that took place in Japan, South Korea, Taiwan, and the United
19 States. In the early years, beginning in at least 1996, representatives of the Japanese co-
20 conspirators Hitachi, Sharp and Toshiba met and agreed to fix prices for LCD panels generally, as
21 well as to specific OEMs; they also agreed to limit the amount of LCD panels each would
22 produce.

23 74. In the early years, when the conspiracy was principally limited to the Japanese co-
24 conspirators, bilateral discussions were the preferred method of communication. As more
25 manufacturers entered the conspiracy, however, group meetings became more prevalent.

26 75. As LCD production in Korea began to increase and become more sophisticated, the
27 Japanese co-conspirators expanded their meetings to include their Korean competitors, including
28 co-conspirators LGD and Samsung, both of which also agreed to fix prices and control supply. At

1 or about this same time, the Japanese co-conspirators began to partner with those co-conspirators
2 located in Taiwan to trade technology and collaborate on supply. Japanese engineers were lent to
3 Taiwanese firms, and Taiwanese output was shipped to Japan. In 2001, the Korean co-
4 conspirators convinced Taiwanese LCD panel manufacturers, including Chunghwa, AU
5 Optronics, Chi Mei, and HannStar, to join the conspiracy to fix prices and control supply. The
6 conspiracy included agreements on the prices at which certain Conspirators would sell LCD
7 panels and products to their own corporate subsidiaries and affiliates that manufactured LCD
8 panel containing products, thereby ensuring that LCD panel prices remained the same as between
9 the Defendant, its co-conspirators, and their OEM customers, preventing any price competition on
10 LCD products to consumers.

11 1. "Crystal Meetings"

12 76. In early 2001, high-level employees of at least two large manufacturers of LCD
13 panels met in person and agreed to engage in periodic meetings to exchange sensitive competitive
14 information and to fix the price of LCD panels and limit their production. From early 2001
15 through at least 2006, officials from Chunghwa, Samsung, AU Optronics, Chi Mei, HannStar,
16 LGD, and Sharp met periodically in Taiwan to discuss and reach agreements on LCD panel
17 prices, price increases, production, and production capacity, and did in fact reach agreements
18 increasing, maintaining, and/or fixing LCD panel prices and limiting their production. The group
19 meetings these competitors participated in were called "Crystal Meetings." Defendant attended
20 multiple meetings with one or more of the co-conspirators during this period. The Crystal price-
21 fixing and output-limitation meetings occurred in Taiwan; other similar meetings took place in
22 South Korea, Japan, and the United States on a regular basis throughout this period.

23 77. The Crystal Meetings were highly organized and followed a set pattern. Meetings
24 among high-level executives were called "CEO" or "Top" meetings; those among Defendant's
25 and co-conspirators' vice presidents and senior sales executives were called "Commercial" or
26 "Operational" meetings.

27 78. "CEO" meetings occurred quarterly from approximately 2001 to 2006. The purpose
28 and effect of these meetings was to stabilize or raise prices. Each meeting followed the same

1 general pattern, with a rotating designated "chairman" who would use a projector or whiteboard
2 to put up figures relating to the supply, demand, production, and prices of LCD panels for the
3 group to review. Those attending the meetings would take turns sharing information concerning
4 prices, monthly and quarterly LCD fab output, production, and supply, until a consensus was
5 reached concerning the participants' prices and production levels of LCD panels in the coming
6 months or quarter.

7 79. The structure of "Commercial" meetings was largely the same as "CEO" meetings.
8 These meetings took place more frequently than "CEO" meetings and occurred approximately
9 monthly.

10 80. During all of these meetings, Defendant and co-conspirators exchanged information
11 about current and anticipated prices for their LCD panels, and, thereafter, reached agreement
12 concerning the specific prices to be charged in the coming weeks and months for LCD panels.
13 Defendant and co-conspirators set these prices in various ways, including, but not limited to,
14 setting "target" prices, "floor" prices, and the price range or differential between different sizes
15 and types of LCD panels.

16 81. During these CEO/Commercial meetings, Defendant and co-conspirators also
17 exchanged information about supply, demand, and their production of LCD panels, and,
18 thereafter, often reached agreement concerning the amounts each would produce. Defendant and
19 Co-conspirators limited the production of LCD panels in various ways, including, but not limited
20 to, line slowdowns, delaying capacity expansion, shifting their production to different-sized
21 panels, and setting target production levels.

22 82. During these CEO/Commercial meetings, Defendant and co-conspirators also agreed
23 to conceal the fact and substance of the meetings, and took various steps to do so. Top executives
24 and other officials attending these meetings were instructed on more than one occasion to not
25 disclose the fact of these meetings to outsiders, or even to other employees of the Defendant not
26 involved in LCD panel pricing or production. On at least one occasion, top executives at a CEO
27 meeting staggered their arrivals and departures at the meeting site so that they would not be seen
28 in the company of each other coming or going to such meeting.

83. The structure of the so-called "working level" meetings was less formal than the CEO or Commercial meetings, and often occurred at restaurants over a meal. The purpose of the "working level" meetings was to exchange information on price, supply and demand, and production information which then would be transmitted up the corporate reporting chain to those individuals with pricing authority which facilitated implantation of the conspiracy and effectuated the agreements made at the CEO and at the Commercial meetings.

84. In approximately the summer of 2006, when they began to have concerns about antitrust issues, Defendant and co-conspirators discontinued the working-level meetings in favor of one-on-one meetings to exchange pricing and supply information. The meetings were coordinated so that on the same date, each competitor met one-on-one with the other in a “round robin” set of meetings until all competitors had met with each other. These “round robin” meetings took place until at least November or December of 2006. The information obtained at these meetings was transmitted up the corporate reporting chain to permit the Defendant and its co-conspirators to maintain their price-fixing and production-limitation agreement.

2. Bilateral Discussions

85. During the Crystal Meetings, Defendant and co-conspirators also agreed to engage in bilateral communications with those co-conspirators not attending these meetings. Certain co-conspirators were "assigned" other co-conspirators not in attendance and agreed to and did in fact communicate with those non-attending to synchronize the price and production limitations agreed to at the Crystal Meetings. For example, HannStar contacted Hitachi to relay the agreed-upon prices and production limitations. Subsequently, the Japanese co-conspirators implemented the agreed-upon pricing and production limitations that had been conveyed to Hitachi by Hannstar. This is one of the ways in which the Japanese co-conspirators participated in the conspiracy to fix the prices and limit the production of LCD panels.

86. Crystal Meetings were also supplemented by additional bilateral discussions between various co-conspirators in which they exchanged information about pricing, shipments, and production. As alleged below, Defendant and co-conspirators had bilateral discussions with one another during price negotiations with customers in order to avoid cutting prices and to

1 implement the fixed prices set by Defendant during the Crystal Meetings. These discussions
2 usually took place between sales and marketing employees in the form of telephone calls, emails,
3 and instant messages. The information gained in these communications was then shared with
4 supervisors and taken into account in determining the price to be offered the Defendant's and co-
5 conspirators' OEM customers.

6 **3. Defendant's Participation in Group and Bilateral Discussions**

7 87. Chunghwa, AU Optronics, Chi Mei, HannStar, LGD, and Samsung attended multiple
8 CEO, Commercial, and working-level meetings, as well as bilateral discussions during the
9 relevant time period. Additionally, Unipac, which merged with Acer Display Technology in
10 2001 to form AU Optronics, and QDI, which merged with AU Optronics in 2006, participated in
11 working-level meetings. At the CEO and Commercial meetings, Defendant and co-conspirators
12 agreed on prices, price increases, and production limits and quotas for LCD panels.

13 88. On information and belief Defendant participated in multiple working-level meetings,
14 as well as bilateral discussions with the co-conspirators, during the relevant time period. Through
15 these discussions, Defendant agreed with its co-conspirators on prices, price increases, and
16 production limits and quotas for LCD panels.

17 89. For example, an April 28, 2001 internal email of co-conspirator AUO reflects that a
18 "consensus" among Chunghwa, LG, Samsung, Mitsubishi and HannStar had been reached
19 regarding pricing for 15" panels.

20 **B. Market Conditions Evidencing the Conspiracy**

21 90. Since at least 1996, the LCD panel market has not behaved as would be expected of a
22 competitive market free of collusion. Rather, the behavior in this market strongly evidences that
23 Defendant and co-conspirators engaged in a significant price-fixing conspiracy that had the
24 purpose and effect of stabilizing and raising prices for LCD panels at supra-competitive levels.

25 91. After initially being introduced into a market, consumer electronics products and their
26 component parts typically are characterized by steady downward pricing trends. However, since
27 at least 1996, the LCD panel market has been characterized by unnatural price stability and
28 certain periods of substantial upward pricing trends.

1 92. Moreover, since at least 1996, the LCD panel market has not followed the basic laws
2 of supply and demand in a competitive market. In a competitive market, price increases normally
3 occur during shortage periods. Since at least 1996, however, there have been significant price
4 increases in the LCD panel market during periods of both oversupply and shortage.

5 93. It is generally acknowledged that demand for consumer electronic products and their
6 component parts increases steadily over time. As would be expected, demand for LCD panels and
7 products made with them were steadily and substantially increasing throughout the relevant time
8 period. For instance, a June 2006 forecast indicated that 2006 shipments of LCD panels used in
9 TVs would reach 46.7 million units, a 74 % increase from 2005. By 2008, sales of LCD TVs
10 surpassed sales of CRT TVs for the first time; and in 2010, LCD TVs will account for a majority
11 of all TVs sold worldwide.

12 94. Rather than competing for this increased demand, however, since at least 1996,
13 Defendant conspired with others to stabilize prices by agreeing to fix prices at artificially high
14 levels and to restrict the supply of LCD panels through, among other things, decreasing their
15 capacity utilization and refraining from expanding existing capacity.

16 95. In 1996, the LCD panel market was experiencing excess supply and drastic price cuts.
17 Prices had already fallen 40 to 50 percent in 1995, and were projected to continue dropping due to
18 lower manufacturing costs. However, LCD panel prices began rising in 1996, allegedly due to
19 insufficient production capacity. In fact, Defendant and co-conspirators were conspiring and
20 fixing LCD prices.

21 96. The reverse in the downward spiral of LCD panel prices began in early 1996.
22 Defendant and co-conspirators blamed the sudden increase in prices on an alleged inability to
23 supply enough LCD panels to meet demand.

24 97. The year 1996 also brought the advent of third generation fabrication plants. Since
25 1996, as Defendant and Co-Conspirators entered the LCD panel market, they have updated their
26 production facilities for LCD panels in order to keep pace with developing technology, which has
27 resulted ultimately in at least eight generations of LCD panels. Each new LCD panel generation
28 was produced from ever larger pieces of glass, so as to reduce the cost of the screens used in TVs,

1 computer monitors, and laptops. Ever-increasing production capacity threatened to outstrip
2 demand for LCD panels, with the result that prices of LCD panels should have decreased rapidly.
3 Instead, Defendant and co-conspirators falsely claimed to be operating at full capacity and unable
4 to meet demand, despite the millions of units of excess capacity that had supposedly existed
5 months earlier, and prices surged upwards. These price increases were also inconsistent with the
6 fact that production had become more efficient and cost effective.

7 98. The artificially high costs of LCD panels during the relevant time period are
8 demonstrated by, inter alia, the fact that costs were decreasing. One of the most significant costs
9 in producing an LCD panel is the cost of its component parts. Some of the major component parts
10 for an LCD panel include the backlight, color filter, PCB polarizer, and glass. Indeed, for large
11 area LCD panels, the costs of these components comprise over two-thirds of the total cost of
12 production.

13 99. During the relevant time period, the costs of these components collectively and
14 individually have been generally declining, and in some periods at a substantial rate. Thus, the
15 gap between LCD panel manufacturers' prices and their costs was unusually high during the
16 relevant time period.

17 100. During the end of 2001 and 2002, LCD panel prices increased substantially while the
18 costs to produce these panels remained flat or decreased. Similarly, from the end of 2003 to 2004,
19 LCD panel prices again increased by a substantial amount, while costs remained flat or decreased.
20 This economic aberration was the intended and necessary result of Defendant's conspiracy to
21 raise, fix, maintain, or stabilize the prices of LCD panels.

22 101. At the time, Defendant and its co-conspirators blamed these costs increases on supply
23 shortages. In fact, these price increases were a direct result of Defendant's agreement to fix,
24 maintain, and/or stabilize the prices of LCD panels, and Defendant's false statements about
25 supply shortages were designed to conceal their price-fixing agreement. When asked why prices
26 had increased, Defendant and its co-conspirators repeatedly explained that the increases in LCD
27 prices were due to increased demand and a "supply shortage."
28

1 102. These price increases occurred as production costs decreased due to lower prices for
2 parts and components as well as improvements in manufacturing efficiency. These decreasing
3 costs should have led to lower prices and increased competition. Instead, because Defendant
4 entered into an agreement to fix, raise, and maintain LCD panels at artificially high levels, it
5 resulted in extremely high profits.

6 103. This increase in prices and revenue was unprecedented. During the first six months of
7 2002, revenue for Taiwan's five major LCD panel manufacturers (Chunghwa, AU Optronics, Chi
8 Mei, HannStar Display Inc., and QDI) rose 184% from the same period in 2001.

9 **VII. PASS-THROUGH OF THE OVERCHARGES TO CONSUMERS**

10 104. The conspiracy to raise, fix, or maintain the price of LCD panels at artificial levels
11 resulted in harm to Plaintiffs because it resulted in Plaintiffs paying higher prices for products
12 containing LCD panels than they would have in the absence of Defendant's conspiracy. The
13 entire overcharge for LCD panels at issue was passed on to Plaintiffs and other purchasers. As
14 USDOJ acknowledged in announcing the agreements to plead guilty by Chunghwa, LGD, Sharp,
15 and "[t]hese price-fixing conspiracies affected millions of American consumers who use
16 computers, cell phones, and numerous other household electronics every day."

17 105. The Defendants and co-conspirators identified above as having attended CEO,
18 Commercial, and/or working-group meetings made sure that so-called "street-prices" (i.e.,
19 consumer retail prices) of LCD products were monitored on a regular basis. The purpose and
20 effect of investigating such retail market data was at least two-fold. First, it permitted Defendant
21 and co-conspirators to police the price-fixing agreement to be sure that intra-defendant LCD
22 panel sales were kept at supra-competitive levels.

23 106. Secondly, it permitted the Defendant and co-conspirators to police their price-fixing
24 to independent OEMs, who would reduce prices for finished goods if there was a corresponding
25 reduction in LCD panel prices from a defendant. As a result of street-pricing monitoring,
26 Defendant and co-conspirators assured that 100% of the supra-competitive over-charges for LCD
27 panels were passed on to indirect-purchaser consumers.
28

**A. LCD Panels Make Up a High Percentage of
the Cost of Products Containing Such Panels**

107. When an LCD panel leaves a defendant's manufacturing plant, it requires minimal additional labor or materials to make it into a TV or a computer monitor, or to install it into a laptop computer. The LCD panel itself typically accounts for 60-70% of the total retail price of a TV (even more for panels exceeding 40"), while comprising between 70-80% of the retail price of computer monitors. LCD panels typically comprise roughly 10% of the retail cost of a laptop computer.

108. The only differences between a computer monitor and a TV are the other materials added to make the finished products. For example, an LCD TV will have internal speakers and a TV tuner. There is no technological difference between a computer monitor's LCD panel and the LCD panel in a laptop.

109. To turn an LCD panel into an LCD monitor, an assembler fits the panel with a backlight, plastic framing around the screen, and a power source. It is then branded by the OEM as its monitor, and sold to the end user -- either directly from the OEM's store (like Apple), on its website (like Dell or Hewlett-Packard), in an electronics store (like Best Buy or Circuit City), or through a mass merchandiser (like Wal-Mart or Target).

110. To turn an LCD panel into an LCD TV, an assembler fits the panel with a TV tuner, speakers, and a power source.

111. To turn an LCD panel into a laptop, the panel is incorporated into a plastic frame, and a computer motherboard with its components is fitted into the bottom half of the frame. This is essentially the same process for iPods, which are essentially portable computers dedicated to media processing.

112. LCD panels are commodity products, with functionally equivalent products available from the Defendant and the co-conspirators, who manufacture LCD panels pursuant to standard specifications and sizes.

**B. The Price of Products Containing LCD Panels Was
Directly Dependent on the Price of the Panels**

113. The indirect-purchaser consumer (including Plaintiffs) buys products containing LCD panels through one of two distribution chains: either from the direct-purchaser OEM, such as Dell, or through a reseller such as Best Buy.

114. Computer and TV OEMs are not “manufacturers” at all, but assemblers of components and purveyors of brand names. For example, for computers, a company like HP or Apple does not make any of the parts that go into making an LCD monitor or laptop. Rather, such companies purchase LCD panels from Defendant or the co-conspirators, and hire contract assemblers to turn the panels into the finished products. On information and belief, Computer and TV OEMs price their end products on a “cost-plus” basis. Thus, changes in the cost of LCDs have immediate effects on the cost of the finished products.

115. On information and belief, there are two methods by which OEMs sell their branded LCD products to the retailer. The first method is to obtain pre-orders. These OEMs obtain prior orders for their products before they have them manufactured. Under this method, the TV or computer OEM obtains orders for its TVs, laptops, or computer monitors before it orders any of the parts for those products. It negotiates with retailers the prices and quantities at which it will sell its finalized products to the retailers. The OEM will base its sales price on the current prices of the other components, the assembly costs, the delivery costs, and a profit margin.

116. OEMs also sell their branded products to retailers by estimating the retail market for LCD products, and purchasing the LCD panels before the orders for the end product are obtained. Because the OEM is not locked in to an agreed-upon price for its product, it can pass through the entire overcharge unencumbered by downstream contracts.

117. In either case, because of the breadth of the price fixing conspiracy, the OEM is also not constrained by its competitors from passing on the overcharge. Because each OEM’s end product competitors are also buying LCD panels at supracompetitive prices from conspiracy members, no OEM faces end-product price competition from an OEM who is not paying

1 supracompetitive prices for its LCD panel inputs. Neither prior price commitments nor end
2 product price competition interferes with the overcharge being passed on down the supply chain.

3 118. All supracompetitive overcharges are always passed through to the indirect purchaser,
4 which pays more for a product containing LCD panels than in a competitive market place.

5 119. The price of products containing LCD panels is directly correlated to the price of
6 LCD panels. The margins for OEMs are sufficiently thin that price increases of LCD panels force
7 OEMs to increase the prices of their products containing LCD panels.

8 120. OEMs and retailers of products containing LCD panels are all subject to vigorous
9 price competition, whether selling TVs, computer monitors, or laptops. The demand for LCD
10 panels is ultimately determined by purchasers of products containing such panels. The market for
11 LCD panels and the market for products containing these panels are therefore inextricably linked
12 and cannot be considered separately. Defendant is aware of this intimate relationship, and use
13 forecasts of TVs, laptops, and computer monitors to predict sales of LCD panels.

14 121. LCD panels are one of the most expensive components in products in which they are
15 incorporated. As noted, the cost of an LCD panel in an LCD TV is 60-70% of the retail price; in a
16 laptop is 10% of the retail price; and in a computer monitor is 70-80% of the retail price.

17 122. The computer industry is highly competitive. Computers are commodities, with little
18 or no brand loyalty, such that aggressive pricing causes consumers to switch preferences to
19 different brands. Computer prices are closely based on production costs, which are in turn directly
20 determined by component costs, as assembly costs are minimal. OEMs accordingly use
21 component costs, like the cost of LCD panels, as the starting point for all price calculations. Thus,
22 computer prices closely track increases and decreases in component costs.

23 123. The close relationship between the price of LCD panels and products was recognized
24 by the Defendant and co-conspirators during the conspiracy. Defendant monitored the prices of
25 LCD products and the demand for LCD products during the relevant time period. During several
26 “Crystal” meetings referenced above, Defendant and co-conspirators specifically discussed
27 “street” prices of LCD products and evinced concern that LCD panel increases would cause the
28

1 price of LCD products to increase to such a degree that demand for LCD products would be
2 affected.

3 124. Finally, some of the co-conspirators themselves have been and are manufacturers of
4 TVs, monitors, and/or laptops containing LCD panels. Such manufacturers include, for example,
5 Samsung, Sharp, Hitachi, LG Electronics, Philips Electronics, Sanyo, and Toshiba. Having
6 agreed to fix the prices for LCD panels, the major component of the end products they were
7 manufacturing, these co-conspirators intended to pass on the full cost of this component in their
8 finished products, and in fact did so. They agreed to fix prices of the major component of their
9 TVs, monitors, and laptops with the understanding and expectation that the full cost of the LCD
10 panels would be passed on to their customers in the prices of TVs, monitors, and laptops. To have
11 not agreed or to have done otherwise would have defeated the very purpose of the conspiracy.
12 They did not agree to eliminate price competition at one level of production in order to implement
13 it at another level.

14 **C. The Price Fixing of LCD Panels by Defendant Led to Pass-Through**
15 **Overcharges for Indirect Purchases of LCD Products Containing LCD Panels**

16 125. Once an LCD panel leaves its place of manufacture, it remains essentially unchanged
17 as it moves through the distribution system. LCD panels are identifiable, discreet physical objects
18 that do not change form or become an indistinguishable part of the TVs, computer monitors,
19 laptops, or other products in which they are contained. Each LCD product typically contains only
20 one LCD panel.

21 126. Thus, LCD panels follow a traceable physical chain from the Defendant to the OEMs
22 to the purchasers of the finished products incorporating LCD panels.

23 127. Moreover, just as LCD panels can be physically traced through the supply chain, so
24 can their price be traced to show that changes in the prices paid by direct purchasers of LCD
25 panels affect prices paid by indirect purchasers of LCD products.

26 128. Because Defendant and its co-conspirators control the market for LCD panels, there
27 are virtually no choices for persons and government entities that require products containing such
28 panels other than buying such products manufactured by a direct purchaser that paid

1 supracompetitive prices for LCD panels to Defendant because of Defendant's conspiracy alleged
2 herein.

3 129. When distribution markets are highly competitive, as they are in the case of products
4 containing LCD panels as components, all of the overcharge will be passed through to ultimate
5 consumers, such as Plaintiffs. In addition, as described above, many of the companies themselves
6 manufacture, market, and distribute products containing LCD panels, such as TVs (e.g., Samsung
7 and Sharp), computer monitors (e.g., Samsung) and laptops (e.g., Toshiba). This means that these
8 companies have passed through and will continue to pass through to their customers 100% of the
9 supracompetitive price increases that resulted from the Defendant's conspiracy, combination, and
10 agreement to fix, increase, and stabilize the prices for LCD panels. Quantitative correlation
11 analysis strongly suggests that the market for products containing LCD panels is inextricably
12 linked to the market for LCD panels by virtue of the strong correlation between the price of LCD
13 panels and the price of LCD monitors, TVs, and laptop computers.

14 130. The purpose of the conspiratorial conduct was to raise, fix or stabilize the price of
15 LCD panels and, as a direct and foreseeable result, products containing such panels. Economists
16 have developed techniques to isolate and understand the relationship between one "explanatory"
17 variable and a "dependent" variable in those cases when changes in dependent variable are
18 explained by changes in a multitude of variables -- when all such variables may be changing
19 simultaneously. That analysis -- called regression analysis -- is commonly used in the real world
20 and in litigation to determine the impact of a price increase on one cost in a product (or service)
21 that is an assemblage of costs. Thus, it is possible to isolate and identify only the impact of an
22 increase in the price of LCD panels on prices for products containing such panels even though
23 such products contain a number of other components whose prices may be changing over time. A
24 regression model can explain how variation in the price of LCD panels affects changes in the
25 price of products containing such panels. In such models, rather than being treated as the
26 dependent variable, the price of LCD panels is treated as an independent or explanatory variable.
27 The model can isolate how changes in the price of LCD panels impact the price of products
28 containing such panels while controlling for the impact of other price-determining factors.

131. Economic and legal literature recognizes that the more pricing decisions are based on cost, the easier it is to determine the pass-through rate. The directness of affected costs refers to whether an overcharge affects a direct (i.e. variable) cost or an indirect (i.e. overhead) cost. Overcharges will be passed-through sooner and at a higher rate if the overcharge affects direct costs. Here LCD panels are a direct (and substantial) cost of products containing such panels.

132. Other factors that lead to the pass-through of overcharges include: (i) whether price changes are frequent; (ii) the duration of the anti-competitive overcharge; (iii) whether pricing decisions are based on cost; (iv) whether the overcharge affects variable, as opposed to overhead, costs; (v) whether the resellers' production technology is uniform; (vi) whether the reseller supply curve exhibits a high degree of elasticity; and (vii) whether the demand of the resellers is inelastic.

133. All of these factors were present in the LCD market during the relevant time period. The precise amount of such an impact on the prices of products containing LCD panels can be measured and quantified. Commonly used and well-accepted economic models can be used to measure both the extent and the amount of the supracompetitive charge passed-through the chain of distribution.

134. Plaintiffs and other purchasers have been forced to pay supracompetitive prices for products containing LCD panels. These inflated prices have been passed on to them by direct purchaser manufacturers, distributors, and retailers. Those overcharges have unjustly enriched the Defendant.

VIII. FRAUDULENT CONCEALMENT

135. In December 2006, authorities in Japan, South Korea, the European Union, and the United States revealed the existence of comprehensive (and previously confidential) investigations into anti-competitive activity among LCD panel manufacturers. In a December 11, 2006, filing with the Securities and Exchange Commission, co-conspirator LGD disclosed that officials from the Korea Fair Trade Commission and the Japanese Fair Trade Commission had visited the company's Seoul and Tokyo offices, and that the USDOJ had issued a subpoena to its San Jose office.

1 136. On or about December 12, 2006, news reports indicated that in addition to LGD, co-
2 conspirators Samsung, Sharp, Epson Electronics America, Inc. and AU Optronics were also under
3 investigation.

4 137. The USDOJ has issued indictments and is conducting grand jury proceedings in the
5 United States District Court for the Northern District of California. In that same venue, the Class
6 Actions have been filed, in which the USDOJ has intervened and filed documents under seal.
7 While Plaintiffs and their counsel have been unable to review the documents the USDOJ filed
8 under seal, based on information and belief, these documents describe the scope of the USDOJ's
9 investigation into the conspiracy among Defendant and co-conspirators to fix the prices of LCD
10 panels. These documents were sufficient to convince the Court to issue stays of virtually all
11 merits discovery in the Class Actions for over six months. Based on information and belief, the
12 USDOJ has found sufficient evidence of a conspiracy to fix the price of LCD panels by
13 Defendant to continue its investigation.

14 138. On or about November 12, 2008, Chunghwa plead guilty and paid a \$65 million
15 criminal fine. Chunghwa admitted to participating in a conspiracy from September 2001 to
16 December 2006 to fix the price of LCD panels sold worldwide and to participating in meetings,
17 conversations, and communications in Taiwan to discuss the prices of LCD panels, agreeing to fix
18 the prices of LCD panels, and exchanging pricing and sales information for the purpose of
19 monitoring and enforcing adherence to agreed-upon prices.

20 139. Plaintiffs did not discover and could not have discovered, through the exercise of
21 reasonable diligence, the existence of the conspiracy alleged herein until after December of 2006,
22 after the investigations by the USDOJ and other antitrust regulators became public, because
23 Defendant and its co-conspirators actively and fraudulently concealed the existence of their
24 contract, combination or conspiracy. Because Defendant's and co-conspirators' agreements,
25 understanding, and conspiracy were kept secret, Plaintiffs were unaware of Defendant's unlawful
26 conduct alleged herein and did not know that they were paying artificially high prices for LCD
27 panels and the products in which they were used.
28

1 140. The affirmative acts of the Defendant and co-conspirators alleged herein, including
2 acts in furtherance of the conspiracy, were actively concealed and carried out in a manner that
3 precluded detection.

4 141. By its very nature, Defendant's and co-conspirators' price-fixing conspiracy was self-
5 concealing.

6 142. As alleged above, Defendant had secret discussions about price and output with co-
7 conspirators.

8 143. Defendant and co-conspirators agreed not to publicly discuss the existence or the
9 nature of their agreement. In fact, the top executives who attended the CEO and Commercial
10 Crystal Meetings agreed to stagger their arrivals and departures at such meetings to avoid being
11 seen in public with each other and with the express purpose and effect of keeping them secret.
12 Moreover, when the participants in those meetings became fearful that they might be subject to
13 antitrust scrutiny, they agreed to the one-on-one so-called "round robin" meetings described
14 above to avoid detection.

15 144. Moreover, Defendant and co-conspirators repeatedly gave pretextual justifications for
16 the inflated prices of LCD panels in furtherance of the conspiracy. These pretextual justifications
17 included rationale relating to demand exceeding supply, undercapitalization, demand for larger
18 LCD panels, and component shortages.

19 145. These explanations were all pretextual and each served to cover up the conspiracy
20 alleged herein.

21 146. As a result of Defendant and co-conspirators' active concealment of their conspiracy,
22 the running of any statute of limitations against Defendant and co-conspirators has been tolled
23 with respect to any claims that Plaintiffs have as a result of the anticompetitive conduct alleged in
24 this Complaint.

25 147. Defendant and their co-conspirators' effective, affirmative and fraudulent
26 concealment was a substantial factor in causing Plaintiffs' harm.

27 148. As a result of the fraudulent concealment of the conspiracy, Plaintiffs assert the
28 tolling of the applicable statute of limitations affecting all of Plaintiffs' claims.

1 **IX. TOLLING AND SUSPENSION OF THE STATUTES OF LIMITATION**

2 149. On or about September 2, 2010, the Attorney General of the State of California, on
3 behalf of the State of California and its Political Subdivisions and Public Agencies, including
4 Plaintiffs, entered into a tolling agreement with Defendant. The parties agreed that beginning on
5 the effective date of August 30, 2010, all applicable limitations period shall be tolled as to each
6 and every potential state and federal civil claim that Plaintiffs may have against Defendant. The
7 parties have revised the tolling agreement to extend the termination date of the tolling period.

8 150. Plaintiffs further assert that all applicable statutes of limitation were suspended due to
9 the criminal proceedings instituted by the USDOJ against Defendant and co-conspirators. The
10 proceedings began on or about November 12, 2008, and have continued through the filing of this
11 Complaint.

12 **X. INJURY**

13 151. But for Defendant's and co-conspirators' anticompetitive acts, Plaintiffs would have
14 been able to purchase LCD panels and LCD products at lower prices, and/or would have been
15 able to purchase more capable, larger and/or higher performance LCD products than were
16 actually offered for sale to them.

17 152. As a direct and proximate result of the unlawful conduct alleged above, Plaintiffs
18 were unable to purchase LCD panels or LCD products at prices that were determined by free and
19 open competition. Consequently, Plaintiffs have been injured in their business and property in
20 that, *inter alia*, they have paid more and continue to pay more for such products than they would
21 have paid in a free and open competitive market, and were not offered more capable, larger
22 and/or higher performance products that would have been offered in a free and open competitive
23 market.

24 153. As a direct and proximate result of the unlawful conduct alleged above, Defendant
25 and co-conspirators benefitted unjustly from the supra-competitive and artificially inflated prices
26 and profits on their sale of LCD panels and LCD products resulting from their unlawful and
27 inequitable conduct, and have thus far retained the illegally obtained profits.

XI. ASSIGNMENT CLAUSES

154. By operation of sections 4552-4554 of the California Government Code, contractors who sell products or services to political subdivisions or public agencies assign to the purchasing political subdivision or public agency all claims those contractors have against others for violation of state antitrust laws.

155. Contractors to the Plaintiffs, such as OEMs, distributors, and other vendors, purchased LCD panels directly from the Defendant for resale to others. These OEMs, distributors, and other vendors ("LCD Resellers") sold the LCD panels individually, and also incorporated the LCD panels into LCD products sold by LCD Resellers.

156. LCD Resellers paid higher-than-competitive prices for LCD panels and LCD products as result of the Defendant's unlawful conduct.

157. Plaintiffs bought LCD panels or LCD products from LCD Resellers pursuant to bid documents, contracts and/or purchasing agreements. By operation of law, these bid documents, contracts and/or purchasing agreements contained clauses that assigned to the respective plaintiff (hereinafter "Assignees") all of the LCD Resellers' antitrust claims under state and federal laws relating to the LCD panels or LCD products that the LCD Resellers had purchased and then resold to the Political Subdivisions and Public Agencies.

A. Assignment of Direct Claims

158. The assignment clauses assigned to the Assignees the "direct purchaser" antitrust claims of LCD Resellers that had purchased LCD panels directly from the Defendant.

159. The direct purchaser antitrust claims assigned to the Assignees retain their original character as direct purchaser claims. With the assignment of these direct purchaser claims from LCD Resellers, the Assignees received all right, title, and interest that the LCD Resellers had in those claims against the Defendant.

B. Assignment of Indirect Claims

160. California state law allows for recovery of antitrust damages by "indirect purchasers." Because the assignment clauses assigned antitrust claims under state law, the assignment clauses

1 assigned not only "direct purchaser" claims, but also the "indirect purchaser" claims of LCD
2 Resellers that had purchased LCD panels or LCD products from other LCD Resellers.

3 161. For example, an assignment clause in a contract document relating to the purchase of
4 LCD products reads in part as follows:

5 In submitting a bid to a public purchasing body, the bidder offers and agrees that if the
6 bid is accepted, it will assign to the purchasing body all rights, title, and interest in and
7 to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec.
8 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2
of Division 7 of the Business and Professions Code), arising from purchases of goods,
materials, or services by the bidder for sale to the purchasing body pursuant to the bid.

9 162. The effect of this assignment clause was to transfer the bidding LCD Reseller's
10 causes of action against the Defendant under the California Cartwright Act (direct and indirect
11 purchaser claims) to the respective plaintiff.

12 XII. CLASS ACTION ALLEGATIONS

13 163. The Attorney General brings this action on behalf of the City and County of San
14 Francisco, and all others similarly situated, as a class action pursuant to Code of Civil Procedure
15 section 382. The class that the Attorney General seeks to represent is composed of and defined as
16 follows: those Political Subdivisions and Public Agencies within the State of California,
17 excluding federal government entities, that purchased LCDs directly or indirectly, from
18 approximately January 1996 to December 2006, (the "Class"). Also excluded from this definition
19 are all state agencies that either constitute an arm of the State of California under the Eleventh
20 Amendment of the U.S. Constitution or are not otherwise treated under California law as being
21 autonomous from the State of California itself. Plaintiffs reserve the right under Rules of Court
22 rule 1855(b), to amend or modify the Class description with greater specificity, or further division
23 into subclasses or limitation as to particular issues.

24 164. The Attorney General may sue on behalf of the Class because:

- 25 a. The Class is so numerous that joinder of all members is impracticable. The
26 Class numbers in the thousands.

- 1 b. Questions of law and fact are common to the Class, including but not limited to
2 the following:
- 3 i. Whether Defendant conspired with co-conspirators to fix, raise, stabilize,
4 or maintain the prices of LCDs;
- 5 ii. Whether Defendant and co-conspirators' conduct caused injury to the
6 business or property of Plaintiffs and the members of the Class;
- 7 iii. The operative time period of Defendant's and co-conspirators' conspiracy
8 and the effects therefrom;
- 9 iv. The amount of aggregate damages suffered by the Class as a whole;
- 10 v. Whether the Class suffered antitrust injury;
- 11 vi. Whether Defendant was unjustly enriched to the detriment of the Class,
12 entitling the Class to disgorgement of all monies resulting therefrom; and
- 13 vii. Whether the Class is entitled to restitution and/or disgorgement, in
14 addition to, or as a substitute for, damages under California law.
- 15 c. The claims of the City and County of San Francisco are typical of the Class
16 because all members of the Class were injured, and may continue to be injured, in
17 the same manner by Defendant and co-conspirators' unlawful, anticompetitive and
18 inequitable methods, acts, and practices, i.e., they paid supra-competitive and
19 artificially high prices for LCDs and LCD-containing products and may be forced
20 to do so in the future. Moreover, the defenses would involve common issues with
21 respect to the City and County of San Francisco and the Class members.
- 22 d. The Attorney General and the City and County of San Francisco will fully and
23 adequately protect the interest of all members of the Class. The Attorney General
24 is experienced in antitrust litigation, including class action litigation. The City and
25 County of San Francisco has no interests that are adverse to, or in conflict with,
26 those of the Class.
- 27 e. The questions of law and fact common to the members of the Class
28 predominate over any questions that may affect only individual members.

1 f. For the City and County of San Francisco and the members of the Class
2 bringing this action, a class action is equivalent or superior to other available
3 methods for the fair and efficient adjudication of this controversy. Joinder of all
4 political subdivision and public agencies within the State of California that
5 purchased LCDs would be impracticable. The Class is readily definable and
6 prosecution as a class action will eliminate the possibility of duplicative litigation,
7 while also providing redress for claims that would otherwise be too small to
8 support the expense of individual complex litigation.

9 **XII. FIRST CAUSE OF ACTION**

10 **(Count One -- For Violation of the Cartwright Act,**

11 **Business & Professions Code Section 16720)**

12 165. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
13 to 153, and paragraphs 163 to 164, above, with the same meaning, force and effect.

14 166. Beginning at a time presently unknown to Plaintiffs, but at least in or around 1996,
15 and continuing thereafter at least up to and including December 12, 2006, Defendant and its co-
16 conspirators entered into and engaged in a continuing unlawful trust for the purpose of
17 unreasonably restraining trade in violation of section 16720, California Business and Professional
18 Code.

19 167. The aforesaid violations of section 16720, California Business and Professions Code,
20 consisted, without limitation, of a continuing unlawful trust and concert of action among the
21 Defendant and its co-conspirators; the substantial terms of which were to fix, raise, maintain and
22 stabilize the prices of, and to allocate markets for, LCD panels and LCD products.

23 168. For the purpose of forming and effectuating the unlawful trust, the Defendant and its
24 co-conspirators conspired to:

- 25 a. fix, raise, maintain and stabilize the price of LCD panels;
26 b. allocate markets for LCD panels amongst themselves;
27 c. submit rigged bids for the award and performance of certain LCD panel
28 contracts; and

1 d. allocate amongst themselves the production of LCD panels.

2 169. The combination and conspiracy alleged herein has had, inter alia, the following
3 effects:

4 a. price competition in the sale of LCD panels has been restrained, suppressed
5 and/or eliminated in the State of California;

6 b. prices for LCD panels sold by Defendant and their co-conspirators have been
7 fixed, raised, maintained and stabilized at artificially high, non-competitive levels in the State of
8 California; and

9 c. those who purchased defendant's and their co-conspirators' LCD panels have
10 been deprived of the benefit of free and open competition.

11 170. As a direct and proximate result of defendant's unlawful conduct, Plaintiffs were
12 injured in their business and property in that they paid more for LCD panels and LCD products
13 than they would have paid in the absence of defendant's unlawful conduct. As a result of
14 Defendant's violation of section 16720 of the California Business and Professions Code,
15 Plaintiffs bring this claim pursuant to section 16750(c) and seek treble damages and the costs of
16 suit, including reasonable attorneys' fees, pursuant to section 16750(a) of the California Business
17 and Professions Code.

18 **(Count Two -- For Violation of the Cartwright Act, Business & Professions Code**
19 **Section 16720, by Assignment Pursuant to Government Code Sections 4552-4554)**

20 171. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
21 to 170 above, with the same meaning, force, and effect.

22 **(Count Three -- For Violation of the Cartwright Act, Business & Professions Code**
23 **Section 16760, Parens Patriae on Behalf of Natural Persons)**

24 172. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
25 to 153, and paragraphs 165 to 169, above, with the same meaning, force, and effect.

26 173. As a direct and proximate result of Defendant's unlawful conduct described above,
27 natural persons residing in the State of California were injured in their business and property in
28 that they paid more for LCD panels and LCD products than they would have paid in the absence

1 of Defendant's unlawful conduct. As a result of Defendant's violation of section 16720 of the
2 Business and Professions Code, the Attorney General brings this claim in the name of the people
3 of the State of California, as parens patriae on behalf of natural persons residing in the state, and
4 seeks treble damages and the costs of suit, including reasonable attorneys' fees, pursuant to
5 section 16760(a) of the Business and Professions Code.

6 **XIII. SECOND CAUSE OF ACTION**

7 **(For Violation of the Unfair Competition Law**

8 **Business & Professions Code Section 17200)**

9 174. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
10 to 173, above, with the same meaning, force and effect.

11 175. Beginning at a time presently unknown to Plaintiffs, but at least in or around 1996,
12 and continuing thereafter at least up to and including December 12, 2006, Defendant committed
13 acts of unfair competition, as defined by sections 17200, *et seq.* of the California Business and
14 Professions Code.

15 176. The acts, omissions, misrepresentations, practices and non-disclosures of Defendant,
16 as alleged herein, constituted a common continuous and continuing course of conduct of unfair
17 competition by means of unfair, unlawful and/or fraudulent business acts or practices within the
18 meaning of California Business and Professions Code, section 17200, *et seq.*, including, but not
19 limited to, the following:

20 a. The violations of section 16720, *et seq.*, of the California Business and
21 Professions Code, set forth above, thus constituting unlawful acts within the meaning of section
22 17200 of the California Business and Professions Code;

23 b. Defendant's acts, omissions, misrepresentations, practices, and nondisclosures,
24 as described above, whether or not in violation of section 16720, *et seq.*, of the California
25 Business and Professions Code, and whether or not concerted or independent acts, are otherwise
26 unfair, unconscionable, unlawful, or fraudulent;

1 c. Defendant's act and practices are unfair to consumers of LCD panels and/or
2 LCD products in the State of California, within the meaning of section 17200, *et seq.*, California
3 Business and Professions Code; and

4 d. Defendant's acts and practices are fraudulent or deceptive within the meaning
5 of section 17200, *et seq.*, of the California Business and Professions Code.

6 177. The unlawful and unfair business practices of Defendant as described above, caused
7 Plaintiffs to pay supra-competitive and artificially-inflated prices for LCD panels and LCD
8 products. They suffered injury in fact and lost money or property as a result of such unfair
9 competition.

10 178. As alleged in this Complaint, Defendant and its co-conspirators have been unjustly
11 enriched as a result of their wrongful conduct and by Defendant's unfair competition. Consumers
12 of LCD panels and LCD products in California are accordingly entitled to equitable relief
13 including restitution and/or disgorgement of all revenues, earnings, profits, compensation and
14 benefits which may have been obtained by Defendant as a result of such business practices,
15 pursuant to the California Business and Professions Code, sections 17203 and 17204.

16 XIV. THIRD CAUSE OF ACTION

17 (For Unjust Enrichment)

18 179. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
19 to 178, above, with the same meaning force and effect.

20 180. Plaintiffs conferred upon Defendant an economic benefit, in the nature of anti-
21 competitive profits resulting from unlawful overcharges and monopoly profits.

22 181. Defendant's financial benefits resulting from their unlawful and inequitable conduct
23 are economically traceable to overpayments for LCD panels and LCD products by Plaintiffs.

24 182. The economic benefit of overcharges and unlawful profits derived by Defendant
25 through charging supra-competitive and artificially inflated prices for LCD panels and LCD
26 products is a direct and proximate result of Defendant's unlawful practices.

27 183. It would be inequitable and unjust for Defendant to be permitted to retain any of the
28 unlawful proceeds resulting from their fraudulent, illegal, and inequitable conduct.

184. As alleged in this Complaint, Defendant and its co-conspirators have been unjustly enriched as a result of their wrongful conduct and by Defendant's unfair competition. Plaintiffs are accordingly entitled to equitable relief including restitution and/or disgorgement of all revenues, earnings, profits, compensation and benefits which may have been obtained by Defendant as a result of such business practices.

XV. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray:

1. That the Court determine that the claims brought by the Class may be maintained as a class action;

2. That judgment be entered in favor of Plaintiffs and against Defendant;

3. That the Court adjudge and decree that Defendant's contract, conspiracy, or combination constitutes an illegal restraint of trade in violation of the Cartwright Act, section 16720, et seq., of the Business & Professions Code;

4. That the Court adjudge and decree that Defendant's contract, conspiracy, or combination violates the Unfair Competition Law, section 17200, et seq. of the Business & Professions Code;

5. That Plaintiffs be awarded their damages, trebled, in an amount according to proof;

6. That Plaintiffs be awarded restitution, including disgorgement of profits obtained by Defendant as a result of their acts of unjust enrichment, or any acts in violation of state antitrust or consumer protection statutes and laws, including section 17000 of the Business & Professions Code;

7. That Defendant, its affiliates, successors, transferees, assignees, and the officers, directors, partners, agents, and employees thereof, and all other persons acting or claiming to act on their behalf or in concert with them, be permanently enjoined and restrained from in any manner continuing, maintaining, or renewing the conduct, contract, conspiracy or combination alleged herein, or from entering into any other conspiracy alleged herein, or from entering into any other contract, conspiracy or combination having a similar purpose or effect, and from adopting or following any practice, plan, program, or device having a similar purpose or effect;

8. That Plaintiffs be awarded pre- and post-judgment interest, and that the interest be awarded at the highest legal rate from and after the date of service of the initial Complaint in this action;

9. That Plaintiffs recover their costs of suit and reasonable attorney's fees; and

10. That the Court grant other legal and equitable relief as it may deem just and proper under the circumstances, including such other relief as the Court may deem just and proper to redress, and prevent recurrence of, the alleged violation to dissipate the anticompetitive effects of Defendant's violations, and to restore competition.


XVI. JURY TRIAL DEMAND

Plaintiffs hereby demand trial by jury for all causes of action, claims or issues in this action which are triable as a matter of right to a jury.

Dated: August 29, 2011

Respectfully Submitted,

KAMALA D. HARRIS
Attorney General of California


NICOLE S. GORDON
Deputy Attorney General
Attorneys for Plaintiffs