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10 UNITED STATES DISTRICT COURT  
 11 NORTHERN DISTRICT OF CALIFORNIA  
 12 SAN JOSE DIVISION

13  
 14 IN RE: HIGH-TECH EMPLOYEE  
 15 ANTITRUST LITIGATION

Master Docket No. 11-CV-2509-LHK

16 THIS DOCUMENT RELATES TO:  
 17 ALL ACTIONS

**CONSOLIDATED AMENDED  
 COMPLAINT**

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1           Plaintiffs Michael Devine, Mark Fichtner, Siddharth Hariharan, Brandon Marshall,  
2 and Daniel Stover, individually and on behalf of a class of all those similarly situated (the  
3 “Class”), complain against defendants Adobe Systems Inc., Apple Inc., Google Inc., Intel Corp.,  
4 Intuit Inc., Lucasfilm Ltd., Pixar, and DOES 1-200 (collectively, “Defendants”), and allege as  
5 follows:

6 **I.       SUMMARY OF THE ACTION**

7           1.       This class action challenges a conspiracy among Defendants to fix and  
8 suppress the compensation of their employees. Without the knowledge or consent of their  
9 employees, Defendants’ senior executives entered into an interconnected web of express  
10 agreements to eliminate competition among them for skilled labor. This conspiracy included: (1)  
11 agreements not to recruit each other’s employees; (2) agreements to notify each other when  
12 making an offer to another’s employee; and (3) agreements that, when offering a position to  
13 another company’s employee, neither company would counteroffer above the initial offer.

14           2.       The intended and actual effect of these agreements was to fix and suppress  
15 employee compensation, and to impose unlawful restrictions on employee mobility. Defendants’  
16 conspiracy and agreements restrained trade and are *per se* unlawful under federal and California  
17 law. Plaintiffs seek injunctive relief and damages for violations of: Section 1 of the Sherman Act,  
18 15 U.S.C. § 1; the Cartwright Act, California Business and Professions Code §§ 16720, *et seq.*;  
19 California Business and Professions Code § 16600; and California Business and Professions Code  
20 §§ 17200, *et seq.*

21           3.       In 2009 through 2010, the Antitrust Division of the United States  
22 Department of Justice (the “DOJ”) investigated Defendants’ misconduct. The DOJ found that  
23 Defendants’ agreements violated the Sherman Act *per se* and “are facially anticompetitive  
24 because they eliminated a significant form of competition to attract high tech employees, and,  
25 overall, substantially diminished competition to the detriment of the affected employees who  
26 were likely deprived of competitively important information and access to better job  
27 opportunities.” The DOJ concluded that Defendants’ agreements “disrupted the normal price-  
28 setting mechanisms that apply in the labor setting.”

1           4.       The DOJ confirmed that it will not seek to compensate employees who  
2 were injured by Defendants' agreements. Without this class action, Plaintiffs and the Class will  
3 not receive compensation for their injuries, and Defendants will continue to retain the benefits of  
4 their unlawful collusion.

5       **II. JURISDICTION AND VENUE**

6           5.       Plaintiffs bring this action to recover damages and obtain injunctive relief,  
7 including treble damages, costs of suit, and reasonable attorneys' fees arising from Defendants  
8 violations of: Section 1 of the Sherman Act, 15 U.S.C. § 1; the Cartwright Act, California  
9 Business and Professions Code §§ 16720, *et seq.*; California Business and Professions Code §  
10 16600; and California Business and Professions Code §§ 17200, *et seq.*

11          6.       The Court has subject matter jurisdiction pursuant to Sections 4 and 16 of  
12 the Clayton Act (15 U.S.C. §§ 15 and 26) and 28 U.S.C. §§ 1331 and 1337.

13          7.       Venue is proper in this judicial district pursuant to Section 12 of the  
14 Clayton Act (15 U.S.C. § 22) and 28 U.S.C. § 1391(b), (c), and (d) because a substantial part of  
15 the events giving rise to Plaintiffs' claims occurred in this district, a substantial portion of the  
16 affected interstate trade and commerce was carried out in this district, and one or more of the  
17 defendants reside in this district.

18          8.       Defendants are subject to the jurisdiction of this Court by virtue of their  
19 nationwide contacts and other activities, as well as their contacts with the State of California.

20       **III. CHOICE OF LAW**

21          9.       California law applies to the claims of Plaintiffs and all Class members.  
22 Application of California law is constitutional, and California has a strong interest in deterring  
23 unlawful business practices of resident corporations and compensating those harmed by activities  
24 occurring in and emanating from California.

25          10.      California is the state in which Defendants negotiated, entered into,  
26 implemented, monitored, and enforced the conspiracy and associated agreements. These illicit  
27 activities were centered within, and for the most part occurred within, the County of Santa Clara.

28

1           11. Defendants' actively concealed their participation in the conspiracy, and  
2 actively concealed the existence of their unlawful agreements, in California. These active  
3 concealment efforts were centered within the County of Santa Clara.

4           12. California is the State in which Plaintiffs' and Class members' relationship  
5 with the Defendants is centered. More specifically, Santa Clara is the County in which Plaintiffs  
6 and Class members' relationship with Defendants is centered. At least a majority of class  
7 members reside in California. At least 98% of Class members were employed by Defendants  
8 who maintained (and continue to maintain) their principal places of business in Santa Clara.

9           13. Plaintiffs and Class members were injured by conduct occurring in, and  
10 emanating from, California. The overwhelming majority of the conduct causing the injuries  
11 suffered by Plaintiffs and Class members occurred within the County of Santa Clara.

12           14. For these reasons, among others, California has significant contacts, and a  
13 significant aggregation of contacts, creating state interests, with all parties and the acts alleged  
14 herein.

15           15. California's substantial interests far exceed those of any other state.

16 **IV. THE PARTIES**

17 **A. Plaintiffs**

18           16. Plaintiff Michael Devine is a citizen of the State of Washington. From  
19 approximately October of 2006 through July 7, 2008, Mr. Devine was a citizen of the State of  
20 Washington and worked in the state of Washington as a software engineer for Adobe Systems  
21 Inc. Mr. Devine was injured in his business or property by reason of the violations alleged  
22 herein.

23           17. Plaintiff Mark Fichtner is a citizen of the State of Arizona. From  
24 approximately May of 2008 through May of 2011, Mr. Fichtner was a citizen of the State of  
25 Arizona and worked in the State of Arizona as a software engineer for Intel Corp. Mr. Fichtner  
26 was injured in his business or property by reason of the violations alleged herein.

27           18. Plaintiff Siddharth Hariharan is a citizen of the State of California. From  
28 January 8, 2007 through August 15, 2008, Mr. Hariharan was a citizen of the State of California

1 and worked in California as a software engineer for Lucasfilm. Mr. Hariharan was injured in his  
2 business or property by reason of the violations alleged herein.

3 19. Plaintiff Brandon Marshall is a citizen of the State of California and resides  
4 in the County of Santa Clara. From approximately July of 2006 through December of 2006, Mr.  
5 Marshall was a citizen of the State of California, resided in the County of Santa Clara, and  
6 worked in the County of Santa Clara as a software engineer for Adobe Systems Inc. Mr. Marshall  
7 was injured in his business or property by reason of the violations alleged herein.

8 20. Plaintiff Daniel Stover is a citizen of the State of Washington. From July  
9 of 2006 through December of 2010, Mr. Stover was a citizen of the State of California and  
10 worked in the County of Santa Clara as a software engineer for Intuit Inc. Mr. Stover was injured  
11 in his business or property by reason of the violations alleged herein.

12 **B. Defendants**

13 21. Defendant Adobe Systems Inc. (“Adobe”) is a Delaware corporation with  
14 its principal place of business located at 345 Park Avenue, San Jose, California 95110.

15 22. Defendant Apple Inc. (“Apple”) is a California corporation with its  
16 principal place of business located at 1 Infinite Loop, Cupertino, California 95014.

17 23. Defendant Google Inc. (“Google”) is a Delaware corporation with its  
18 principal place of business located at 1600 Amphitheatre Parkway, Mountain View, California  
19 94043.

20 24. Defendant Intel Corp. (“Intel”) is a Delaware corporation with its principal  
21 place of business located at 2200 Mission College Boulevard, Santa Clara, California 95054.

22 25. Defendant Intuit Inc. (“Intuit”) is a Delaware corporation with its principal  
23 place of business located at 2632 Marine Way, Mountain View, California 94043.

24 26. Defendant Lucasfilm Ltd. (“Lucasfilm”) is a California corporation with its  
25 principal place of business located at 1110 Gorgas Ave., in San Francisco, California 94129.

26 27. Defendant Pixar is a California corporation with its principal place of  
27 business located at 1200 Park Avenue, Emeryville, California 94608.

28

1           28.     Plaintiffs allege on information and belief that DOES 1-50, inclusive, were  
2 co-conspirators with other Defendants in the violations alleged in this Complaint and performed  
3 acts and made statements in furtherance thereof. DOES 1-50 are corporations, companies,  
4 partnerships, or other business entities that maintain their principal places of business in  
5 California. Plaintiffs are presently unaware of the true names and identities of those defendants  
6 sued herein as DOES 1-50. Plaintiffs will amend this Complaint to allege the true names of the  
7 DOE defendants when they are able to ascertain them.

8           29.     Plaintiffs allege on information and belief that DOES 51-200, inclusive,  
9 were co-conspirators with other Defendants in the violations alleged in this Complaint and  
10 performed acts and made statements in furtherance thereof. DOES 51-200 are residents of the  
11 State of California and are corporate officers, members of the boards of directors, or senior  
12 executives of Adobe, Apple, Google, Intel, Intuit, Lucasfilm, Pixar, and DOES 1-50. Plaintiffs  
13 are presently unaware of the true names and identities of those defendants sued herein as DOES  
14 51-200. Plaintiffs will amend this Complaint to allege the true names of the DOE defendants  
15 when they are able to ascertain them.

16 **V.     CLASS ACTION ALLEGATIONS**

17           30.     Plaintiffs bring this action on behalf of themselves and all others similarly  
18 situated (the "Class") pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(2), and 23(b)(3).  
19 The Class is defined as follows:

20                   All natural persons employed by Defendants in the United States on  
21 a salaried basis during the period from January 1, 2005 through  
22 January 1, 2010 (the "Class Period"). Excluded from the Class are:  
23 retail employees; corporate officers, members of the boards of  
24 directors, and senior executives of Defendants who entered into the  
illicit agreements alleged herein; and any and all judges and  
justices, and chambers' staff, assigned to hear or adjudicate any  
aspect of this litigation.

25           31.     Plaintiffs do not, as yet, know the exact size of the Class because such  
26 information is in the exclusive control of Defendants. Based upon the nature of the trade and  
27 commerce involved, Plaintiffs believe that there are at least tens of thousands of Class members,  
28



1 and that Class members are geographically dispersed throughout California and the United States.  
2 Joinder of all members of the Class, therefore, is not practicable.

3 32. The questions of law or fact common to the Class include but are not  
4 limited to:

5 a. whether the conduct of Defendants violated the Sherman Act or  
6 Cartwright Act;

7 b. whether Defendants' conspiracy and associated agreements, or any  
8 one of them, constitute a *per se* violation of the Sherman Act or Cartwright Act;

9 c. whether Defendants' agreements are void as a matter of law under  
10 California Business and Professions Code § 16600;

11 d. whether the conduct of Defendants violated California Business and  
12 Professions Code §§ 17200, *et seq.*;

13 e. whether Defendants fraudulently concealed their conduct;

14 f. whether Defendants' conspiracy and associated agreements  
15 restrained trade, commerce, or competition for skilled labor among Defendants;

16 g. whether Plaintiffs and the Class suffered antitrust injury or were  
17 threatened with injury;

18 h. the difference between the total compensation Plaintiffs and the  
19 Class received from Defendants, and the total compensation Plaintiffs and the Class would have  
20 received from Defendants in the absence of the illegal acts, contracts, combinations, and  
21 conspiracy alleged herein;

22 i. the type and measure of damages suffered by Plaintiffs and the  
23 Class.

24 33. These and other questions of law and fact are common to the Class, and  
25 predominate over any questions affecting only individual Class members.

26 34. Plaintiffs' claims are typical of the claims of the Class.

27 35. Plaintiffs will fairly and adequately represent the interests of the Class and  
28 have no conflict with the interests of the Class.

1           36. Plaintiffs have retained competent counsel experienced in antitrust  
2 litigation and class action litigation to represent themselves and the Class.

3           37. Defendants have acted on grounds generally applicable to the Class,  
4 thereby making final injunctive relief appropriate with respect to the Class as a whole.

5           38. This class action is superior to the alternatives, if any, for the fair and  
6 efficient adjudication of this controversy. Prosecution as a class action will eliminate the  
7 possibility of repetitive litigation. There will be no material difficulty in the management of this  
8 action as a class action. By contrast, prosecution of separate actions by individual Class members  
9 would create the risk of inconsistent or varying adjudications, establishing incompatible standards  
10 of conduct for Defendants.

## 11 **VI. FACTUAL ALLEGATIONS**

### 12 **A. Trade And Commerce**

13           39. During the Class Period, Defendants employed Class members in  
14 California and throughout the United States, including this judicial district.

15           40. Defendants' conduct substantially affected interstate commerce throughout  
16 the United States and caused antitrust injury throughout the United States.

### 17 **B. Market For High Technology Employees**

18           41. In a properly functioning and lawfully competitive labor market, each  
19 Defendant would compete for employees by soliciting current employees of one or more other  
20 Defendants. Defendants refer to this recruiting method as "cold calling." Cold calling includes  
21 communicating directly in any manner (including orally, in writing, telephonically, or  
22 electronically) with another firm's employee who has not otherwise applied for a job opening.

23           42. Cold calling is a particularly effective recruiting method because current  
24 employees of other companies are often unresponsive to other recruiting strategies.

25           43. Defendants and other high technology companies classify potential  
26 employees into two categories: first, those who are currently employed by rival firms and not  
27 actively seeking to change employers; and second, those who are actively looking for  
28 employment offers (either because they are unemployed, or because they are unsatisfied with

1 their current employer). Defendants and other high technology companies value potential  
2 employees of the first category significantly higher than potential employees of the second  
3 category, because current satisfied employees tend to be more qualified, harder working, and  
4 more stable than those who are actively looking for employment.

5           44. In addition, a company searching for a new hire is eager to save costs and  
6 avoid risks by poaching that employee from a rival company. Through poaching, a company is  
7 able to take advantage of the efforts its rival has expended in soliciting, interviewing, and training  
8 skilled labor, while simultaneously inflicting a cost on the rival by removing an employee on  
9 whom the rival may depend.

10           45. For these reasons and others, cold calling is a key competitive tool  
11 companies use to recruit employees, particularly high technology employees with advanced skills  
12 and abilities.

13           46. The practice of cold calling has a significant impact on employee  
14 compensation in a variety of ways. First, without receiving cold calls from rival companies,  
15 current employees lack information regarding potential pay packages and lack leverage over their  
16 employers in negotiating pay increases. When a current employee receives a cold call from a  
17 rival company with an offer that exceeds her current compensation, the current employee may  
18 either accept that offer and move from one employer to another, or use the offer to negotiate  
19 increased compensation from her current employer. In either case, the recipient of the cold call  
20 has an opportunity to use competition among potential employers to increase her compensation  
21 and mobility.

22           47. Second, once an employee receives information regarding potential  
23 compensation from rival employers through a cold call, that employee is likely to inform other  
24 employees of her current employer. These other employees often use the information themselves  
25 to negotiate pay increases or move from one employer to another, despite the fact that they  
26 themselves did not receive a cold call.

27           48. Third, cold calling a rival's employees provides information to the cold  
28 caller regarding its rival's compensation practices. Increased information and transparency

1 regarding compensation levels tends to increase compensation across all current employees,  
2 because there is pressure to match or exceed the highest compensation package offered by rivals  
3 in order to remain competitive.

4 49. Fourth, cold calling is a significant factor responsible for losing employees  
5 to rivals. When a company expects that its employees will be cold called by rivals with  
6 employment offers, the company will preemptively increase the compensation of its employees in  
7 order to reduce the risk that its rivals will be able to poach relatively undercompensated  
8 employees.

9 50. The compensation effects of cold calling are not limited to the particular  
10 individuals who receive cold calls, or to the particular individuals who would have received cold  
11 calls but for the anticompetitive agreements alleged herein. Instead, the effects of cold calling  
12 (and the effects of eliminating cold calling, pursuant to agreement) commonly impact all salaried  
13 employees of the participating companies.

14 51. Defendants carefully monitor and manage their internal compensation  
15 levels to achieve certain goals, including:

16 a. maintaining approximate compensation parity among employees  
17 within the same employment categories (for example, among junior software engineers);

18 b. maintaining certain compensation relationships among employees  
19 across different employment categories (for example, among junior software engineers relative to  
20 senior software engineers);

21 c. maintaining high employee morale and productivity;

22 d. retaining employees; and

23 e. attracting new and talented employees.

24 52. To accomplish these objectives, Defendants set baseline compensation  
25 levels for different employee categories that apply to all employees within those categories.  
26 Defendants also compare baseline compensation levels across different employee categories.  
27 Defendants update baseline compensation levels regularly.  
28

1           53. While Defendants sometimes engage in negotiations regarding  
2 compensation levels with individual employees, these negotiations occur from a starting point of  
3 the pre-existing and pre-determined baseline compensation level. The eventual compensation any  
4 particular employee receives is either entirely determined by the baseline level, or is profoundly  
5 influenced by it. In either case, suppression of baseline compensation will result in suppression  
6 of total compensation.

7           54. Thus, under competitive and lawful conditions, Defendants would use cold  
8 calling as one of their most important tools for recruiting and retaining skilled labor, and the use  
9 of cold calling among Defendants commonly impacts and increases total compensation and  
10 mobility of all Defendants' employees.

11           **C. Defendants' Conspiracy To Fix The Compensation Of Their Employees At**  
12           **Artificially Low Levels**

13           55. Defendants' conspiracy consisted of an interconnected web of express  
14 agreements, each with the active involvement and participation of a company under the control of  
15 Steven P. Jobs ("Steve Jobs") and/or a company that shared at least one member of Apple's board  
16 of directors. Defendants entered into the express agreements and entered into the overarching  
17 conspiracy with knowledge of the other Defendants' participation, and with the intent of  
18 accomplishing the conspiracy's objective: to reduce employee compensation and mobility  
19 through eliminating competition for skilled labor.

20           **2. The Conspiracy Began With Secret and Express Agreements Between**  
21           **Pixar And Lucasfilm**

22           56. The conspiracy began with an agreement between senior executives of  
23 Pixar and Lucasfilm to eliminate competition between them for skilled labor, with the intent and  
24 effect of suppressing the compensation and mobility of their employees.

25           57. Pixar and Lucasfilm have a shared history. In 1986, Steve Jobs purchased  
26 Lucasfilm's computer graphics division, established it as an independent company, and called it  
27 "Pixar." Thereafter and until 2006, Steve Jobs remained C.E.O. of Pixar.  
28

1           58.     Before Steve Jobs's departure as C.E.O. of Pixar and beginning no later  
2 than January 2005, senior executives of Pixar and Lucasfilm entered into at least three agreements  
3 to eliminate competition between them for skilled labor.

4           59.     First, each agreed not to cold call each other's employees.

5           60.     Second, each agreed to notify the other company when making an offer to  
6 an employee of the other company, if that employee applied for a job notwithstanding the absence  
7 of cold calling.

8           61.     Third, each agreed that if either made an offer to such an employee of the  
9 other company, neither company would counteroffer above the initial offer. This third agreement  
10 was created with the intent and effect of eliminating "bidding wars," whereby an employee could  
11 use multiple rounds of bidding between Pixar and Lucasfilm to increase her total compensation.

12           62.     Pixar and Lucasfilm reached these express agreements through direct and  
13 explicit communications among senior executives. Pixar drafted the written terms of the  
14 agreements in Emeryville, California and sent those terms to Lucasfilm. Pixar and Lucasfilm  
15 then provided the written terms to management and certain senior employees with the relevant  
16 hiring or recruiting responsibilities.

17           63.     The three agreements covered all employees of the two companies, were  
18 not limited by geography, job function, product group, or time period, and were not ancillary to  
19 any legitimate collaboration between Pixar and Lucasfilm.

20           64.     Senior executives of Pixar and Lucasfilm actively concealed their unlawful  
21 agreements. Employees of Pixar and Lucasfilm were not aware of, and did not agree to, the terms  
22 of the agreements between Pixar and Lucasfilm.

23           65.     After entering into the agreements, senior executives of both Pixar and  
24 Lucasfilm monitored compliance and policed violations. For instance, in 2007, from its principal  
25 place of business in Emeryville, California, Pixar twice contacted Lucasfilm regarding suspected  
26 violations of their agreements. Lucasfilm responded by changing its conduct to conform to its  
27 anticompetitive agreements with Pixar. The senior executives of Pixar who monitored  
28

1 Lucasfilm's compliance and policed Lucasfilm's violations worked in Pixar's principal place of  
2 business in Emeryville, California.

3 66. Until no later than May of 2005, Lucasfilm employees were harmed  
4 primarily through the actions and inactions of Pixar, pursuant to Pixar's illicit agreements with  
5 Lucasfilm (agreements that were drafted in Emeryville, California).

6 67. First, but for its agreements with Lucasfilm, Pixar would have cold called  
7 Lucasfilm employees from Pixar's principal place of business in Emeryville, California, where  
8 Pixar's management and senior employees with the relevant hiring or recruiting responsibilities  
9 worked. Instead, pursuant to agreement, Pixar (in Emeryville, California) directed its  
10 management and certain senior employees not to cold call Lucasfilm employees.

11 68. Second, when Pixar (from Emeryville, California) made an offer to a  
12 Lucasfilm employee, Pixar (from Emeryville, California) notified Lucasfilm of the terms of the  
13 offer.

14 69. Third, if Lucasfilm, upon receiving Pixar's notification, decided to match  
15 Pixar's offer to retain the employees in question, Pixar (from Emeryville, California) did not raise  
16 its offer beyond Pixar's initial bid.

17 70. Thus, until no later than May of 2005, the acts that reduced artificially the  
18 compensation of Lucasfilm employees occurred primarily in Pixar's offices in Emeryville,  
19 California.

20 71. After no later than May of 2005, and continuing until approximately  
21 January 1, 2010, Lucasfilm employees were also harmed by the conduct of the remaining  
22 Defendants, as hereafter alleged. The conduct of the remaining Defendants occurred principally  
23 in the County of Santa Clara.

24 **3. Apple Enters Into A Similar Express Agreement With Adobe**

25 72. Shortly after Pixar entered into the agreements with Lucasfilm, Apple  
26 (which was then also under the control of Steve Jobs) entered into an agreement with Adobe that  
27 was identical to the first agreement Pixar entered into with Lucasfilm. Apple and Adobe agreed  
28

1 to eliminate competition between them for skilled labor, with the intent and effect of suppressing  
2 the compensation and mobility of their employees.

3 73. Beginning no later than May 2005, Apple and Adobe agreed not to cold  
4 call each other's employees.

5 74. Senior executives of Apple and Adobe reached the agreement through  
6 direct and explicit communications. These executives then actively managed and enforced the  
7 agreement through further direct communications.

8 75. This explicit agreement between Apple and Adobe was negotiated,  
9 finalized, implemented, and enforced in the County of Santa Clara.

10 76. The agreement between Apple and Adobe concerned all Apple and all  
11 Adobe employees, was not limited by geography, job function, product group, or time period, and  
12 was not ancillary to any legitimate collaboration between the companies.

13 77. Senior executives of Apple and Adobe actively concealed their unlawful  
14 agreement and their participation in the conspiracy. These concealment efforts occurred  
15 principally in the County of Santa Clara. Employees of Apple and Adobe were not aware of, and  
16 did not agree to, these restrictions.

17 78. In complying with the agreement, Apple placed Adobe on its internal "Do  
18 Not Call List," which instructed Apple recruiters not to cold call Adobe employees. Adobe  
19 included Apple on its internal list of "Companies that are off limits," instructing its employees not  
20 to cold call employees of Apple. Both of these lists were created and maintained in the County of  
21 Santa Clara.

22 4. **Apple Enters Into an Express Agreement with Google To Suppress**  
23 **Employee Compensation And Eliminate Competition**

24 79. The conspiracy expanded to include Google no later than 2006. Apple and  
25 Google agreed to eliminate competition between them for skilled labor, with the intent and effect  
26 of suppressing the compensation and mobility of their employees. Senior executives of Apple  
27 and Google expressly agreed, through direct communications, not to cold call each other's  
28 employees. During 2006, Arthur D. Levinson sat on the boards of both Apple and Google.



1           80.     This explicit agreement between Apple and Google was negotiated,  
2 finalized, implemented, and enforced in the County of Santa Clara.

3           81.     The agreement between Apple and Google concerned all Apple and all  
4 Google employees, was not limited by geography, job function, product group, or time period,  
5 and was not ancillary to any legitimate collaboration between the companies.

6           82.     Apple and Google actively concealed their agreement and their  
7 participation in the conspiracy. These concealment efforts occurred principally in the County of  
8 Santa Clara. Employees were not informed of and did not agree to the restrictions.

9           83.     To ensure compliance with the agreement, Apple placed Google on its  
10 internal "Do Not Call List," which instructed Apple employees not to cold call Google  
11 employees. In turn, Google placed Apple on its internal "Do Not Cold Call" list, and instructed  
12 relevant employees not to cold call Apple employees. Both of these lists were created and  
13 maintained in the County of Santa Clara.

14           84.     Senior executives of Apple and Google monitored compliance with the  
15 agreement and policed violations. In February and March 2007, Apple contacted Google to  
16 complain about suspected violations of the agreement. In response, Google conducted an internal  
17 investigation and reported its findings back to Apple. These enforcement activities occurred in  
18 the County of Santa Clara.

19           **5.     Apple Enters Into Another Express Agreement with Pixar**

20           85.     Beginning no later than April 2007, Apple entered into an agreement with  
21 Pixar that was identical to its earlier agreements with Adobe and Google. Apple and Pixar agreed  
22 to eliminate competition between them for skilled labor, with the intent and effect of suppressing  
23 the compensation and mobility of their employees. Senior executives of Apple and Pixar  
24 expressly agreed, through direct communications, not to cold call each other's employees.

25           86.     This explicit agreement between Apple and Pixar was negotiated, finalized,  
26 implemented, and enforced in the County of Santa Clara and the County of Alameda.

27           87.     At this time, Steve Jobs continued to exert substantial control over Pixar.  
28 On January 24, 2006, Jobs announced that he had agreed to sell Pixar to the Walt Disney

1 Company. After the deal closed, Jobs became the single largest shareholder of the Walt Disney  
2 Company, with over 6% of the company's stock. Jobs thereafter sat on Disney's board of  
3 directors and continued to oversee Disney's animation businesses, including Pixar.

4 88. The agreement between Apple and Pixar concerned all Apple and all Pixar  
5 employees, was not limited by geography, job function, product group, or time period, and was  
6 not ancillary to any legitimate collaboration between the companies.

7 89. Apple and Pixar actively concealed their agreement and their participation  
8 in the conspiracy. Employees were not informed of and did not agree to the restrictions.

9 90. To ensure compliance with the agreement, Apple placed Pixar on its  
10 internal "Do Not Call List," which instructed Apple employees not to cold call Pixar employees.  
11 Apple created and maintained this list in the County of Santa Clara. Pixar instructed its human  
12 resource personnel to adhere to the agreement and to preserve documentary evidence establishing  
13 that Pixar had not actively recruited Apple employees.

14 91. Senior executives of Apple and Pixar monitored compliance with the  
15 agreement and policed violations.

16 **6. Steve Jobs Attempts To Expand the Conspiracy to Include Palm Inc.**

17 92. In approximately August 2007, Steve Jobs contacted the CEO of Palm Inc.  
18 ("Palm"), Edward T. Colligan ("Ed Colligan"), to propose that Apple and Palm agree to refrain  
19 from hiring each other's employees.

20 93. In the several months preceding August 2007, Apple and Palm cold called  
21 each other's employees and otherwise competed for each other's skilled labor. Apple hired  
22 approximately 2% of Palm's workforce, and Palm hired a valuable and highly talented Apple  
23 executive, Jon Rubinstein, among other Apple employees. This lawful competition led to  
24 increased compensation for employees of the companies and increased labor mobility and choice.

25 94. Steve Jobs sought to end competition between Palm and Apple for skilled  
26 labor. Steve Jobs communicated directly with Ed Colligan, stating that "We must do whatever  
27 we can" to stop cold calling and other competitive recruiting efforts between the companies.  
28

1 Steve Jobs attempted to intimidate Palm into agreeing to the proposal by threatening litigation,  
2 and stating that Apple had patents and more money than Palm.

3 95. Ed Colligan rebuffed Steve Jobs' efforts, telling him: "Your proposal that  
4 we agree that neither company will hire the other's employees, regardless of the individual's  
5 desires, is not only wrong, it is likely illegal."

6 96. Approximately all of the relevant events and communications regarding  
7 Steve Jobs' illicit offer to Palm, and Ed Colligan's refusal, occurred within the County of Santa  
8 Clara.

9 **7. Google Enters Into An Express Agreement With Intel**

10 97. In 2007, Google CEO Eric Schmidt sat on Apple's board of directors,  
11 along with Arthur D. Levinson, who continued to sit on the boards of both Apple and Google.

12 98. Beginning no later than September 2007, Google entered into an agreement  
13 with Intel that was identical to Google's earlier agreement with Apple, and identical to Apple's  
14 earlier agreements with Adobe and Pixar. Google and Intel agreed to eliminate competition  
15 between them for skilled labor, with the intent and effect of suppressing the compensation and  
16 mobility of their employees. Senior executives of Google and Intel expressly agreed, through  
17 direct communications, not to cold call each other's employees.

18 99. This explicit agreement between Google and Intel was negotiated,  
19 finalized, implemented, and enforced in the County of Santa Clara.

20 100. The agreement between Google and Intel concerned all Google and all  
21 Intel employees, was not limited by geography, job function, product group, or time period, and  
22 was not ancillary to any legitimate collaboration between the companies. Google and Intel  
23 actively concealed their agreement and their participation in the conspiracy. These concealment  
24 efforts occurred principally in the County of Santa Clara. Employees were not informed of and  
25 did not agree to the restrictions.

26 101. To ensure compliance with the agreement, Google listed Intel on its "Do  
27 Not Cold Call" list and instructed Google employees not to cold call Intel employees. Intel also  
28 informed its relevant personnel about its agreement with Google, and instructed them not to cold

1 call Google employees. Google's "Do Not Cold Call" list was created and maintained in the  
2 County of Santa Clara.

3 102. Senior executives of Google and Intel monitored compliance with the  
4 agreement and policed violations. These enforcement activities occurred in the County of Santa  
5 Clara.

6 **8. Google and Intuit Enter Into Another Express Agreement**

7 103. In June 2007, Google entered into an express agreement with Intuit that  
8 was identical to Google's earlier agreements with Intel and Apple, and identical to the earlier  
9 agreements between Apple and Adobe, and between Apple and Pixar. Google CEO Eric Schmidt  
10 sat on Apple's board of directors, along with Arthur D. Levinson, who continued to sit on the  
11 boards of both Apple and Google.

12 104. Google and Intuit agreed to eliminate competition between them for skilled  
13 labor, with the intent and effect of suppressing the compensation and mobility of their employees.  
14 Senior executives of Google and Intuit expressly agreed, through direct communications, not to  
15 cold call each other's employees. This explicit agreement between Google and Intuit was  
16 negotiated, finalized, implemented, and enforced in the County of Santa Clara.

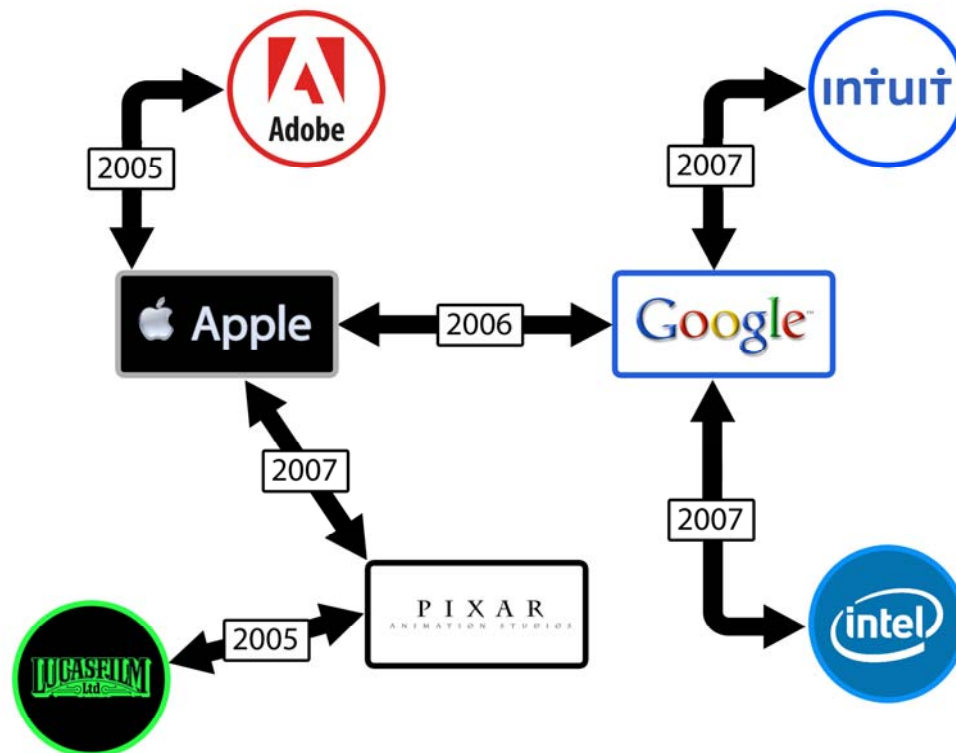
17 105. The agreement between Google and Intuit concerned all Google and all  
18 Intuit employees, was not limited by geography, job function, product group, or time period, and  
19 was not ancillary to any legitimate collaboration between the companies. Google and Intuit  
20 actively concealed their agreement and their participation in the conspiracy. These concealment  
21 efforts occurred principally in the County of Santa Clara. Employees were not informed of and  
22 did not agree to the restrictions.

23 106. To ensure compliance with the agreement, Google listed Intuit on its "Do  
24 Not Cold Call" list and instructed Google employees not to cold call Intuit employees. Intuit also  
25 informed its relevant personnel about its agreement with Google, and instructed them not to cold  
26 call Google employees.

1 107. Senior executives of Google and Intuit monitored compliance with the  
2 agreement and policed violations. These enforcement activities occurred in the County of Santa  
3 Clara.

4 **D. Effects Of Defendants' Conspiracy On Plaintiffs And The Class**

5 108. Defendants eliminated competition for skilled labor by entering into the  
6 interconnected web of agreements, and the overarching conspiracy, alleged herein. These  
7 agreements are summarized graphically as follows:



21 Defendants entered into, implemented, and policed these agreements with the knowledge of the  
22 overall conspiracy, and did so with the intent and effect of fixing the compensation of the  
23 employees of participating companies at artificially low levels. For example, every agreement  
24 alleged herein directly involved a company either controlled by Steve Jobs, or a company that  
25 shared a member of its board of directors with Apple. As additional companies joined the  
26 conspiracy, competition among participating companies for skilled labor further decreased, and  
27 compensation and mobility of the employees of participating companies was further suppressed.  
28 These anticompetitive effects were the purpose of the agreements, and Defendants succeeded in

1 lowering the compensation and mobility of their employees below what would have prevailed in  
2 a lawful and properly functioning labor market.

3 109. Defendants' conspiracy was an ideal tool to suppress their employees'  
4 compensation. Whereas agreements to fix specific and individual compensation packages would  
5 be hopelessly complex and impossible to monitor, implement, and police, eliminating entire  
6 categories of competition for skilled labor (that affected the compensation and mobility of all  
7 employees in a common and predictable fashion) was simple to implement and easy to enforce.

8 110. Plaintiffs and each member of the Class were harmed by each and every  
9 agreement herein alleged. The elimination of competition and suppression of compensation and  
10 mobility had a cumulative effect on all Class members. For example, an individual who was an  
11 employee of Lucasfilm received lower compensation and faced unlawful obstacles to mobility as  
12 a result of not only the illicit agreements with Pixar, but also as a result of Pixar's agreement with  
13 Apple, and so on.

14 **E. The Investigation By The Antitrust Division Of The United States**  
15 **Department Of Justice And Subsequent Admissions By Defendants**

16 111. Beginning in approximately 2009, the Antitrust Division of the United  
17 States Department of Justice (the "DOJ") conducted an investigation into the employment  
18 practices of Defendants. The DOJ issued Civil Investigative Demands to Defendants that resulted  
19 in Defendants producing responsive documents to the DOJ. The DOJ also interviewed witnesses  
20 to certain of the agreements alleged herein.

21 112. After reviewing these materials, the DOJ concluded that Defendants had  
22 agreed to naked restraints of trade that were *per se* unlawful under the antitrust laws. The DOJ  
23 found that Defendants' agreements "are facially anticompetitive because they eliminated a  
24 significant form of competition to attract high tech employees, and, overall, substantially  
25 diminished competition to the detriment of the affected employees who were likely deprived of  
26 competitively important information and access to better job opportunities." The DOJ further  
27 found that the agreements "disrupted the normal price-setting mechanisms that apply in the labor  
28 setting."

1           113. The DOJ also concluded that Defendants’ agreements “were not ancillary  
2 to any legitimate collaboration” and were “much broader than reasonably necessary for the  
3 formation or implementation of any collaborative effort.”

4           114. On September 24, 2010, the DOJ filed a complaint regarding Defendants’  
5 agreements against Adobe, Apple, Google, Intel, Intuit, and Pixar. On December 21, 2010, the  
6 DOJ filed another complaint regarding Defendants’ agreements, this time against Lucasfilm and  
7 Pixar. In both cases, the DOJ filed stipulated proposed final judgments in which Adobe, Apple,  
8 Google, Intel, Intuit, Lucasfilm, and Pixar agreed that the DOJ’s complaints “state[] a claim upon  
9 which relief may be granted” under federal antitrust law.

10           115. In the stipulated proposed final judgments, Adobe, Apple, Google, Intel,  
11 Intuit, Lucasfilm, and Pixar agreed to be “enjoined from attempting to enter into, maintaining or  
12 enforcing any agreement with any other person or in any way refrain from, requesting that any  
13 person in any way refrain from, or pressuring any person in any way to refrain from soliciting,  
14 cold calling, recruiting, or otherwise competing for employees of the other person.” Defendants  
15 also agreed to a variety of enforcement measures and to comply with ongoing inspection  
16 procedures. The United States District Court for the District of Columbia entered the stipulated  
17 proposed final judgments on March 17, 2011 and June 3, 2011.

18           116. After the DOJ’s investigation became public in the fall of 2010,  
19 Defendants acknowledged participating in the agreements the DOJ alleged in its complaints.  
20 These acknowledgments included a statement on September 24, 2010 by Amy Lambert, associate  
21 general counsel for Google, who stated that, for years, Google had “decided” not to “‘cold call’  
22 employees at a few of our partner companies.” Lambert also said that a “number of other tech  
23 companies had similar ‘no cold call’ policies—policies which the U.S. Justice Department has  
24 been investigating for the past year.”

25           117. The DOJ did not seek monetary penalties of any kind against Defendants,  
26 and made no effort to compensate employees of the Defendants who were harmed by Defendants’  
27 anticompetitive conduct.  
28





1 agreements, and, as a result, have been injured in their property and have suffered damages in an  
2 amount according to proof at trial.

3 124. The acts done by each Defendant as part of, and in furtherance of, their  
4 contracts, combinations or conspiracies were authorized, ordered, or done by their respective  
5 officers, directors, agents, employees, or representatives while actively engaged in the  
6 management of each Defendant's affairs.

7 125. Defendants' contracts, combinations and/or conspiracies are *per se*  
8 violations of Section 1 of the Sherman Act.

9 126. Accordingly, Plaintiffs and members of the Class seek three times their  
10 damages caused by Defendants' violations of Section 1 of the Sherman Act, the costs of bringing  
11 suit, reasonable attorneys' fees, and a permanent injunction enjoining Defendants' from ever  
12 again entering into similar agreements in violation of Section 1 of the Sherman Act.

13 **SECOND CLAIM FOR RELIEF**

14 *(Violations of the Cartwright Act, Cal. Bus. & Prof. Code §§ 16720, et seq.)*

15 127. Plaintiffs, on behalf of themselves and all others similarly situated, reallege  
16 and incorporate herein by reference each of the allegations contained in the preceding paragraphs  
17 of this Complaint, and further alleges against Defendants and each of them as follows:

18 128. Defendants entered into and engaged in an unlawful trust in restraint of the  
19 trade and commerce described above in violation of California Business and Professions Code  
20 section 16720. Beginning no later than January 2005 and continuing at least through 2009,  
21 Defendants engaged in continuing trusts in restraint of trade and commerce in violation of the  
22 Cartwright Act.

23 129. Defendants' trusts have included concerted action and undertakings among  
24 the Defendants with the purpose and effect of: (a) fixing the compensation of Plaintiffs and the  
25 Class at artificially low levels; and (b) eliminating, to a substantial degree, competition among  
26 Defendants for skilled labor.

27 130. As a direct and proximate result of Defendants' combinations and contracts  
28 to restrain trade and eliminate competition for skilled labor, members of the Class have suffered

1 injury to their property and have been deprived of the benefits of free and fair competition on the  
2 merits.

3 131. The unlawful trust among Defendants has had the following effects, among  
4 others:

5 a. competition among Defendants for skilled labor has been  
6 suppressed, restrained, and eliminated; and

7 b. Plaintiffs and Class members have received lower compensation  
8 from Defendants than they otherwise would have received in the absence of Defendants' unlawful  
9 trust, and, as a result, have been injured in their property and have suffered damages in an amount  
10 according to proof at trial.

11 132. Plaintiffs and members of the Class are "persons" within the meaning of  
12 the Cartwright Act as defined in section 16702.

13 133. The acts done by each Defendant as part of, and in furtherance of, their  
14 contracts, combinations or conspiracies were authorized, ordered, or done by their respective  
15 officers, directors, agents, employees, or representatives while actively engaged in the  
16 management of each Defendant's affairs.

17 134. Defendants' contracts, combinations and/or conspiracies are *per se*  
18 violations of the Cartwright Act.

19 135. Accordingly, Plaintiffs and members of the Class seek three times their  
20 damages caused by Defendants' violations of the Cartwright Act, the costs of bringing suit,  
21 reasonable attorneys' fees, and a permanent injunction enjoining Defendants' from ever again  
22 entering into similar agreements in violation of the Cartwright Act.

23 **THIRD CLAIM FOR RELIEF**  
24 ***(Violations of Cal. Bus. & Prof. Code § 16600)***

25 136. Plaintiffs, on behalf of themselves and all others similarly situated, reallege  
26 and incorporate herein by reference each of the allegations contained in the preceding paragraphs  
27 of this Complaint, and further alleges against Defendants and each of them as follows:  
28



1           145. Defendants' actions to restrain trade and fix the total compensation of their  
2 employees constitute unfair competition and unlawful, unfair, and fraudulent business acts and  
3 practices in violation of California Business and Professions Code sections 17200, *et seq.*

4           146. The conduct of Defendants in engaging in combinations with others with  
5 the intent, purpose, and effect of creating and carrying out restrictions in trade and commerce;  
6 eliminating competition among them for skilled labor; and fixing the compensation of their  
7 employees at artificially low levels, constitute and was intended to constitute unfair competition  
8 and unlawful, unfair, and fraudulent business acts and practices within the meaning of California  
9 Business and Professions Code section 17200.

10           147. Defendants also violated California's Unfair Competition Law by violating  
11 the Sherman Act, Cartwright Act, and/or by violating Section 16600.

12           148. As a result of Defendants' violations of Business and Professions Code  
13 section 17200, Defendants have unjustly enriched themselves at the expense of Plaintiffs and the  
14 Class. The unjust enrichment continues to accrue as the unlawful, unfair, and fraudulent business  
15 acts and practices continue.

16           149. To prevent their unjust enrichment, Defendants and their co-conspirators  
17 should be required pursuant to Business and Professions Code sections 17203 and 17204 to  
18 disgorge their illegal gains for the purpose of making full restitution to all injured class members  
19 identified hereinabove. Defendants should also be permanently enjoined from continuing their  
20 violations of Business and Professions Code section 17200.

21           150. The acts and business practices, as alleged herein, constituted and  
22 constitute a common, continuous, and continuing course of conduct of unfair competition by  
23 means of unfair, unlawful, and/or fraudulent business acts or practices within the meaning of  
24 California Business and Professions Code section 17200, *et seq.*, including, but in no way limited  
25 to, violations of the Sherman Act, Cartwright Act, and/or Section 16600.

26           151. Defendants' acts and business practices as described above, whether or not  
27 in violation of the Sherman Act, Cartwright Act, and/or Section 16600 are otherwise unfair,  
28 unconscionable, unlawful, and fraudulent.





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