

1 KAMALA D. HARRIS
Attorney General of the State of California
2 J. MATTHEW RODRIQUEZ
Chief Assistant Attorney General
3 KATHLEEN E. FOOTE (SBN 65819)
Senior Assistant Attorney General
4 ESTHER LA (SBN 160706)
Deputy Attorney General
5 ADAM MILLER (SBN 168254)
Deputy Attorney General
6 455 Golden Gate Avenue, Suite 11000
San Francisco, California 94102-3664
7 Telephone: (415) 703-5551
Facsimile: (415) 703-5480
8 Email: Adam.Miller@doj.ca.gov
Attorneys for Plaintiffs

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Superior Court of California
County of San Francisco
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Deputy Clerk

10 SUPERIOR COURT 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**
17 **California, as parens patriae on behalf of**
natural persons residing in the state, and in
its law enforcement capacity,

18 **THE STATE OF CALIFORNIA,**
19 **ALAMEDA COUNTY, CITY OF LONG**
20 **BEACH, CITY OF LOS ANGELES, CITY**
21 **OF OAKLAND, CITY OF SAN DIEGO,**
22 **CITY AND COUNTY OF SAN**
23 **FRANCISCO, CITY OF SAN JOSE,**
24 **CONTRA COSTA COUNTY, CORONA-**
25 **NORCO UNIFIED SCHOOL DISTRICT,**
26 **ELK GROVE UNIFIED SCHOOL**
27 **DISTRICT, FRESNO COUNTY, GARDEN**
28 **GROVE UNIFIED SCHOOL DISTRICT,**
KERN COUNTY, LOS ANGELES
COUNTY, LOS ANGELES UNIFIED
SCHOOL DISTRICT, ORANGE
COUNTY, SACRAMENTO COUNTY,
SAN DIEGO CITY UNIFIED SCHOOL
DISTRICT, SAN FRANCISCO UNIFIED
SCHOOL DISTRICT, SAN JOAQUIN
COUNTY, SAN JUAN UNIFIED SCHOOL
DISTRICT, SAN MATEO COUNTY,
SANTA CLARA COUNTY, SONOMA

Case No.: CGC-10-504651

**FIRST AMENDED 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

DEMAND FOR JURY TRIAL

COUNTY, TULARE COUNTY,
VENTURA COUNTY, and THE
REGENTS OF THE UNIVERSITY OF
CALIFORNIA,

Plaintiffs,

v.

AU OPTRONICS CORPORATION;
AU OPTRONICS CORPORATION
AMERICA, INC.; CHIMEI INNOLUX
CORPORATION; CHI MEI
OPTOELECTRONICS USA; CMO JAPAN
CO., LTD.; EPSON IMAGING DEVICES
CORPORATION; HANNSTAR DISPLAY
CORPORATION; HITACHI, LTD.;
HITACHI DISPLAYS, LTD.; HITACHI
ELECTRONICS DEVICES (USA), INC.;
HYDIS TECHNOLOGIES CO., LTD.; LG
DISPLAY CO., LTD.; LG DISPLAY
AMERICA, INC.; SAMSUNG
ELECTRONICS CO., LTD.; SAMSUNG
SEMICONDUCTOR, INC.; SAMSUNG
ELECTRONICS AMERICA, INC.; SHARP
CORPORATION; SHARP
ELECTRONICS CORPORATION;
TOSHIBA CORPORATION; TOSHIBA
MOBILE DISPLAY CO., LTD.; TOSHIBA
AMERICA ELECTRONICS
COMPONENTS, INC.; TOSHIBA
AMERICA INFORMATION SYSTEMS,
INC.; and DOES 1 through 100,

Defendants.

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

I. INTRODUCTION

1. This action arises from multiple indictments of and admissions of guilt by members of an international cartel 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 seven companies, 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,

1 laptops, mobile phones, digital cameras, and numerous other electronic products. LCD panels are
2 the dominant form of display screen in the TV, computer monitor, and laptop industries.

3 2. Plaintiffs bring this action by and through the Attorney General of the State of
4 California ("Attorney General"). Plaintiffs are as follows: a) the Attorney General in the name of
5 the people of the State of California, as *parens patriae* on behalf of natural persons residing in the
6 state, pursuant to California Business and Professions Code section 16760, and in its law
7 enforcement capacity pursuant to California Business and Professions Code sections 17200 *et*
8 *seq.*; b) the State of California, in a proprietary capacity on its own behalf; and c) specified
9 political subdivisions and public entities in the State of California. Plaintiffs purchased LCD
10 panels separately or as part of other products. Plaintiff government entities are expressly
11 excluded from classes certified in direct and indirect purchaser federal class action litigation
12 pending in the United States District Court for the Northern District of California, IN RE TFT-
13 LCD (FLAT PANEL) ANTITRUST LITIGATION, Master File No. C07-1827 SI (the "Class
14 Actions"). By fixing the price of LCD panels, Defendants caused consumers of LCD products to
15 pay more for products containing LCD panels, to receive less valuable LCD panels in those
16 products, or to be unable to purchase LCD products due to supracompetitive pricing.

17 II. JURISDICTION AND VENUE

18 3. This Court has subject matter jurisdiction over all causes of action alleged in this
19 Complaint pursuant to the California Constitution, Article VI, § 10, and is a Court of competent
20 jurisdiction to grant the relief requested. Plaintiffs' claims for violation of Business & Professions
21 Code §§ 16720 and 17200, *et seq.* and for unjust enrichment, arise under the laws of the State of
22 California, are not preempted by federal law, do not challenge conduct within any federal
23 agency's exclusive domain, and are not statutorily assigned to any other trial court.

24 4. Each defendant transacts business in the State of California. The unlawful conduct
25 pursuant to or in furtherance of the combination or conspiracy occurred in substantial part within
26 the State of California and was intended to and did substantially affect business and commerce
27 within this State.
28

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. Defendants conduct substantial business in the City and County of San Francisco. The injuries that have been sustained as a result of Defendants' 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").

IV. THE PARTIES

A. Plaintiffs

10. Plaintiffs are a) 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, and in its law enforcement capacity; b) the State of California; and c) the following specified political subdivisions or public agencies in the state of California, that have been given written notice,

1 pursuant to California Business and Professions Code section 16750(c), of the Attorney General's
2 intention to bring this Complaint on their behalf:

- 3 (1) Plaintiff Alameda County;
- 4 (2) Plaintiff City of Long Beach;
- 5 (3) Plaintiff City of Los Angeles;
- 6 (4) Plaintiff City of Oakland;
- 7 (5) Plaintiff City of San Diego;
- 8 (6) Plaintiff City and County of San Francisco;
- 9 (7) Plaintiff City of San Jose;
- 10 (8) Plaintiff Contra Costa County;
- 11 (9) Plaintiff Corona-Norco Unified School District;
- 12 (10) Plaintiff Elk Grove Unified School District;
- 13 (11) Plaintiff Fresno County;
- 14 (12) Plaintiff Garden Grove Unified School District;
- 15 (13) Plaintiff Kern County;
- 16 (14) Plaintiff Los Angeles County;
- 17 (15) Plaintiff Los Angeles Unified School District;
- 18 (16) Plaintiff Orange County;
- 19 (17) Plaintiff Sacramento County;
- 20 (18) Plaintiff San Diego City Unified School District;
- 21 (19) Plaintiff San Francisco Unified School District;
- 22 (20) Plaintiff San Joaquin County;
- 23 (21) Plaintiff San Juan Unified School District;
- 24 (22) Plaintiff San Mateo County;
- 25 (23) Plaintiff Santa Clara County;
- 26 (24) Plaintiff Sonoma County;
- 27 (25) Plaintiff Tulare County;
- 28 (26) Plaintiff Ventura County; and

(27) Plaintiff Regents of the University of California.

B. Defendants

11. Defendant AU Optronics Corporation has its corporate headquarters at No. 1, Li-Hsin Rd. 2, Hsinchu Science Park, Hsinchu 30078, Taiwan. Defendant 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 defendant (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.

12. 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. Quanta Display, Inc., ("QDI"), a former Taiwanese LCD panel manufacturer and a subsidiary of Quanta Computer Inc., was founded in July 1999 and was merged into defendant AU Optronics Corporation in October 2006.

13. Defendant AU Optronics Corporation America, Inc., is a wholly owned and controlled subsidiary of defendant AU Optronics Corporation, with its corporate headquarters at 9720 Cypresswood Drive, Suite 241, Houston, Texas and facilities located in San Diego and Cupertino, California. During the time period covered by this Complaint, defendant AU Optronics Corporation America, Inc., manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in California.

14. Defendants AU Optronics Corporation and AU Optronics Corporation America, Inc., are referred to collectively herein as "AU Optronics."

15. Defendant Chimei Innolux Corporation has its principal place of business located at No. 160 Kesyue Rd., Chu-Nan Site, Hsinchu Science Park Chu-Nan, Miao-Li, Taiwan. Defendant Chimei Innolux Corporation was formed on March 18, 2010 by a merger of Chi Mei Optoelectronics Corp., Innolux Display Corp., and TPO Displays Corp., through exchanges of shares. Innolux Display Corp., the surviving company of the merger, renamed itself "Chimei Innolux Corporation." TPO and Chi Mei were dissolved after the merger. During the time period

1 covered by this Complaint, defendant Chimei Innolux Corporation (either itself, or through one of
2 its predecessors prior to the merger) manufactured, marketed, sold and/or distributed LCD panels
3 directly and/or indirectly to customers in California.

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

9 17. Defendant Chi Mei Optoelectronics USA, Inc., f/k/a International Display
10 Technology USA, Inc., is a wholly owned and controlled subsidiary of Chi Mei Corporation, with
11 its corporate headquarters at 101 Metro Drive Suite 510, San Jose, California 95110. During the
12 time period covered by this Complaint, said defendant manufactured, marketed, sold and/or
13 distributed LCD panels directly and/or indirectly to customers in California.

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

19 19. Defendants Chimei Innolux Corporation, Chi Mei Optoelectronics USA, Inc., and
20 CMO Japan Co., Ltd. are referred to collectively herein as "Chi Mei."

21 20. Defendant Epson Imaging Devices Corporation ("EIDC") has its principal place of
22 business at 3-101 Minami-Yoshikata Tottori-Shi, Tottori-ken 680-8577 Japan. EIDC was
23 originally formed as Sanyo Epson Imaging Devices Corporation on October 1, 2004, as a joint
24 venture co-owned by Seiko Epson Corporation and Sanyo Electric Co., Ltd. As of December 28,
25 2006, Sanyo Epson Imaging Devices Corporation became a wholly-owned subsidiary of Seiko
26 Epson Corporation and changed its name to EIDC. During the time period covered by this
27 Complaint, defendant EIDC (either itself, or through one of its predecessors) manufactured,
28

1 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
2 California.

3 21. Defendant Epson Electronics America, Inc., ("Epson America") is a California
4 corporation with its principal place of business at 2580 Orchard Parkway, San Jose, California
5 95131. Epson America is a wholly-owned and controlled subsidiary of Seiko Epson Corporation.
6 During the time period covered by this Complaint, defendant Epson America manufactured,
7 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
8 California.

9 22. Defendant HannStar Display Corporation ("HannStar") has its headquarters at 26th
10 floor, No. 1, Songzhi Road, Xinyi District, Taipei 110, Taiwan, R.O.C. During the time period
11 covered by this Complaint, said defendant manufactured, marketed, sold and/or distributed LCD
12 panels directly and/or indirectly to customers in California.

13 23. Defendant Hitachi, Ltd., has its headquarters at 6-6 Marunouchi 1-chome, Chiyoda-
14 ku, Tokyo, 100-8280, Japan. During the time period covered by this Complaint, said defendant
15 manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly to
16 customers in California.

17 24. Defendant Hitachi Displays, Ltd., has its principal place of business at AKS Bldg. 5F,
18 6-2 Kanda Neribeicho 3, Chiyoda-ku, Tokyo, 101-0022, Japan. During the time period covered by
19 this Complaint, said defendant manufactured, marketed, sold and/or distributed LCD panels
20 directly and/or indirectly to customers in California.

21 25. Defendant Hitachi Electronic Devices (USA), Inc., a wholly owned and controlled
22 subsidiary of defendant Hitachi, Ltd., has its principal place of business at 1000 Hurricane Shoals
23 Road, Ste. D-100, Lawrenceville, GA 30043. During the time period covered by this Complaint,
24 defendant Hitachi Electronic Devices (USA), Inc., manufactured, marketed, sold and/or
25 distributed LCD panels directly and/or indirectly to customers in California.

26 26. Defendants Hitachi Displays, Ltd., Hitachi America, Ltd., and Hitachi Electronic
27 Devices (USA), Inc., are referred to collectively herein as "Hitachi."
28

1 27. Defendant Hydis Technologies Co., Ltd., f/k/a BOE Hydis Technology Co., Ltd.,
2 ("Hydis") has its principal place of business at San 136-1, Ami-ri, Bubal-eub, Icheon-si,
3 Gyeonggido, 467-866, Republic of Korea. During the time period covered by this Complaint,
4 said defendant manufactured, marketed, sold and/or distributed LCD panels directly and/or
5 indirectly to customers in California.

6 28. Defendant LG Display Co., Ltd., f/k/a LG Phillips LCD Co., Ltd., is a joint venture
7 created in 1999 by Philips Electronics NV and LG LCD, maintains offices in San Jose,
8 California, and has its principal place of business at 20 Yoido-dong, Youngdungpo-gu, Seoul,
9 150-721, Republic of Korea. During the time period covered by this Complaint, said defendant
10 manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly to
11 customers in California.

12 29. Defendant LG Display America, Inc. f/k/a LGD LCD America, Inc., has its principal
13 place of business at 150 East Brokaw Rd., San Jose, CA 95112. During the time period covered
14 by this Complaint, said defendant manufactured, marketed, sold and/or distributed LCD panels
15 directly and/or indirectly to customers in California.

16 30. Defendants LG Display Co., Ltd., and LG Display America, Inc., are referred to
17 collectively herein as "LGD."

18 31. Defendant Samsung Electronics Co., Ltd., has its principal place of business at
19 Samsung Electronics Bldg., 1320-10, Seocho 2-dong, Seocho-gu, Seoul 137-857, Republic of
20 Korea. During the time period covered by this Complaint, said defendant manufactured,
21 marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in
22 California.

23 32. Defendant Samsung Semiconductor, Inc., is a wholly-owned and controlled
24 subsidiary of defendant Samsung Electronics Co., Ltd., with its principal place of business at
25 3655 North First Street, San Jose, California 95134. During the time period covered by this
26 Complaint, defendant Samsung Semiconductor, Inc., manufactured, marketed, sold and/or
27 distributed LCD panels directly and/or indirectly to customers in California.

1 33. Defendant Samsung Electronics America, Inc., ("Samsung America") is a wholly-
2 owned and controlled subsidiary of defendant Samsung Electronics Company, Ltd., with its
3 principal place of business at 105 Challenger Road, Ridgefield Park, New Jersey. During the
4 time period covered by this Complaint, defendant Samsung America manufactured, marketed,
5 sold and/or distributed LCD panels directly and/or indirectly to customers in California.

6 34. Defendants Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and
7 Samsung Semiconductor, Inc., are referred to collectively herein as "Samsung."

8 35. Defendant Sharp Corporation has its principal place of business at 22-22 Nagaïke-
9 cho, Abeno-ku, Osaka 545-8522, Japan. During the time period covered by this Complaint, said
10 defendant manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly
11 to customers in California.

12 36. Defendant Sharp Electronics Corporation is a wholly-owned and controlled
13 subsidiary of defendant Sharp Corporation, with its principal place of business at Sharp Plaza,
14 Mahwah, New Jersey, 07430. During the time period covered by this Complaint, defendant
15 Sharp Electronics Corporation manufactured, marketed, sold and/or distributed LCD panels
16 directly and/or indirectly to customers in California.

17 37. Defendants Sharp Corporation and Sharp Electronics Corporation are referred to
18 collectively herein as "Sharp."

19 38. Defendant Toshiba Corporation has its principal place of business at 1-1, Shibaura 1-
20 chome, Minato-ku, Tokyo, 105-8001, Japan. During the time period covered by this Complaint,
21 said defendant manufactured, marketed, sold and/or distributed LCD panels directly and/or
22 indirectly to customers in California

23 39. Defendant Toshiba Mobile Display Co., Ltd., is a wholly owned and controlled
24 subsidiary of defendant Toshiba Corporation, with its principal place of business at 1-9-2, Hata-
25 ra-cho, Fukaya-shi, Saitama, 366-0032, Japan. Prior to May 29, 2009, Toshiba Mobile Display Co.,
26 Ltd., was known as Toshiba Matsushita Display Technology Co., Ltd., and was jointly owned by
27 defendant Toshiba Corporation and Panasonic Corporation. During the time period covered by
28 this Complaint, defendant Toshiba Mobile Display Co., Ltd., (either itself, or through one of its

1 predecessors) manufactured, marketed, sold and/or distributed LCD panels directly and/or
2 indirectly to customers in California.

3 40. Defendant Toshiba America Electronics Components, Inc., is a wholly owned and
4 controlled subsidiary of defendant Toshiba Corporation, with its corporate headquarters at 19900
5 MacArthur Blvd., Ste. 400, Irvine, California 92612. During the time period covered by this
6 Complaint, defendant Toshiba America Electronics Components, Inc., manufactured, marketed,
7 sold and/or distributed LCD panels directly and/or indirectly to customers in California.

8 41. Defendant Toshiba America Information Systems, Inc., is a California corporation,
9 with its principal place of business at 9740 Irvine Boulevard, Irvine, California 92718.
10 Defendant Toshiba America Information Systems, Inc. is a wholly-owned and controlled
11 subsidiary of Toshiba America, Inc. During the time period covered by this Complaint, defendant
12 Toshiba America Information Systems, Inc., manufactured, marketed, sold and/or distributed
13 LCD panels directly and/or indirectly to customers in California.

14 42. Defendants Toshiba Corporation, Toshiba Mobile Display Co., Ltd., Toshiba
15 America Electronics Components, Inc., and Toshiba America Information Systems, Inc., are
16 referred to collectively herein as "Toshiba."

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

21 44. Defendants are also liable for acts done in furtherance of the alleged conspiracy by
22 companies they acquired through mergers or acquisitions.

23 45. Plaintiffs are ignorant of the true names or capacities of the defendants sued herein as
24 DOES 1 through 100. Each of the fictitiously named defendants is responsible in some manner
25 for the occurrences herein alleged, and Plaintiffs' damages as herein alleged were proximately
26 caused by those defendants.

C. Co-Conspirators

46. Various persons and entities, some of whose identities are unknown to Plaintiffs at this time, participated as co-conspirators in the violations alleged herein and performed acts and made statements in furtherance thereof. These co-conspirators include, but are not limited to, the companies listed in the following paragraphs. Once the identities of additional presently unknown co-conspirators are ascertained, Plaintiffs will seek leave of court to add them as named defendants herein. These co-conspirators include, but are not limited to, the companies listed in the following paragraphs.

47. Co-conspirator 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, said co-conspirator manufactured, marketed, sold and/or distributed LCD panels directly and/or indirectly to customers in California.

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

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

50. The acts charged in this Complaint have been done by Defendants and their co-conspirators, or were authorized, ordered, or done by their respective officers, agents, employees, or representatives while actively engaged in the management of each Defendants' business or affairs.

51. Each of the Defendants named herein acted as the agent or joint venturer of or for the other Defendants with respect to the acts, violations and common course of conduct alleged

1 herein. Each Defendant that is a wholly-owned subsidiary of a foreign parent is the United States
2 agent for its parent company, unless indicated otherwise.

3 V. NATURE OF TRADE AND COMMERCE

4 A. LCD Panels.

5 52. LCD is a type of display technology utilized in products including TVs, computer
6 monitors, laptops, mobile phones, digital cameras, and numerous other electronic products. LCD
7 panels are the dominant form of display screen in the TV, computer monitor, and laptop
8 industries. Computer monitors now comprise approximately 50% of revenues for the large LCD
9 products market, with TVs and laptop computers accounting for approximately 27% and 21% of
10 revenues, respectively. All other LCD products combined accounted for between 2-5% of LCD
11 panel revenues during the relevant time period.

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

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

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

25 B. Manufacturing An LCD Panel.

26 56. The technology behind LCDs is not new. In the 1950s and 1960s, RCA Corporation
27 researched whether liquid crystals could be the basis for lightweight, low-power display
28 technology. In the 1970s, after RCA discontinued its efforts, Japanese companies took the lead in

1 commercializing liquid crystal technology. These efforts resulted in monochrome calculators and
2 watches. By the early 1990s, liquid crystal technology was introduced in notebook computers and
3 small, low-resolution TVs. In the mid-1990s, the technology advanced further with the
4 development of LCDs.

5 57. LCDs use liquid crystal to control the passage of light. More specifically, an LCD
6 panel is made of a layer of liquid crystal sandwiched between two glass sheets. The front glass
7 sheet is fitted with a color filter, while the back glass substrate has transistors fabricated on it.
8 When voltage is applied to a transistor, the liquid crystal is bent, allowing light to pass through to
9 form a pixel. The front glass sheet contains a color filter, which gives each pixel its own color.
10 The combination of these pixels in different colors forms the image on the panel.

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

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

20 60. Today's eighth generation glass substrates have about four times the surface area of
21 fourth generation substrates, which means they yield more (and larger) LCD panels. For instance,
22 one eighth generation substrate can produce the panels needed for fifteen 32" LCD TVs. Larger
23 sheets of glass reduce manufacturing costs. For example, panel costs were approximately
24 \$20/inch for fourth generation fabs, falling to \$10/inch for fifth generation fabs, and then falling
25 another 80% to the eighth generation.

26 61. There have been at least eight generations of LCD fabs, each requiring significant
27 new investment. Because building a new fabrication line or retrofitting the old line is very
28 expensive, and because the glass is nearly all sourced from the same supplier (Corning

1 Incorporated) LCD panel manufacturers use standard sizes for their products. Thus, for the major
2 input cost, each has the same supplier. A fab line that works with one size glass cannot switch
3 over to another size without substantial retrofitting.

4 62. Because fabrication plants are most efficient when they cut standard sizes for panels,
5 different manufacturers with different generation fabs seek to make only the most efficient size
6 panels for that fab. For example, a fab that makes 730 mm x 920 mm (a 4th generation fab) glass
7 sheets can cut that sheet to make exactly six 17" LCD panels. A fab that uses 680mm x 880mm
8 glass can cut exactly six 15" panels from that glass. But different generation fabs inefficiently
9 yield non-standard LCD panel sizes, with the rest of the glass as waste. Thus, when Defendants
10 need other panel sizes not efficiently made by their fabs, they cross-purchase from each other. For
11 example, Defendant LGD supplies certain size panels to other Defendants, and, in turn, buys
12 other size panels from Chunghwa, Chi Mei, and AU Optronics. HannStar and Chunghwa have an
13 agreement whereby Chunghwa supplies 17" panels to HannStar, and HannStar supplies 19"
14 panels to Chunghwa. Samsung has a joint venture with Sony to supply each other with LCD
15 panels, but Samsung also purchases panels from AU Optronics and HannStar. HannStar makes
16 panels for Hitachi. Chunghwa makes panels for AU Optronics, and Chi Mei makes panels for
17 Sharp and Toshiba, as well as Sanyo.

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

24 64. There is a great deal of cross-licensing and there are many cooperative arrangements
25 in the LCD products market, all of which create additional opportunities for collusive activity.
26 The various joint ventures, cross licenses, and other cooperative arrangements among the
27 Defendants have provided a means of implementing and policing the agreements to fix prices and
28

1 limit output for LCD panels that Defendants and co-conspirators have entered into at numerous
2 meetings described hereafter.

3 65. These combinations are between significantly large rivals and not trivial. The effects
4 of these combinations substantially lessen competition and/or tend to create an unlawful
5 combination, and were used as part and parcel of the conspiracy alleged herein and in furtherance
6 of it.

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

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

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

17 68. The LCD panels industry has experienced significant consolidation during the time
18 period covered by this Complaint, as reflected by: AU Optronics' acquisition of QDI; the creation
19 in 2001 of AU Optronics itself through the merger of Acer Display and Unipac Electronics;
20 Fujitsu Limited's transfer of its LCD business to Sharp in 2005; the merger of the LCD operations
21 of Toshiba and Matsushita into one entity; Defendant Toshiba Matsushita Display Co., Ltd., in
22 2002; and the joint venture for the production of LCD panels for TVs by Hitachi, Toshiba, and
23 Matsushita in 2004.

24 69. A number of the Defendants, co-conspirators, and/or their corporate parents or
25 subsidiaries, including Samsung, Hitachi, Epson, Sharp, LGD, Chunghwa, Chi Mei, AU
26 Optronics, and Toshiba, have either been indicted, pled guilty to, or are currently being
27 investigated by the USDOJ, for entering into one or more price-fixing agreements in other
28 closely-related industries similar to that alleged herein. Such industries include dynamic random

1 access memory ("DRAM") computer chips, static random access memory ("SRAM") computer
2 chips, CRTs, and NAND chips or flash memory ("Flash"). The DRAM, SRAM, and Flash
3 industries are oligopoly industries dominated by many of the same Defendants as in the LCD
4 panel industry, which has a similar oligopoly structure. The Defendants' entry into express price-
5 fixing agreements in other computer electronics markets demonstrates that the oligopoly structure
6 of those industries has not in itself been sufficient to achieve price uniformity and output controls,
7 but that agreement among the market participants has been required to achieve price uniformity
8 and output controls. Such evidence tends to exclude the possibility that price uniformity in the
9 LCD panel industry, which is similar to the DRAM, SRAM, CRT and Flash industries and
10 includes some of the same Defendants, is merely a result of normal market forces rather than
11 express agreement.

12 70. Direct purchasers buy LCD panels in order to include them as components in TVs,
13 computer monitors, laptops, and other electronic products. The largest direct purchasers of LCD
14 panels are computer OEMs such as Dell, HP, Apple, and Gateway. Significantly, a number of the
15 Defendants are also computer and/or TV OEMs, such as Toshiba and Samsung (computers) and
16 Samsung, Hitachi, and Toshiba (TVs).

17 71. LCD panels have no independent utility, and have value only as components of other
18 products, such as TVs, computer monitors, and laptops. The demand for LCD panels thus directly
19 derives from the demand for such products. The market for LCD panels and the market for the
20 products into which they are placed are inextricably linked and intertwined, because the LCD
21 panel market exists to serve the LCD products markets. The market for LCD panels and the
22 markets for the products in which LCD panels are placed are, in effect, inseparable in that one
23 would not exist without the other.

24 72. Plaintiffs have participated in the market for LCD panels through purchases of
25 products containing such panels. The Defendants' unlawful conspiracy has inflated the prices at
26 which Plaintiffs and other purchasers have bought products made with LCD panels, and Plaintiffs
27 have been injured thereby and paid supracompetitive prices for LCD panels contained in such
28 products.

73. Consumers, including Plaintiffs, are injured by paying supracompetitive prices for products containing LCD panels, and are further injured to the extent they are unable to purchase products containing LCD panels due to the supracompetitive pricing caused by Defendants' unlawful conduct.

VI. VIOLATIONS ALLEGED

74. Beginning at a date as yet unknown to the Plaintiffs, but at least as early as January 1, 1996 and continuing thereafter up to and including December 11, 2006 at a minimum, Defendants and their co-conspirators agreed, combined, and conspired to raise, maintain, and stabilize at artificial levels the prices at which LCD panels have been sold directly and indirectly in the United States and the State of California.

75. Defendants, through their officers, directors and employees, effectuated a contract, combination, trust, or conspiracy between themselves and their co-conspirators by, among other things:

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

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

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

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

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

A. Defendants' Agreements To Set Prices And Limit Production

76. The LCD panel conspiracy alleged herein was effectuated through a combination of group and bilateral discussions that took place in Japan, South Korea, Taiwan, and the United States. In the early years, beginning in at least 1996, representatives of the Japanese Defendants

1 Hitachi, Sharp and Toshiba met and agreed to fix prices for LCD panels generally, as well as to
2 specific OEMs; they also agreed to limit the amount of LCD panels each would produce.

3 77. In the early years, when the conspiracy was principally limited to the Japanese
4 Defendants, bilateral discussions were the preferred method of communication. As more
5 manufacturers entered the conspiracy, however, group meetings became more prevalent.

6 78. As LCD production in Korea began to increase and become more sophisticated, the
7 Japanese Defendants expanded their meetings to include their Korean competitors, including
8 Defendants LGD and Samsung, both of which also agreed to fix prices and control supply. At or
9 about this same time, the Japanese Defendants began to partner with those Defendants located in
10 Taiwan to trade technology and collaborate on supply. Japanese engineers were lent to Taiwanese
11 firms, and Taiwanese output was shipped to Japan. In 2001, the Korean Defendants convinced
12 Taiwanese LCD panel manufacturers, including AU Optronics, Chi Mei, Chunghwa, and
13 HannStar, to join the conspiracy to fix prices and control supply. Defendants' conspiracy included
14 agreements on the prices at which certain Defendants would sell LCD panels and products to their
15 own corporate subsidiaries and affiliates that manufactured LCD panel containing products,
16 thereby ensuring that LCD panel prices remained the same as between Defendants and their OEM
17 customers, preventing any price competition on LCD products to consumers.

18 1. "Crystal Meetings"

19 79. In early 2001, high-level employees of at least two large manufacturers of LCD
20 panels met in person and agreed to engage in periodic meetings to exchange sensitive competitive
21 information and to fix the price of LCD panels and limit their production. From early 2001
22 through at least 2006, officials from Samsung, AU Optronics, Chunghwa, Chi Mei, HannStar,
23 LGD, and Sharp, met periodically in Taiwan to discuss and reach agreements on LCD panel
24 prices, price increases, production, and production capacity, and did in fact reach agreements
25 increasing, maintaining, and/or fixing LCD panel prices and limiting their production. The group
26 meetings these Defendants participated in were called "Crystal Meetings." These Defendants
27 attended multiple meetings with one or more of the other Defendants during this period. The
28

1 Crystal price-fixing and output-limitation meetings occurred in Taiwan; other similar meetings
2 took place in South Korea, Japan, and the United States on a regular basis throughout this period.

3 80. The Crystal Meetings were highly organized and followed a set pattern. Meetings
4 among Defendants' high-level executives were called "CEO" or "Top" meetings; those among
5 Defendants' vice presidents and senior sales executives were called "Commercial" or
6 "Operational" meetings.

7 81. "CEO" meetings occurred quarterly from approximately 2001 to 2006. The purpose
8 and effect of these meetings was to stabilize or raise prices. Each meeting followed the same
9 general pattern, with a rotating designated "chairman" who would use a projector or whiteboard
10 to put up figures relating to the supply, demand, production, and prices of LCD panels for the
11 group to review. Those attending the meetings would take turns sharing information concerning
12 prices, monthly and quarterly LCD fab output, production, and supply, until a consensus was
13 reached concerning the participants' prices and production levels of LCD panels in the coming
14 months or quarter.

15 82. The structure of "Commercial" meetings was largely the same as "CEO" meetings.
16 These meetings took place more frequently than "CEO" meetings and occurred approximately
17 monthly.

18 83. During all of these meetings, Defendants exchanged information about current and
19 anticipated prices for their LCD panels, and, thereafter, reached agreement concerning the
20 specific prices to be charged in the coming weeks and months for LCD panels. Defendants set
21 these prices in various ways, including, but not limited to, setting "target" prices, "floor" prices,
22 and the price range or differential between different sizes and types of LCD panels.

23 84. During these CEO/Commercial meetings, Defendants also exchanged information
24 about supply, demand, and their production of LCD panels, and, thereafter, often reached
25 agreement concerning the amounts each would produce. Defendants limited the production of
26 LCD panels in various ways, including, but not limited to, line slowdowns, delaying capacity
27 expansion, shifting their production to different-sized panels, and setting target production levels.

28

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

86. 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.

87. In approximately the summer of 2006, when they began to have concerns about antitrust issues, Defendants 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 Defendants to maintain their price-fixing and production-limitation agreement.

2. Bilateral Discussions

88. During the Crystal Meetings, Defendants also agreed to engage in bilateral communications with those Defendants not attending these meetings. Certain Defendants were "assigned" other Defendants not in attendance and agreed to and did in fact communicate with non-attending Defendants 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 Defendants implemented the agreed-upon

1 pricing and production limitations that had been conveyed to Hitachi by Hannstar. This is one of
2 the ways in which the Japanese Defendants participated in the conspiracy to fix the prices and
3 limit the production of LCD panels.

4 89. Crystal Meetings were also supplemented by additional bilateral discussions between
5 various Defendants in which they exchanged information about pricing, shipments, and
6 production. As is more fully alleged below, Defendants had bilateral discussions with one another
7 during price negotiations with customers in order to avoid cutting prices and to implement the
8 fixed prices set by Defendants during the Crystal Meetings. These discussions usually took place
9 between sales and marketing employees in the form of telephone calls, emails, and instant
10 messages. The information gained in these communications was then shared with supervisors and
11 taken into account in determining the price to be offered the Defendants' OEM customers.

12 3. Defendants' Participation In Group And Bilateral Discussions

13 90. AU Optronics, Chi Mei, Chunghwa, HannStar, LGD, and Samsung attended multiple
14 CEO, Commercial, and working-level meetings, as well as bilateral discussions during the
15 relevant time period. Additionally, Unipac, which merged with Acer Display Technology in
16 2001 to form AU Optronics, and QDI, which merged with AU Optronics in 2006, participated in
17 working-level meetings. At the CEO and Commercial meetings, these Defendants agreed on
18 prices, price increases, and production limits and quotas for LCD panels.

19 91. Defendant Sharp participated in multiple working-level meetings, as well as bilateral
20 discussions with other Defendants, during the relevant time period. Through these discussions,
21 Sharp agreed with the other Defendants and co-conspirators named in this Complaint on prices,
22 price increases, and production limits and quotas for LCD panels.

23 92. Defendant Hitachi participated in multiple bilateral discussions with Defendants,
24 including HannStar, during the relevant time period. Through these discussions, Hitachi agreed
25 on prices, price increases, and production limits and quotas for LCD panels.

26 93. Defendant Toshiba participated in multiple bilateral discussions with other
27 Defendants, including Sharp, during the relevant time period. Through these discussions, Toshiba
28 agreed on prices, price increases, and production limits and quotas for LCD panels. As pleaded

1 below, Defendant Sharp admitted to participating in bilateral meetings, conversations, and
2 communications in Japan and the United States with unnamed co-conspirators during which they
3 fixed the prices of LCD panels sold to Dell for use in computers; panels sold to Apple for use in
4 iPods; and panels sold to Motorola for use in Razr phones during the relevant time period. During
5 this time, Toshiba was one of Sharp's principal competitors in the sale of LCD panels to Dell for
6 use in computers, as well as for panels sold to Apple for use in the iPod. Sharp could not have
7 successfully fixed the prices of LCD panels sold to Dell or Apple unless Toshiba also agreed to
8 fix prices of similar LCD panels at supra-competitive levels to those two OEMs.

9 94. Toshiba also participated in the conspiracy by entering into joint ventures and other
10 arrangements to manufacture or source flat panels with one or more of the Defendants that
11 attended the Crystal Meetings. The purpose and effect of these joint ventures by Toshiba and
12 others was to limit the supply of LCD panels and fix prices of such panels at unreasonably high
13 levels and to aid, abet, notify and facilitate the effectuation of the price-fixing and production-
14 limitation agreements reached at the meetings. During the relevant time period, Toshiba sought
15 and formed strategic partnerships with other LCD manufacturers which allowed it to easily
16 communicate and coordinate prices and production levels with other manufacturers as part of the
17 overall conspiracy alleged herein.

18 95. For instance, Toshiba formed HannStar in January 1998 as a manufacturing joint
19 venture. In 2001, Toshiba, Sharp, Matsushita, and Hitachi formed a joint venture to share basic
20 LCD research costs. In 2001, Toshiba and Matsushita formed a joint venture, Advanced Flat
21 Panel Displays, which merged their LCD operations. In April of 2002, Toshiba and Matsushita
22 formed a joint venture, Toshiba Matsushita Display Technology Co., Ltd., which combined the
23 two companies' LCD development, manufacturing, and sales operations. In 2004, Toshiba,
24 Matsushita, and Hitachi formed a joint venture, IPS Alpha Technology, Ltd., which manufactures
25 and sells LCD panels for TVs. In 2006, Toshiba purchased a 20% stake in LGD's LCD panel
26 manufacturing facility in Poland. And in 2007, Toshiba and Sharp formed a joint venture in
27 which Toshiba agreed to provide 50% of Sharp's chip needs and Sharp agreed to provide 40% of
28 Toshiba's panel needs. The operation and management of these many different joint ventures

1 provided Toshiba and the other Defendants with regular opportunities to communicate with each
2 other to agree on prices, price increases and production limits and quotas for LCD panels that
3 each Defendant manufactured and sold.

4 96. Plaintiffs are informed and believe, and thereon allege, that the three predecessor
5 companies of AU Optronics, Unipac, QDI, and Acer participated as co-conspirators in the
6 conspiracy. AU Optronics, by assuming all rights and obligations of these co-conspirators, is
7 jointly liable for their anticompetitive conduct. For example, before its merger with Acer to form
8 AU Optronics, Unipac attended several working level meetings with Chunghwa, Chi Mei,
9 Samsung, Sharp, and Mitusbishi, and exchanged market, shipment, and pricing information with
10 these competitors. In addition, before it was merged into AU Optronics, QDI had anticompetitive
11 contacts with AU Optronics, Chunghwa, Chi Mei, HannStar, Samsung, Sharp, LG, Toshiba and
12 Hitachi dating at least as far back as 2001.

13 97. Plaintiffs are informed and believe, and thereon allege, that Defendant Hydis
14 participated in multiple working level meetings with AU Optronics, Chunghwa, Chi Mei,
15 HannStar, and Samsung, and at least one bilateral meeting between at least 2002 and 2005.
16 Through these discussions, Hydis agreed on prices, price increases, and production limits and
17 quotas for LCD panels.

18 98. Plaintiffs are informed and believe, and thereon allege, that Mitsubishi participated in
19 working level meetings in 2001 with a number of Defendants. For example, an April 28, 2001
20 internal email of AUO reflects that a "consensus" among LG, Samsung, Chunghwa, Mitsubishi
21 and HannStar had been reached regarding pricing for 15" panels.

22 **B. Market Conditions Evidencing The Conspiracy**

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

27 100. After initially being introduced into a market, consumer electronics products and their
28 component parts typically are characterized by steady downward pricing trends. However, since

1 at least 1996, the LCD panel market has been characterized by unnatural price stability and
2 certain periods of substantial upward pricing trends.

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

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

14 103. Rather than competing for this increased demand, however, since at least 1996,
15 Defendants conspired together to stabilize prices by agreeing to fix prices at artificially high
16 levels and to restrict the supply of LCD panels through, among other things, decreasing their
17 capacity utilization and refraining from expanding existing capacity. Those Defendants which
18 were not already manufacturing LCD panels in 1996 joined this conspiracy when they began
19 manufacturing LCD panels.

20 104. In 1996, the LCD panel market was experiencing excess supply and drastic price cuts.
21 Prices had already fallen 40 to 50 percent in 1995, and were projected to continue dropping due to
22 lower manufacturing costs. However, LCD panel prices began rising in 1996, allegedly due to
23 insufficient production capacity. In fact, Defendants were conspiring and fixing LCD prices.

24 105. The reverse in the downward spiral of LCD panel prices began in early 1996.
25 Defendants blamed the sudden increase in prices on an alleged inability to supply enough LCD
26 panels to meet demand.

27 106. The year 1996 also brought the advent of third generation fabrication plants. Since
28 1996, as Defendants entered the LCD panel market, they have updated their production facilities

1 for LCD panels in order to keep pace with developing technology, which has resulted ultimately
2 in at least eight generations of LCD panels. Each new LCD panel generation was produced from
3 ever larger pieces of glass, so as to reduce the cost of the screens used in TVs, computer monitors,
4 and laptops. Ever-increasing production capacity threatened to outstrip demand for LCD panels,
5 with the result that prices of LCD panels should have decreased rapidly. Instead, Defendants
6 falsely claimed to be operating at full capacity and unable to meet demand, despite the millions of
7 units of over-capacity that had supposedly existed months earlier, and prices surged upwards.
8 These price increases were also inconsistent with the fact that production had become more
9 efficient and cost effective.

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

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

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

25 110. At the time, Defendants blamed these costs increases on supply shortages. In fact,
26 these price increases were a direct result of Defendants' agreement to fix, maintain, and/or
27 stabilize the prices of LCD panels, and Defendants' false statements about supply shortages were
28 designed to conceal their price-fixing agreement. When asked why prices had increased,

1 Defendants repeatedly explained that the increases in LCD prices were due to increased demand
2 and a "supply shortage."

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

8 112. This increase in prices and revenue was unprecedented. During the first six months of
9 2002, revenue for Taiwan's five major LCD panel manufacturers (AU Optronics, Chi Mei,
10 Chunghwa Picture Tubes Ltd., HannStar Display Inc., and QDI) rose 184% from the same period
11 in 2001.

12 VII. PASS-THROUGH OF THE OVERCHARGES TO CONSUMERS

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

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

27 115. Secondly, it permitted all Defendants to police their price-fixing to independent
28 OEMs, who would reduce prices for finished goods if there was a corresponding reduction in

1 LCD panel prices from a Defendant. As a result of street-pricing monitoring, Defendants assured
2 that 100% of the supra-competitive over-charges for LCD panels were passed on to indirect-
3 purchaser consumers.

4 **A. LCD Panels Make Up A High Percentage Of**
5 **The Cost Of Products Containing Such Panels.**

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

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

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

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

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

27 121. LCD panels are commodity products, with functionally equivalent products available
28 from the Defendants, 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**

122. 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.

123. 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 Defendants, 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.

124. 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.

125. 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.

126. 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.

3 127. 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.

5 128. 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.

8 129. 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. Defendants are well aware of this intimate relationship, and
13 use forecasts of TVs, laptops, and computer monitors to predict sales of LCD panels.

14 130. 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.

17 131. 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.

23 132. The close relationship between the price of LCD panels and products was recognized
24 by the Defendants and co-conspirators during the conspiracy. Defendants 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, Defendants specifically discussed "street" prices of LCD
27 products and evinced concern that LCD panel increases would cause the price of LCD products to
28 increase to such a degree that demand for LCD products would be affected.

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

12 **C. The Price Fixing Of LCD Panels By Defendants Led To Pass-Through**
13 **Overcharges For Indirect Purchases of LCD Products Containing LCD Panels**

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

19 135. Thus, LCD panels follow a traceable physical chain from the Defendants to the
20 OEMs to the purchasers of the finished products incorporating LCD panels.

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

24 137. Because Defendants control the market for LCD panels, there are virtually no choices
25 for persons and government entities that require products containing such panels other than
26 buying such products manufactured by a direct purchaser that paid supracompetitive prices for
27 LCD panels to Defendants because of Defendants' conspiracy alleged herein.
28

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

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

27 140. Economic and legal literature recognizes that the more pricing decisions are based on
28 cost, the easier it is to determine the pass-through rate. The directness of affected costs refers to

1 whether an overcharge affects a direct (i.e. variable) cost or an indirect (i.e. overhead) cost.

2 Overcharges will be passed-through sooner and at a higher rate if the overcharge affects direct
3 costs. Here LCD panels are a direct (and substantial) cost of products containing such panels.

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

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

15 143. Plaintiffs and other purchasers have been forced to pay supracompetitive prices for
16 products containing LCD panels. These inflated prices have been passed on to them by direct
17 purchaser manufacturers, distributors, and retailers. Those overcharges have unjustly enriched
18 Defendants. Moreover, the unlawful price fixing by Defendants and their co-conspirators
19 resulted in deadweight loss to the economies of, *inter alia*, the United States, and California.

20 VIII. FRAUDULENT CONCEALMENT

21 144. In December 2006, authorities in Japan, South Korea, the European Union, and the
22 United States revealed the existence of comprehensive (and previously confidential)
23 investigations into anti-competitive activity among LCD panel manufacturers. In a December 11,
24 2006, filing with the Securities and Exchange Commission, Defendant LGD disclosed that
25 officials from the Korea Fair Trade Commission and the Japanese Fair Trade Commission had
26 visited the company's Seoul and Tokyo offices, and that the USDOJ had issued a subpoena to its
27 San Jose office.
28

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

4 146. 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 Defendants to fix the prices of LCD panels. These
10 documents were sufficient to convince the Court to issue stays of virtually all merits discovery in
11 the Class Actions for over six months. Based on information and belief, the USDOJ has found
12 sufficient evidence of a conspiracy to fix the price of LCD panels among Defendants to continue
13 its investigation.

14 147. At least one of the Defendants has approached the Antitrust Division of the USDOJ to
15 enter into a leniency agreement with respect to the Defendants' conspiracy to fix prices of LCD
16 panels. In order to enter into a leniency agreement under the Corporate Leniency Policy of the
17 USDOJ, this defendant has reported the Defendants' price-fixing conspiracy to the USDOJ and
18 has confessed its own participation in the Defendants' price-fixing conspiracy. As a result of the
19 USDOJ's investigation, eight Defendant companies have pleaded guilty and have been sentenced
20 to pay criminal fines totaling more than \$890 million. Additionally, 19 executives have been
21 charged to date in the USDOJ's ongoing investigation.

22 148. On or about November 12, 2008, LGD, Sharp, and Chunghwa agreed to plead guilty
23 and pay a total of \$585 million in criminal fines for their roles in the conspiracy to fix prices in
24 the sale of LCD panels.

25 149. LGD plead guilty and paid \$400 million, the second-highest criminal fine ever
26 imposed by the USDOJ's Antitrust Division. LGD admitted to participating in a conspiracy from
27 September 2001 to June 2006 to fix the price of LCD panels sold worldwide, and to participating
28 in meetings, conversations, and communications in Taiwan, South Korea, and the United States to

1 discuss the prices of LCD panels, agreeing to fix the prices of LCD panels, and exchanging
2 pricing and sales information for the purpose of monitoring and enforcing adherence to the
3 agreed-upon prices.

4 150. Chunghwa plead guilty and paid a \$65 million criminal fine. Chunghwa admitted to
5 participating in a conspiracy from September 2001 to December 2006 to fix the price of LCD
6 panels sold worldwide and to participating in meetings, conversations and communications in
7 Taiwan to discuss the prices of LCD panels, agreeing to fix the prices of LCD panels, and
8 exchanging pricing and sales information for the purpose of monitoring and enforcing adherence
9 to agreed-upon prices.

10 151. Sharp plead guilty and paid a \$120 million criminal fine. Sharp admitted to
11 participating in a conspiracy with unnamed conspirators to fix the price of LCD panels sold to
12 Dell from April 2001 to December 2006, to Apple Computer from September 2005 to December
13 2006, and to Motorola from fall 2005 to December 2006, and to participating in bilateral
14 meetings, conversations, and communications in Japan and the United States with unnamed co-
15 conspirators to discuss the prices of LCD panels, agreeing to fix the prices of LCD panels, and
16 exchanging pricing and sales information for the purpose of monitoring and enforcing adherence
17 to the agreed upon prices.

18 152. On or about March 10, 2009, Hitachi Displays Ltd. agreed to plead guilty and pay a
19 \$31 million criminal fine. Hitachi admitted to engaging in telephone discussions and bilateral
20 meetings with representatives of other major LCD producers to fix the prices of LCD panels sold
21 to Dell Inc., during a period from at least April 2001 to March 2004.

22 153. On or about August 25, 2009, EIDC agreed to plead guilty and pay a \$26 million
23 criminal fine. EIDC admitted to participating in bilateral discussions and meetings in Japan with
24 representatives of other major LCD producers to fix the prices LCD panels sold in the United
25 States for use in Motorola Razr mobile phones.

26 154. On or about December 9, 2009, Chi Mei agreed to plead guilty and pay a \$220
27 million criminal fine. Chi Mei admitted to participating in meetings, conversations and
28 communications with other major LCD producers to fix prices of LCD panels and exchanging

1 information on sales of LCD panels for the purpose of monitoring and enforcing adherence to the
2 agreed-upon prices.

3 155. On or about June 10, 2010, a federal grand jury returned an indictment against AU
4 Optronics Corp. and its Houston-based subsidiary, AU Optronics Corporation America for
5 engaging in a combination and conspiracy to suppress and eliminate competition by fixing the
6 prices of LCD panels in the United States and elsewhere.

7 156. On or about June 29, 2010, HannStar Display Corp. agreed to plead guilty and pay a
8 \$30 million criminal fine for its role in the global conspiracy to fix the prices of TFT-LCD panels.

9 157. Plaintiffs did not discover and could not have discovered, through the exercise of
10 reasonable diligence, the existence of the conspiracy alleged herein until after December of 2006,
11 after the investigations by the USDOJ and other antitrust regulators became public, because
12 Defendants and their co-conspirators actively and fraudulently concealed the existence of their
13 contract, combination or conspiracy. Because Defendants' agreements, understanding and
14 conspiracy were kept secret, Plaintiffs were unaware of Defendants' unlawful conduct alleged
15 herein and did not know that they were being charged artificially high prices for LCD panels and
16 the products in which they were used.

17 158. The affirmative acts of the Defendants alleged herein, including acts in furtherance of
18 the conspiracy, were actively concealed and carried out in a manner that precluded detection.

19 159. By its very nature, Defendants' price-fixing conspiracy was inherently self-
20 concealing.

21 160. As alleged above, Defendants had secret discussions about price and output.

22 161. Defendants agreed not to publicly discuss the existence or the nature of their
23 agreement. In fact, the top executives who attended the CEO and Commercial Crystal Meetings
24 agreed to stagger their arrivals and departures at such meetings to avoid being seen in public with
25 each other and with the express purpose and effect of keeping them secret. Moreover, when the
26 participants in those meetings became fearful that they might be subject to antitrust scrutiny, they
27 agreed to the one-on-one so-called "round robin" meetings described above to avoid detection.
28

1 162. Moreover, Defendants repeatedly gave pretextual justifications for the inflated prices
2 of LCD panels in furtherance of the conspiracy. These pretextual justifications included rationale
3 relating to demand exceeding supply, undercapitalization, demand for larger LCD panels, and
4 component shortages.

5 163. These explanations were all pretextual and each served to cover up the conspiracy
6 alleged herein.

7 164. As a result of Defendants' active concealment of their conspiracy, the running of any
8 statute of limitations against all Defendants and co-conspirators has been tolled with respect to any
9 claims that Plaintiffs have as a result of the anticompetitive conduct alleged in this Complaint.

10 165. Defendants' and their co-conspirators' effective, affirmative and fraudulent
11 concealment was a substantial factor in causing Plaintiffs' harm.

12 166. As a result of the fraudulent concealment of the conspiracy, Plaintiffs assert the
13 tolling of the applicable statute of limitations affecting all of Plaintiffs' claims.

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

15 167. In 2009, the Attorney General of the State of California, on behalf of the State of
16 California and its political subdivisions and public agencies, including Plaintiffs, entered into
17 tolling agreements with the following Defendants: Chi Mei; Epson America; LGD; Hitachi;
18 Samsung; and Sharp. The parties agreed that beginning on the effective date of February 17,
19 2009, all applicable limitations period shall be tolled as to each and every potential state and
20 federal civil claim that Plaintiffs may have against Defendants. The parties have revised the
21 tolling agreement on several occasions to extend the termination date of the tolling period.

22 168. Plaintiffs further assert that all applicable statutes of limitation were suspended due to
23 the criminal proceedings instituted by the USDOJ against Defendants. The proceedings began on
24 or about November 12, 2008, and have continued through the filing of this Complaint.

25 **X. INJURY**

26 169. But for Defendants' anticompetitive acts, Plaintiffs would have been able to purchase
27 LCD panels and LCD products at lower prices, and/or would have been able to purchase more
28

1 capable, larger and/or higher performance LCD products than were actually offered for sale to
2 them.

3 170. Defendants' unlawful conduct alleged in this Complaint had a direct, substantial, and
4 reasonably foreseeable effect on United States and California commerce. As a direct and
5 proximate result of the unlawful conduct alleged in this Complaint, Plaintiffs were unable to
6 purchase LCD panels or LCD products at prices that were determined by free and open
7 competition. Consequently, Plaintiffs have been injured in their business and property in that,
8 *inter alia*, they have paid more and continue to pay more for such products than they would have
9 paid in a free and open, competitive market, and were not offered more capable, larger and/or
10 higher performance products that would have been offered in a free and open competitive market.

11 171. As a direct and proximate result of the of the unlawful conduct alleged in this
12 Complaint, some Plaintiffs were also unable to purchase LCD panels or LCD products at all, due
13 to supracompetitive pricing. Defendants' unlawful conduct has thus resulted in deadweight loss
14 to the economy of the State of California, including, *inter alia*, reduced output, higher prices, and
15 reduction in consumer welfare.

16 172. As a direct and proximate result of the unlawful conduct alleged above, Defendants
17 and their co-conspirators benefitted unjustly from the supra-competitive and artificially inflated
18 prices and profits on their sale of LCD panels and LCD products resulting from their unlawful
19 and inequitable conduct, and have thus far retained the illegally obtained profits.

20 XI. ASSIGNMENT CLAUSES

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

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

1 175. LCD Resellers paid higher-than-competitive prices for LCD panels and LCD
2 products as result of the Defendants' unlawful conduct.

3 176. Plaintiffs bought LCD panels or LCD products from LCD Resellers pursuant to bid
4 documents, contracts and/or purchasing agreements. By operation of law, these bid documents,
5 contracts and/or purchasing agreements assigned to the respective plaintiff (hereinafter
6 "Assignees") all of the LCD Resellers' antitrust claims under state and federal laws relating to the
7 LCD panels or LCD products that the LCD Resellers had purchased and then resold to the
8 political subdivisions and public agencies.

9 **A. Assignment of Direct Claims**

10 177. The assignment clauses assigned to the Assignees the "direct purchaser" antitrust
11 claims of LCD Resellers that had purchased LCD panels directly from the Defendants.

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

16 **B. Assignment of Indirect Claims**

17 179. California state law allows for recovery of antitrust damages by "indirect purchasers."
18 Because the assignment clauses assigned antitrust claims under state law, the assignment clauses
19 assigned not only "direct purchaser" claims, but also the "indirect purchaser" claims of LCD
20 Resellers that had purchased LCD panels or LCD products from other LCD Resellers.

21 180. For example, an assignment clause in a contract document relating to the purchase of
22 LCD products reads in part as follows:

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

181. The effect of this assignment clause was to transfer the bidding LCD Reseller's causes of action against the Defendants under the California Cartwright Act (direct and indirect purchaser claims) to the respective Plaintiff.

XII. FIRST CAUSE, OF ACTION

**(Count One - For Violation of the Cartwright Act,
Business & Professions Code Section 16720)**

(Against All Defendants)

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

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

184. The aforesaid violations of section 16720, California Business and Professions Code, consisted, without limitation, of a continuing unlawful trust and concert of action among the Defendants and their co-conspirators, the substantial terms of which were to fix, raise, maintain and stabilize the prices of, and to allocate markets for, LCD panels and LCD products.

185. For the purpose of forming and effectuating the unlawful trust, the Defendants and their Co-conspirators conspired to:

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

186. The combination and conspiracy alleged herein has had, *inter alia*, the following effects:

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

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

6 c. those who purchased Defendants' and their co-conspirators' LCD panels have
7 been deprived of the benefit of free and open competition.

8 187. As a direct, substantial, and reasonably foreseeable effect, and proximate result of
9 Defendants' unlawful conduct, Plaintiffs were injured in their business and property in that they
10 paid more for LCD panels and LCD products than they would have paid in the absence of
11 Defendants' unlawful conduct, or were unable to purchase LCD panels or LCD products. As a
12 result of Defendants' violation of section 16720 of the California Business and Professions Code,
13 Plaintiffs bring this claim pursuant to section 16750(c) and seek treble damages, jointly and
14 severally, and the costs of suit, including reasonable attorneys' fees, pursuant to section 16750(a)
15 of the California Business and Professions Code.

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

18 **(Against All Defendants)**

19 188. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
20 to 187 above, with the same meaning, force and effect.

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

23 **(Against All Defendants)**

24 189. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
25 to 172, and paragraphs 182 to 186, above, with the same meaning, force and effect.

26 190. As a direct, substantial, and reasonably foreseeable effect, and proximate result of
27 Defendants' unlawful conduct described above, natural persons residing in the State of California
28 were injured in their business and property, in that they paid more for LCD panels and LCD

1 products than they would have paid in the absence of Defendants' unlawful conduct, or were
2 unable to purchase LCD panels or LCD products. Defendants' unlawful conduct has also resulted
3 in deadweight loss to the economy of the State of California. As a result of Defendants' violation
4 of section 16720 of the California Business and Professions Code, the Attorney General brings
5 this claim in the name of the people of the State of California, as *parens patriae* on behalf of
6 natural persons residing in the state, and seeks treble damages, jointly and severally, and the costs
7 of suit, including reasonable attorneys' fees, pursuant to section 16760(a) of the Business and
8 Professions Code.

9 **XIII. SECOND CAUSE OF ACTION**
10 **(For Violation of the Unfair Competition Law**
11 **Business & Professions Code Section 17200)**
12 **(Against All Defendants)**

13 191. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
14 to 190, above, with the same meaning, force and effect.

15 192. Beginning at a time presently unknown to Plaintiffs, but at least in or around 1996,
16 and continuing thereafter at least up to and including December 12, 2006, Defendants committed
17 acts of unfair competition, as defined by sections 17200, *et seq.* of the California Business and
18 Professions Code.

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

24 a. The violations of Section 16720, *et seq.*, of the California Business and
25 Professions Code, set forth above, thus constituting unlawful acts within the meaning of section
26 17200 of the California Business and Professions Code;

27 b. Defendants' acts, omissions, misrepresentations, practices and nondisclosures,
28 as described above, whether or not in violation of section 16720, *et seq.* of the California

1 Business and Professions Code, and whether or not concerted or independent acts, are otherwise
2 unfair, unconscionable, unlawful or fraudulent;

3 c. Defendants' act and practices are unfair to consumers of LCD panels and/or
4 LCD products in the State of California, within the meaning of section 17200, California
5 Business and Professions Code; and

6 d. Defendants' acts and practices are fraudulent or deceptive within the meaning of
7 section 17200 of the California Business and Professions Code.

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

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

18 **XIV. THIRD CAUSE OF ACTION**

19 **(For Unjust Enrichment)**

20 **(Against All Defendants)**

21 196. Plaintiffs incorporate by reference and allege as if fully set forth herein paragraphs 1
22 to 195, above, with the same meaning force and effect.

23 197. Plaintiffs conferred upon Defendants an economic benefit, in the nature of anti-
24 competitive profits resulting from unlawful overcharges and monopoly profits.

25 198. Defendants' financial benefits resulting from their unlawful and inequitable conduct
26 are economically traceable to overpayments for LCD panels and LCD products by Plaintiffs.

27 199. The economic benefit of overcharges and unlawful profits derived by Defendants
28 through charging supra-competitive and artificially inflated prices for LCD panels and LCD

1 products is a direct, substantial, and reasonably foreseeable effect, and proximate result of
2 Defendants' unlawful practices.

3 200. It would be inequitable and unjust for Defendants to be permitted to retain any of the
4 unlawful proceeds resulting from their fraudulent, illegal, and inequitable conduct.

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

10 XV. PRAYER FOR RELIEF

11 WHEREFORE, Plaintiffs pray for judgment against Defendants, jointly and severally, as
12 follows:

- 13 1. That judgment be entered in favor of Plaintiffs and against Defendants;
- 14 2. That the Court adjudge and decree that Defendants' contract, conspiracy, or
15 combination constitutes an illegal restraint of trade in violation of the Cartwright Act, section
16 16720 *et seq.*, of the California Business & Professions Code;
- 17 3. That the Court adjudge and decree that Defendants' contract, conspiracy, or
18 combination violates the Unfair Competition Law, section 17200 *et seq.*, of the California
19 Business & Professions Code;
- 20 4. That Plaintiffs be awarded their damages, trebled, in an amount according to proof;
- 21 5. That Plaintiffs be awarded civil penalties, pursuant to California Business &
22 Professions Code section 17206 in the amount of two thousand five hundred dollars (\$2,500) for
23 each violation;
- 24 6. That Plaintiffs be awarded restitution, including disgorgement of profits obtained by
25 Defendants as a result of their acts of unjust enrichment, or any acts in violation of state antitrust
26 or consumer protection statutes and laws, including sections 16750 *et seq.*, and 17200 *et seq.*, of
27 the California Business & Professions Code;

7. That Defendants, their 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, *inter alia*, pursuant to California Business and Professions Code section 16754.5, 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 Defendants' violations, and to restore competition.

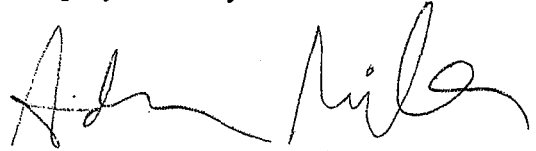
XVI. JURY TRIAL DEMAND

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.

1 Dated: March 2, 2011

Respectfully Submitted,

2 KAMALA D. HARRIS
3 Attorney General of California
4 J. MATTHEW RODRIQUEZ
5 Chief Assistant Attorney General
6 KATHLEEN E. FOOTE
7 Senior Assistant Attorney General
8 ESTHER LA
9 Deputy Attorney General

10 

11 ADAM MILLER
12 Deputy Attorney General
13 Office of the Attorney General of California
14 455 Golden Gate Avenue, Suite 11000
15 San Francisco, California 94102

Attorneys for Plaintiffs

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