#### CANADA

#### PROVINCE OF QUEBEC DISTRICT OF MONTREAL

**NO:** 500-06-001106-208

#### (Class Action) SUPERIOR COURT



Applicant

-VS-

**APPLE CANADA INC.**, legal person having its head office at 1600-120 Bremner Boulevard, Toronto, Province of Ontario, M5J 0A8

and

**APPLE INC.**, legal person having its head office at 1 Infinite Loop, Cupertino, California, 95014, United States of America

Defendants

#### APPLICATION TO AUTHORIZE THE BRINGING OF A CLASS ACTION AND TO APPOINT THE STATUS OF REPRESENTATIVE PLAINTIFF (ARTICLES 571 AND FOLLOWING C.C.P.)

#### TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN AND FOR THE DISTRICT OF MONTREAL, YOUR APPLICANT STATES AS FOLLOWS:

#### I. <u>GENERAL PRESENTATION</u>

- On November 30, 2020, it was reported in multiple news mediums that Apple was fined \$12M for unfair and misleading claims about the water resistance of several of their iPhone models (iPhone 8, iPhone 8 Plus, iPhone XR, iPhone XS, iPhone XS Max, iPhone 11, iPhone 11pro and iPhone 11 pro Max), as it appears *en liasse* from **Exhibit P-1**;
- 2. In particular, the first article in Exhibit P-1 states that the Italian antitrust authority found that Apple was guilty of the following two things:

"The first concerns the marketing of a number of different iPhone models – iPhone 8, iPhone 8 Plus, iPhone XR, iPhone XS, iPhone XS Max, iPhone 11, iPhone 11pro and iPhone 11 pro Max – in which it was claimed that each of the advertised products was water resistant to a maximum depth varying between 4 meters and 1 meter depending on the model. for up to 30 minutes.

According to the Authority, however, the messages did not clarify that these claims were true only in the presence of specific conditions, for example during specific and controlled laboratory tests with the use of static and pure water, and not in normal use of the devices by consumers.

Second, and more seriously, Apple made iPhone water resistance claims in its marketing, but then refused warranty service on phones which suffered water damage.

Furthermore, the disclaimer "The guarantee does not cover damage caused by liquids", given the emphatic advertising boast of water resistance, was considered likely to deceive consumers by not clarifying which type of guarantee it referred to (conventional guarantee or legal guarantee), nor was it deemed capable of adequately contextualizing the conditions and limitations of the claims of water resistance.

The Antitrust also considered it appropriate to take into account Apple's refusal, in the post-sales phase, to honor warranties when those iPhone models were damaged by water or other liquids, thus depriving consumers of the rights they should expect from the guarantee or in the Consumer Code.

[our emphasis in bold]

- 3. A copy of the decision by the Italian AGCM and its Statement are communicated herewith *en liasse* as **Exhibit P-2** and will be translated for the authorization hearing;
- Defendants Apple Canada Inc. and Apple Inc. (hereinafter collectively referred to as "Apple") market and sell iPhones, including iPhones sold in the province of Quebec;
- 5. The iPhones marketed and sold by Apple in the province of Quebec also included the same or very similar misleading representations concerning the

water resistance of their iPhones, namely that they are "**Water-resistant to a depth of 4 metres for up to 30 minutes**", as it appears from Apple's Canadian website, the "Compare iPhone models" page communicated herewith as **Exhibit P-3**;

6. Consequently, Applicant wishes to institute a class action on behalf of the following class of which he is a member, namely:

#### Class:

All legal and natural persons residing in the province of Quebec who purchased an Apple iPhone marketed as Waterresistant to a depth of 1 to 6 metres and for up to 30 minutes;

(hereinafter referred to as the "Class")

#### Sub-Class:

All legal and natural persons residing in the province of Quebec who purchased an Apple iPhone marketed as Waterresistant to a depth of 1 to 6 metres and for up to 30 minutes and who were refused free warranty service by Apple after their iPhones were damaged by water or other liquids;

(hereinafter referred to as the "Sub-Class")

or any other Class or Sub-Class to be determined by the Court;

#### II. THE PARTIES

- 7. Applicant resides in the judicial district of Montreal and is a consumer within the meaning of the *CPA*;
- 8. Defendant Apple Inc. is a multinational technology company based in Cupertino, California, that designs, develops, markets, sells and services consumer electronics, including Apple Products;
- 9. Defendant Apple Canada Inc. operates as a subsidiary of Defendant Apple, Inc. and engages in the distribution and servicing of Apple Products in Canada, as it appears from the extract of the CIDREQ, **Exhibit P-4**;
- 10. The Defendants are "*merchants*" within the meaning of the *CPA* and their activities are governed by this legislation, among others;

#### III. <u>CONDITIONS REQUIRED TO AUTHORIZE THIS CLASS ACTION AND TO</u> <u>APPOINT THE STATUS OF REPRESENTATIVE PLAINTIFF (SECTION 575</u> <u>C.C.P.):</u>

#### A) THE FACTS ALLEGED APPEAR TO JUSTIFY THE CONCLUSIONS SOUGHT

- 11. Over the last few years, the Applicant had purchased Apple iPhones, including his recent purchase of the iPhone 11 Pro Max (256GB) for approximately \$2,000.00 on November 29, 2019 (through Fido);
- 12. Prior to purchasing the iPhone 11 Pro Max, the Applicant purchased the iPhone X for approximately \$1,300.00 on February 7, 2018 (through Fido);
- 13. On its website and in its marketing, Apple declares and represents that the iPhone 11 Pro Max and the iPhone X are "Water-resistant to a depth of 4 metres for up to 30 minutes" (Exhibit P-3);
- 14. These representations, concerning water resistance, made by Apple were a major selling point for the Applicant;
- 15. These water resistance claims were false and misleading because it was not clear to the Applicant (or to any credulous consumer using an objective standard) that these claims were only accurate in ideal laboratory conditions, and that the Apple iPhones had not passed the same tests in real-life conditions;
- 16. The Applicant was deceived by Apple and would have not purchased said iPhones had he known that Apple's water resistance claims were false and misleading;
- 17. Applicant learnt about the decision of the Italian authorities on November 30, 2020 (see Exhibit P-1) and is instituting this action to hold Apple accountable for its misrepresentations, to obtain compensation for himself and for the Class and to deter other large corporations from engaging in this type of conduct;
- 18. The Applicant believes that further evidentiary support for his allegations will come to light after a reasonable opportunity for discovery;
- 19. Applicant's damages are a direct and proximate result of Apple's misconduct;
- 20. As a result of the foregoing, Applicant and Class and Sub-Class Members are justified in claiming compensatory damages, as well as punitive damages based on Quebec's *Consumer Protection Act* and the Civil Code of Quebec and;

#### Applicant's claim for punitive damages

- 21. Applicant is a consumer and can therefore claim punitive damages for a breach of the CPA, pursuant to s. 272 CPA;
- 22. Apple's overall conduct before, during and after the violation, was lax, careless, passive and ignorant with respect to Quebec consumers' rights and to their own obligations (the misleading representations are still on Apple's website as of the

date of this filing);

- 23. In this case, Apple continues to breach the CPA for a significant period;
- 24. This *laissez-faire* attitude, of it's not cheating unless you get caught, is in and of itself an important reason for this Court to impose measures that will punish Apple, as well as deter and dissuade other foreign entities from engaging in similar reprehensible conduct to the detriment of Quebec consumers;
- 25. The reality is that Apple has likely generated hundreds of millions of dollars in revenues over the years by selling its iPhones to Quebec consumers;
- 26. Apple's violations were intentional, calculated, malicious and vexatious;
- 27. Applicant is accordingly entitled to claim and does hereby claim from Apple \$300.00 per Class Member on account of punitive damages;
- 28. Apple's patrimonial situation is so significant that the foregoing amount of punitive damages is appropriate in the circumstance;

### B) THE CLAIMS OF THE MEMBERS OF THE CLASS RAISE IDENTICAL, SIMILAR OR RELATED ISSUES OF LAW OR FACT:

- 29. The recourses of the Class and Sub-Class Members raise identical, similar or related questions of fact or law, namely:
  - a) Is Apple's representations that its iPhone are Water-resistant to a depth of 1 to 6 metres and for up to 30 minutes misleading?
  - b) Did Apple conceal or fail to mention an important fact in any of the representations made to Class and Sub-Class Members concerning the water resistance of its iPhone?
  - c) If so, are Class and Sub-Class Members entitled to compensatory damages and in what amount?
  - d) Are Class and Sub-Class who are consumers within the meaning of the CPA entitled to punitive damages?
  - e) Are Sub-Class Members who paid to repair their iPhones damaged by water infiltration entitled to damages?
- 30. Each Class and Sub-Class Member is justified in claiming at least one or more of the following as damages:
  - Reimbursement of the whole (or a portion) of the costs of their Apple iPhone;

- Reimbursement of the whole of the costs incurred to repair water damage after Apple refused to cover water damage under its warranty;
- Punitive damages in the amount of \$300.00 each.
- 31. All of the damages to the Class and Sub-Class Members are a direct and proximate result of Apple's misconduct;
- 32. Individual questions, if any, pale by comparison to the common questions that are significant to the outcome of the present Application;

#### C) THE COMPOSITION OF THE CLASS

- 33. The composition of the Class and Sub-Class makes it difficult or impracticable to apply the rules for mandates to take part in judicial proceedings on behalf of others or for consolidation of proceedings;
- 34. Apple has likely sold millions of iPhones consumers in Quebec during the Class Period;
- 35. The size of the Class is conservatively estimated to include tens of thousands of people in Quebec;
- 36. The names and addresses of all persons included in the Class are not known to the Applicant, however, are likely in the possession of Apple;
- 37. Class members are very numerous and are dispersed across the province, across Canada and elsewhere;
- 38. These facts demonstrate that it would be impractical, if not impossible, to contact each and every Class and Sub-Class Member to obtain mandates and to join them in one action;
- 39. In these circumstances, a class action is the only appropriate procedure for all of the members of the Class and Sub-Class to effectively pursue their respective rights and have access to justice without overburdening the court system;

#### D) THE CLASS MEMBER REQUESTING TO BE APPOINTED AS REPRESENTATIVE PLAINTIFF IS IN A POSITION TO PROPERLY REPRESENT THE CLASS MEMBERS

- 40. Applicant requests that he be appointed the status of representative plaintiff for the following principal reasons recognized and applied liberally by recent jurisprudence:
  - a) he is a member of the Class and has a personal interest in seeking the conclusions that he proposes herein;

- b) he is competent, in that he has the potential to be the mandatary of the action if it had proceeded under article 91 of the *Code of Civil Procedure*;
- c) his interests are not antagonistic to those of other members of the Class;
- 41. Additionally, Applicant respectfully adds that:
  - a) he has the time, energy, will and determination to assume all the responsibilities incumbent upon him in order to diligently carry out the action;
  - b) he initially contacted his attorneys to mandate them to file the present application for the sole purpose of having his rights, as well as the rights of other Class and Sub-Class Members, recognized and protected so that they may be compensated for the damages that they have suffered as a consequence of Apple's illegal behavior and so that Apple can be held accountable for its misconduct;
  - c) he cooperates and will continue to fully cooperate with his attorneys, who have experience in consumer protection-related class actions;
  - d) he has read this Application prior to its court filing, reviewed the exhibits in support thereof and understands the nature of the action;
- 42. As for identifying other Class and Sub-Class Members, Applicant draws certain inferences from the situation and realizes that by all accounts, there is a very important number of consumers that find themselves in an identical situation, and that it would not be useful for him to attempt to identify them given their sheer number;
- 43. For the above reasons, Applicant respectfully submits that his interest and competence are such that the present class action could proceed fairly and in the best interest of Class and Sub-Class Members;

#### IV. DAMAGES

- 44. During the Class Period, Apple has likely generated hundreds of millions of dollars selling Apple iPhone to Class Members and charging Sub-Class Members to repair iPhones damaged by water (which should have been covered under the warranty after they marketed these iPhones as Water-resistant to a depth of 1 to 6 metres and for up to 30 minutes);
- 45. Apple's misconduct is reprehensible and to the detriment of vulnerable Quebec consumers;
- 46. Apple must be held accountable for the breach of obligations imposed on it by consumer protection legislation in Quebec, including:
  - a) Quebec's Consumer Protection Act, notably sections 37, 38, 219, 228 and

272;

- 47. In light of the foregoing, the following damages may be claimed against Apple:
  - a) compensatory damages, in an amount to be determined, on account of the damages suffered; and
  - b) punitive damages, in the amount of \$300.00 per Class and Sub-Class Member, for the breach of obligations imposed on Apple pursuant to section 272 *CPA*;

#### V. NATURE OF THE ACTION AND CONCLUSIONS SOUGHT

- 48. The action that the Applicant wishes to institute on behalf of the members of the Class and Sub-Class is an action in damages;
- 49. The conclusions that the Applicant wishes to introduce by way of an originating application are:

**GRANT** Plaintiff's action against Defendants on behalf of all the Class and Sub-Class Members;

**DECLARE** the Defendants liable for the damages suffered by the Applicant and each of the Class and Sub-Class Members;

**CONDEMN** the Defendants, solidarily, to pay the Plaintiff the amount of \$3,300 in damages;

**CONDEMN** the Defendants, solidarily, to pay to each Class and Sub-Class Member compensatory damages, in an amount to be determined, and **ORDER** collective recovery of these sums;

**CONDEMN** the Defendants, solidarily, to pay to each Class and Sub-Class Member the sum of \$300.00 on account of punitive damages, and **ORDER** collective recovery of these sums;

**CONDEMN** the Defendants, solidarily, to pay interest and the additional indemnity on the above sums according to law from the date of service of the Application to Authorize a Class Action;

**ORDER** the Defendants, solidarily, to deposit in the office of this Court the totality of the sums which forms part of the collective recovery, with interest and costs;

**ORDER** that the claims of individual Class and Sub-Class Members be the object of collective liquidation if the proof permits and alternately, by individual liquidation;

**CONDEMN** the Defendants, solidarily, to bear the costs of the present action at

all levels, including the cost of all exhibits, notices, the cost of management of claims and the costs of experts, if any, including the costs of experts required to establish the amount of the collective recovery orders;

50. The interests of justice favour that this Application be granted in accordance with its conclusions;

#### VI. JURISDICTION

51. The Applicant suggests that this class action be exercised before the Superior Court of the province of Quebec, in the district of Montreal, because the Applicant is a consumer who has his domicile and residence in the judicial district of Montreal;

#### FOR THESE REASONS, MAY IT PLEASE THE COURT:

**GRANT** the present application;

**AUTHORIZE** the bringing of a class action in the form of an originating application in damages;

**APPOINT** the Applicant the status of representative plaintiff of the persons included in the Class herein described as:

#### Class:

All legal and natural persons residing in the province of Quebec who purchased an Apple iPhone marketed as Waterresistant to a depth of 1 to 6 metres and for up to 30 minutes;

(hereinafter referred to as the "Class")

#### Sub-Class:

All legal and natural persons residing in the province of Quebec who purchased an Apple iPhone marketed as Waterresistant to a depth of 1 to 6 metres and for up to 30 minutes and who were refused free warranty service by Apple after their iPhones were damaged by water or other liquids;

(hereinafter referred to as the "Sub-Class")

or any other Class or Sub-Class to be determined by the Court;

**IDENTIFY** the principle questions of fact and law to be treated collectively as the following:

a) Is Apple's representations that its iPhone are Water-resistant to a

depth of 1 to 6 metres and for up to 30 minutes misleading?

- b) Did Apple conceal or fail to mention an important fact in any of the representations made to Class and Sub-Class Members concerning the water resistance of its iPhone?
- c) If so, are Class and Sub-Class Members entitled to compensatory damages and in what amount?
- d) Are Class and Sub-Class who are consumers within the meaning of the CPA entitled to punitive damages?
- e) Are Sub-Class Members who paid to repair their iPhones damaged by water infiltration entitled to damages?

**IDENTIFY** the conclusions sought by the class action to be instituted as being the following:

**GRANT** Plaintiff's action against Defendants on behalf of all the Class and Sub-Class Members;

**DECLARE** the Defendants liable for the damages suffered by the Applicant and each of the Class and Sub-Class Members;

**CONDEMN** the Defendants, solidarily, to pay the Plaintiff the amount of \$3,300 in damages;

**CONDEMN** the Defendants, solidarily, to pay to each Class and Sub-Class Member compensatory damages, in an amount to be determined, and **ORDER** collective recovery of these sums;

**CONDEMN** the Defendants, solidarily, to pay to each Class and Sub-Class Member the sum of \$300.00 on account of punitive damages, and **ORDER** collective recovery of these sums;

**CONDEMN** the Defendants, solidarily, to pay interest and the additional indemnity on the above sums according to law from the date of service of the Application to Authorize a Class Action;

**ORDER** the Defendants, solidarily, to deposit in the office of this Court the totality of the sums which forms part of the collective recovery, with interest and costs;

**ORDER** that the claims of individual Class and Sub-Class Members be the object of collective liquidation if the proof permits and alternately, by individual liquidation;

**CONDEMN** the Defendants, solidarily, to bear the costs of the present

action at all levels, including the cost of all exhibits, notices, the cost of management of claims and the costs of experts, if any, including the costs of experts required to establish the amount of the collective recovery orders;

**DECLARE** that all members of the Class and Sub-Class that have not requested their exclusion, be bound by any judgement to be rendered on the class action to be instituted in the manner provided for by the law;

**FIX** the delay of exclusion at thirty (30) days from the date of the publication of the notice to the members, date upon which the members of the Class and Sub-Class that have not exercised their means of exclusion will be bound by any judgement to be rendered herein;

**ORDER** the publication of a notice to the members of the Class and Sub-Class in accordance with article 579 C.C.P. within sixty (60) days from the judgement to be rendered herein in the "News" sections of the Saturday editions of Le Journal de Montréal and the MONTREAL GAZETTE;

**ORDER** that said notice be published on the Defendants' Canadian website (<u>www.apple.com/ca</u>), Facebook page and Twitter account, in a conspicuous place, with a link stating "Notice of a Quebec Class Action";

**ORDER** the Defendants to send an Abbreviated Notice by e-mail to each Class and Sub-Class Member, to their last known e-mail address, with the subject line "Notice of a Class Action";

**RENDER** any other order that this Honourable Court shall determine;

**THE WHOLE** with costs including publication fees.

Montréal, November 30, 2020

(s) LPC Avocat Inc.

LPC AVOCAT INC. Me Joey Zukran 276, rue Saint-Jacques, suite 801 Montréal, Québec, H2Y 1N3 Office: (514) 379-1572 Fax: (514) 221-4441 Email: jzukran@lpclex.com Counsel for Applicant

#### SUMMONS (ARTICLES 145 AND FOLLOWING C.C.P)

#### Filing of a judicial application

Take notice that the Applicant has filed this Application for Authorization to Institute a Class Action and to Appoint the Status of Representative Plaintiff in the office of the Superior Court in the judicial district of **Montreal**.

#### **Defendant's answer**

You must answer the application in writing, personally or through a lawyer, at the courthouse of **Montreal** situated at **1 Rue Notre-Dame E, Montréal, Quebec, H2Y 1B6**, within 15 days of service of the Application or, if you have no domicile, residence or establishment in Québec, within 30 days. The answer must be notified to the Applicant's lawyer or, if the Applicant is not represented, to the Applicant.

#### Failure to answer

If you fail to answer within the time limit of 15 or 30 days, as applicable, a default judgement may be rendered against you without further notice and you may, according to the circumstances, be required to pay the legal costs.

#### Content of answer

In your answer, you must state your intention to:

- negotiate a settlement;
- propose mediation to resolve the dispute;
- defend the application and, in the cases required by the Code, cooperate with the Applicant in preparing the case protocol that is to govern the conduct of the proceeding. The protocol must be filed with the court office in the district specified above within 45 days after service of the summons or, in family matters or if you have no domicile, residence or establishment in Québec, within 3 months after service;
- propose a settlement conference.

The answer to the summons must include your contact information and, if you are represented by a lawyer, the lawyer's name and contact information.

#### Change of judicial district

You may ask the court to refer the originating Application to the district of your domicile or residence, or of your elected domicile or the district designated by an agreement with the plaintiff.

If the application pertains to an employment contract, consumer contract or insurance contract, or to the exercise of a hypothecary right on an immovable serving as your main residence, and if you are the employee, consumer, insured person, beneficiary of the insurance contract or hypothecary debtor, you may ask for a referral to the district of your domicile or residence or the district where the immovable is situated or the loss occurred. The request must be filed with the special clerk of the district of territorial jurisdiction after it has been notified to the other parties and to the office of the court already seized of the originating application.

#### Transfer of application to Small Claims Division

If you qualify to act as a plaintiff under the rules governing the recovery of small claims, you may also contact the clerk of the court to request that the application be processed according to those rules. If you make this request, the plaintiff's legal costs will not exceed those prescribed for the recovery of small claims.

#### Calling to a case management conference

Within 20 days after the case protocol mentioned above is filed, the court may call you to a case management conference to ensure the orderly progress of the proceeding. Failing this, the protocol is presumed to be accepted.

#### Exhibits supporting the application

In support of the Application for Authorization to Institute a Class Action and to Appoint the Status of Representative Plaintiff, the Applicant intends to use the following exhibits:

- Exhibit P-1: En liasse, copies of the November 30, 2020 articles titled "Apple fined \$12M for unfair claims about water resistance" (<u>https://9to5mac.com/2020/11/30/apple-fined-12m-for-unfair-claims-about-iphone-water-resistance/</u>) and the Register article titled "Italian competition watchdog slaps Apple with €10m fine over allegedly misleading iPhone waterproofing claims" (<u>https://www.theregister.com/2020/11/30/apple\_italy\_waterproof\_fine/</u>)
- **Exhibit P-2:** *En liasse*, copies of the Italian decision by the AGCM against Apple and the Statement of the AGCM;
- Exhibit P-3: Extract of Apple's webpage titled "Compare iPhone models" (<u>https://www.apple.com/ca/iphone/compare/?device1=iphone11promax&d</u> evice2=iphoneX&device3=iphone11pro);
- **Exhibit P-4:** Extract of the CIDREQ for Apple Canada Inc.

These exhibits are available on request.

#### Notice of presentation of an application

If the application is an application in the course of a proceeding or an application under Book III, V, excepting an application in family matters mentioned in article 409, or VI of the Code, the establishment of a case protocol is not required; however, the application must be accompanied by a notice stating the date and time it is to be presented.

Montréal, November 30, 2020

(s) LPC Avocat Inc.

LPC AVOCAT INC. Me Joey Zukran 276, rue Saint-Jacques, suite 801 Montréal, Québec, H2Y 1N3 Office: (514) 379-1572 Fax: (514) 221-4441 Email: jzukran@lpclex.com Counsel for Applicant

#### NOTICE OF PRESENTATION

(articles 146 and 574 al. 2 C.C.P.)

TO: APPLE CANADA INC. 1600-120 Bremner Boulevard, Toronto, Ontario, M5J 0A8 Defendant

#### APPLE INC.

1 Infinite Loop, Cupertino, California, 95014 USA **Defendant** 

**TAKE NOTICE** that Applicant's *Application to Authorize the Bringing of a Class Action and to Appoint the Status of Representative Plaintiff* will be presented before the Superior Court at **1 Rue Notre-Dame E, Montréal, Quebec, H2Y 1B6**, on the date set by the coordinator of the Class Action chamber.

#### GOVERN YOURSELVES ACCORDINGLY.

Montréal, November 30, 2020

(s) LPC Avocat Inc.

LPC AVOCAT INC. Me Joey Zukran 276, rue Saint-Jacques, suite 801 Montréal, Québec, H2Y 1N3 Office: (514) 379-1572 Fax: (514) 221-4441 Email: jzukran@lpclex.com Counsel for Applicant

# 500-06-001106-208

## (Class Action) SUPERIOR COURT DISTRICT OF MONTREAL

DAVID ZOUZOUT

Applicant

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**APPLE CANADA INC.** and

and APPLE INC.

Defendants

APPLICATION TO AUTHORIZE THE BRINGING OF A CLASS ACTION AND TO APPOINT THE STATUS OF REPRESENTATIVE PLAINTIFF (ARTICLES 571 AND FOLLOWING C.C.P.)

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