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11 **SUPERIOR COURT OF CALIFORNIA**

12 **COUNTY OF SAN DIEGO**

13 ROSEMARIE RIVALI, on behalf of herself and
all others similarly situated,

14 Plaintiff,

15 v.

16 SHUTTERFLY, LLC, a Delaware limited liability
17 company, and DOES 1- 50, inclusive,

18 Defendants.

Case No. 37-2023-00019221-CU-BT-NC

[E-FILE]

CLASS ACTION

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
PLAINTIFF'S UNOPPOSED MOTION FOR
ATTORNEYS' FEES, COSTS, AND
INCENTIVE AWARD**

Date: February 9, 2024

Time: 1:30 P.M.

Judge: Cynthia A. Freeland

Dept: N-27

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1 **I. INTRODUCTION**

2 On August 25, 2023, the Honorable Cynthia A. Freeland preliminarily approved the Settlement¹
3 as fair, adequate, and reasonable. Plaintiff now brings this Motion for Attorney Fees, Costs, and Incentive
4 Award, seeking \$2,400,000 for a Settlement conferring a benefit estimated to be \$119,600,000.² This
5 amount was part of a negotiated Settlement and is unopposed. As described in Plaintiff’s Unopposed
6 Motion for Preliminary Approval of Settlement and Provisional Class Certification (ROA Nos. 10-13),
7 and agreed by the Court, Plaintiff achieved an outstanding Class Settlement in this false discount pricing
8 consumer class action. This Settlement requires Shutterfly, LLC (“Defendant” or “Shutterfly”), who owns
9 and operates an e-commerce website that makes and sells custom cards, photo books, prints, home décor,
10 gifts, etc., to distribute to the Class a benefit of a \$25.00 Voucher for each Claim-in-Class Member and a
11 \$5 Direct Benefit Voucher for each Direct Benefit Class Member.³ The Vouchers of this Settlement
12 provide a real economic benefit, allowing consumers to purchase hundreds of items, including photo
13 books, cards, stationery, glassware, home décor, and other products without having to paying anything
14 out of pocket.⁴ Additionally, the Settlement protects consumer rights by providing injunctive relief and
15 deterring retailers from engaging in similar alleged misconduct.

16 Following agreement on the material terms of the Settlement, the Parties negotiated Lynch
17 Carpenter, LLP, and Keller Postman LLC’s (“Class Counsel”) attorneys’ fees and costs of \$2,400,000 and
18 the Named Plaintiff’s Individual Settlement Award in the amount of \$12,500 to be paid by Defendant
19 subject to Court approval. (See SA, §§ 2.5-2.6); Declaration of Todd D. Carpenter (“Carpenter Decl.”), in
20 support, filed concurrently herewith, ¶ 9.) Plaintiff now respectfully requests the Court award \$2,400,000

21 ¹ All capitalized terms, unless otherwise defined, have the same definition as those terms in the Settlement
22 Agreement and Release (ROA No. 12, Ex. 1) (“SA”).

23 ² See *infra* fn. 5.

24 ³ There are several items that are valued at \$5 or under on Shutterfly’s website, including its Holiday
25 Cards (750+ items), Christmas Cards (750+ items), Thank You Cards (490+ items), Personal Stationery
26 (100+ items), Return Address Labels (1000+ items), Birthday Invitations (220+ items), Wedding
27 Invitations (340+ items), Save the Date cards (270+ items), Wedding Announcements (160+ items),
28 Wedding Enclosure Cards (320+items), and RSVP cards (340+ items), among other items.

⁴ Class Counsel’s pre-suit investigation, as well as a review of Shutterfly’s website at the time of filing
this motion, demonstrates that at any one time, there are thousands of items for sale at \$25 or less, meaning
Claim-in Class Members would not be required to come out-of-pocket to make a purchase. These items
include photo books, cards and stationery, wall art, calendars, as well as home décor for the office, kitchen,
and outdoors. See <https://www.shutterfly.com>. Furthermore, there is a category for personalized gifts
under \$25. See <https://www.shutterfly.com/personalized-gifts/under-25-gifts/>.

1 in attorneys' fees and costs, and an Individual Settlement Award of \$12,500 to Plaintiff for her
2 commitment in serving as Class representative.

3 **II. SUMMARY OF CLASS COUNSEL'S WORK**

4 Prior to the commencement of litigation on April 1, 2022, Class Counsel spent sixteen months
5 investigating Plaintiff's claims, including extensive and daily or near-daily gathering of pricing data from
6 Defendant's e-commerce store, Shutterfly.com. (See Carpenter Decl., ¶ 2.) Specifically, Class Counsel
7 tracked and cataloged numerous items listed for sale on Defendant's website. (See *ibid.*) The investigation
8 revealed that Defendant continuously discounted its products by setting an "Original" price, a "Sale" price,
9 and a "% off" (final discount) price for well over 90 days at a time. (See *id.* at ¶ 3.) Thus, Class Counsel
10 believes the investigation revealed Shutterfly's "Original" prices were false and used exclusively to induce
11 consumers to believe that the merchandise was once sold at the "Original" price from which the false
12 discount and corresponding sale prices were derived. Class Counsel further interpreted the data to show
13 that the investigated products were "discounted" against the "Original" price for a length of time that
14 exceeded the time allowed under California's False Advertising Law ("FAL") and the Federal Trade
15 Commission Act ("FCTA"). As part of the investigation, Class Counsel retained an economist to develop
16 and support the damages alleged by Plaintiff. (See *id.* at ¶ 5.) This investigative work combined with
17 consultation with a damage expert was critical to Class Counsel's understanding of Defendant's conduct
18 and the formation of the legal theories advanced by Plaintiff as they related to associated damages models.

19 Class Counsel also analyzed the relevant legal issues in regard to the claims asserted and
20 Shutterfly's potential defenses. For example, Lynch Carpenter discovered the presence of an arbitration
21 provision in the terms and conditions on Shutterfly's website, which potentially subjected its large
22 customer base to resolving disputes on an individual basis through binding arbitration. To this end, Lynch
23 Carpenter partnered with Keller Postman, who has substantial experience in bringing serial arbitration
24 proceedings against defendants who assert their arbitration clause in the context of defending consumer
25 claims. However, due to the size of Shutterfly's customer base, and in anticipation of the potential mass
26 arbitration discussed above, Lynch Carpenter also designed and implemented its own mass arbitration
27 capabilities to handle arbitrations at scale nationwide, and as necessary.

1 On April 1, 2022, Rosemarie Rivali, through Class Counsel, filed a putative class action against
2 Shutterfly in the United States District Court for the Central District of California, No. 2:22-cv-02175-
3 RGK-GJS (the “Federal Court Action”), asserting false advertising claims under California’s Unfair
4 Competition Law, Business and Professions Code section 17200 et seq. (the “UCL”), the FAL, and the
5 California Consumer Legal Remedies Act, Civil Code section 1750 et seq. (the “CLRA”). Shutterfly filed
6 a Motion to Compel Arbitration and Motion to Dismiss on May 27, 2022. The court granted Shutterfly’s
7 Motion to Compel Arbitration and denied its Motion to Dismiss on June 28, 2022.

8 Prior to the commencement of the arbitration proceedings, the Parties engaged in settlement
9 discussions, including two full-day mediation sessions facilitated by JAMS Mediator Shirish Gupta, on
10 August 4, 2022, and August 8, 2022. As a result of these mediation meetings, the Parties were able to
11 reach a prospective settlement on a Class-wide basis. In the following months, the Parties heavily
12 negotiated the details of the Settlement Agreement, and ultimately reached the Settlement Agreement
13 currently before this Court.

14 In advance of mediation, Class Counsel prepared an extensive confidential mediation brief,
15 representing the culmination of Class Counsel’s pre- and post-litigation investigative work, including
16 information related to Plaintiff’s purchases, Class data from Defendant, Defendant’s widespread pricing
17 practices, and expert analysis thereof. During this time, Class Counsel worked closely with their expert to
18 develop the damages model alleged against Defendant. Following settlement in principle, Class Counsel
19 drafted the substantive terms of the Settlement and Notice plan and engaged in further negotiation over
20 the structure of the Settlement Agreement. (See Carpenter Decl. at ¶ 8.) Only after reaching an agreement
21 on the material terms of the Settlement, the Parties negotiated an agreement on attorneys’ fees, costs, and
22 an incentive award that Shutterfly will pay separately and apart from its payment to the Class. (See *id.* at ¶ 9.)

23 **III. SUMMARY OF SETTLEMENT TERMS**

24 On August 25, 2023, this Court preliminarily approved the Settlement, for the following Class:

25 All persons within the United States, who, within the Class Period, (April 1, 2018, to
26 August 25, 2023) purchased from Shutterfly’s e-commerce website (www.shutterfly.com),
27 one or more products at discounts from an advertised reference price and who have not
received a refund or credit. Excluded from the Class is Shutterfly’s Counsel, Shutterfly’s
officers, directors and employees, and the judge presiding over the Action.

28 (SA §§ 1.8-1.9.)

1 The Settlement creates dual Classes, a Direct Benefit Class, and a Claim-in Class. (See SA §§ 1.4,
2 1.16, 1.17, 1.36, 2.1.) The Direct Benefit Class Members will automatically receive a \$5 Voucher, even if
3 they do *nothing* in response to the Class Notice. (See *id.* at §§ 1.16-1.17.) Thus, the minimum value of the
4 Settlement if all Class Members received only Direct Benefit Vouchers is valued at \$115,000,000, which
5 is derived from Defendant’s approximation of Class Members, based on twenty-three million online
6 purchasers. However, Claim-in Class Members will receive a Voucher worth 400% more, as Claim-in
7 Class Members who make a valid Claim will receive a \$25 Voucher (See *id.* at § 1.36). Moreover, both
8 Classes of Vouchers are valid for one year, are transferrable, require no minimum purchase, and can be
9 used in conjunction with an available free shipping code so that Class Members do not incur an expense
10 when redeeming either Class of Voucher. (See *id.* at §§ 1.17, 1.36.) Lastly, Vouchers are appropriate here
11 in this case, with this Defendant, because Shutterfly offers a deluge of products that are valued at or below
12 \$25, meaning Class Members will often not incur any out-of-pocket costs. (See Section II, *supra*, fn. 2.)

13 **IV. FEE AWARD STANDARDS**

14 **A. The Provision For Payment of Attorneys’ Fees And Costs In The Settlement**
15 **Agreement Is Appropriate And Should Be Enforced**

16 The United States Supreme Court in *Evans v. Jeff D.*, 475 U.S. 717, 738, fn. 30 (1986), held that
17 the parties to a class action may negotiate not only the settlement of the action itself, but also the payment
18 of attorney fees. The Supreme Court in *Hensley v. Eckerhart* further held that negotiated, agreed-upon
19 attorney fee provisions are the ideal towards which the parties should strive: “A request for attorney’s fees
20 should not result in a second major litigation. Ideally, of course, litigants will settle the amount of a fee.”
21 461 U.S. 424, 437 (1983). The Court stressed that the trial court “has a responsibility to encourage
22 agreement” on fees. (*Blum v. Stenson* (1984) 465 U.S. 886, 902, fn. 19.)

23 Here, the requested fees and costs figure of \$2,400,000 was negotiated during adversarial
24 bargaining by Class Counsel with Defendant after the substantive terms of the Settlement and
25 corresponding Class benefits had been negotiated. Notably, in this matter, Class Counsel is responsible
26 for providing Notice and bearing the costs of Notice which are estimated to be \$350,000. (See Carpenter
27 Decl., ¶ 10.) The fee fairly reflects the marketplace value of Class Counsel’s services. As the United States
28 Supreme Court instructed:

1 Given the unique reliance of our legal system on private litigants to enforce substantive
2 provisions of law through class and derivative actions, attorneys providing the essential
3 enforcement services must be provided incentives roughly comparable to those negotiated
4 in the private bargaining that takes place in the legal marketplace, as it will otherwise be
5 economic for defendants to increase injurious behavior.

6 (*Deposit Guar. Nat'l Bank v. Roper* (1980) 445 U.S. 326, 338.)

7 Additionally, the Settlement releases Defendant from all claims that were alleged in the Action,
8 including violations of the CLRA, Civil Code § 1750 et seq.; this entitles Class Counsel to recover
9 attorneys' fees and costs as the prevailing party. (See Civ. Code, § 1780, subd. (e) ["The court shall award
10 court costs and attorney's fees to a prevailing plaintiff in litigation filed pursuant to this section"].) While
11 the CLRA does not define "prevailing plaintiff," the trend is toward a "pragmatic approach" that
12 determines prevailing party status "based on which party succeeded on a practical level." (*Graciano v.*
13 *Robinson Ford Sales* (2006) 144 Cal.App.4th 140, 150.) Based upon the preliminarily approved
14 Settlement, securing a minimum \$115,000,000 Class benefit, which is available to the Class Members
15 regardless of whether they make a Claim, Plaintiff qualifies as the "prevailing party" under the CLRA and
16 is therefore entitled to fees pursuant to that statute. Additionally, attorneys' fees may be awarded here
17 under the substantial benefit doctrine and/or the private attorney general doctrine pursuant to the Code of
18 Civil Procedure § 1021.5.⁵

19
20 ⁵ Under the private attorney general doctrine, attorneys' fees are awarded in cases that enforce rights
21 affecting public policies. (See *California Common Cause v. Duffy* (1987) 200 Cal.App.3d 730, 741 ("The
22 fundamental objective of section 1021.5 is to encourage suits effectuating a strong public policy by
23 awarding substantial attorney's fees to those who successfully bring such suits.")) Successful litigants are
24 entitled to fees when they have: (1) enforced an important right affecting the public interest; (2) conferred
25 a significant benefit on the public or a large class of persons; and (3) imposed a financial burden on the
26 plaintiff out of proportion to his individual stake. (See *Baggett v. Gates* (1982) 32 Cal.3d 128, 142.) These
27 criteria are easily met here. (See *Beasley v. Wells Fargo* (1991) 235 Cal.App.3d 1407, 1418 (Consumer
28 protection litigation has "long been judicially recognized to be vital to the public interest") (internal
citations omitted); *Graham v. Daimler Chrysler Corp.* (2004) 34 Cal.4th 553, 561 (only 1,000 subject
vehicles sold to California consumers satisfied the "large persons" requirement of Section 1021.5);
Woodland Hills Residents Assn., Inc. v. City Council (1979) 23 Cal. 3d 917, 941 (The "financial burden"
criterion is met when "the cost of the claimant's legal victory transcends his or her personal interest, that
is, when the necessity of pursuing the lawsuit placed a burden on the plaintiff out of proportion to his or
her individual stake in the matter"); See also *Colgan v. Leatherman Tool Group, Inc.* (2006) 135
Cal.App.4th 663, 703 (enforcement of California consumer protection laws as an important right affecting
the public interest); *Hinojos v. Kohl's Corp.* (9th Cir. 2013) 718 F.3d 1098, 1101, 1107 (declaring
unequivocally "price advertisements matter."))

1 **B. Applicable Fee Award Standards**

2 California state “[c]ourts recognize two methods for calculating attorney fees in civil class actions:
3 the lodestar/multiplier and the percentage of recovery method.” (See *Wershba v. Apple Computer, Inc.*
4 (2001) 91 Cal.App.4th 224, 254 (hereinafter, “*Wershba*”); see also *Dunk v. Ford Motor Co.* (1996) 48
5 Cal.App.4th 1794, 1809 (recognizing that the percentage method is appropriate where “the amount was a
6 ‘certain or easily calculable sum of money.’”) (internal citations omitted).) The key advantage of the
7 percentage method, applicable here, is that it focuses on the benefit conferred on the class resulting from
8 the efforts of counsel. (*Lealao v. Beneficial California, Inc.* (2000) 82 Cal.App.4th 19, 48 (hereinafter,
9 “*Lealao*”) (percentage of benefit method is result-oriented rather than process oriented).) Many federal
10 courts, including the Ninth Circuit, have also developed a preference for using the percentage method.
11 (See *Six (6) Mexican Workers v. Arizona Citrus Growers* (9th Cir.1990) 904 F.2d 1301, 1311; *In re*
12 *Hydroxycut Mktg. & Sales Practices Litig.* (S.D. Cal. Nov. 18, 2014) No. 09-2087 BTM(KSC), 2014 WL
13 6473044, at *9) (utilizing percentage-of-recovery method where settlement value was based in part on
14 free product option).)

15 **C. The Percentage Method Is the Appropriate Method for Calculating Fees in This Case**

16 When a common fund is created for a Class benefit, Class Counsel may also request attorneys’
17 fees based on a percentage of that fund: “[W]hen a number of persons are entitled in common to a specific
18 fund, and an action brought by a plaintiff or plaintiffs for the benefit of all results in the creation or
19 preservation of that fund, such plaintiff or plaintiffs may be awarded attorney's fees out of the fund.”
20 (*Serrano v. Priest* (1977) 20 Cal.3d 25, 34 (hereinafter, “*Serrano III*”).) The common fund doctrine is
21 “based on the commonsense notion that the ‘one who expends attorneys’ fees in winning a suit which
22 creates a fund from which others derive benefits, may require those passive beneficiaries to bear a fair
23 share of the litigation costs.” (*Consumer Cause, Inc. v. Mrs. Gooch’s Natural Food Markets, Inc.* (2005)
24 127 Cal.App.4th 387, 397 (citation omitted).) The Supreme Court routinely awards attorney fees based
25 on a percentage of the recovery. (See *Camden I Condo. Assn., Inc. v. Dunkle* (11th Cir. 1991) 946 F.2d
26 768, 773 (citing Supreme Court cases computing fees based on a percentage of the common fund).) The
27 California Supreme Court in *Laffitte v. Robert Half Int’l Inc.* specifically addressed and held that trial
28

1 courts could properly use a “percentage of the fund” method for calculating attorney’s fees in a class
2 action case:

3 We join the overwhelming majority of federal and state courts in holding that when class
4 action litigation establishes a monetary fund for the benefit of the class members, and the
5 trial court in its equitable powers awards class counsel a fee out of that fund, the court may
6 determine the amount of a reasonable fee by choosing an appropriate percentage of the
7 fund created. The recognized advantages of the percentage method—including relative
8 ease of calculation, alignment of incentives between counsel and the class, a better
approximation of market conditions in a contingency case, and the encouragement it
provides counsel to seek an early settlement and avoid unnecessarily prolonging the
litigation []—convince us the percentage method is a valuable tool that should not be
denied our trial courts.

9 (*Laffitte v. Robert Half Int’l Inc.* (2016) 1 Cal.5th 480, 503 (internal citations omitted).)

10 Further, in quantifying the value of Settlement consideration, courts generally calculate the full
11 amount available under the Settlement, regardless of whether all Class Members claim their payment.
12 (*Boeing Co. v. Van Gemert* (1980) 444 U.S. 472, 480-481; *Williams v. MGM-Pathe Communs. Co.* (9th
13 Cir. 1997) 129 F.3d 1026, 1027 (district court abused its discretion by calculating fees as one-third of the
14 class members’ claims rather than one-third of entire settlement fund).)

15 **V. THE REQUESTED FEE AWARD IS APPROPRIATE, FAIR AND REASONABLE**
16 **UNDER THE PERCENTAGE METHOD**

17 Here, Class Members will receive a benefit of \$115,000,000 regardless of whether *any* Claims are
18 made. Moreover, if 1% of Class Members made a Claim, the total Class benefit would increase by
19 \$4,600,000 to a total of \$119,600,000.⁶ Plaintiff’s requested fee award therefore represents approximately
20 2.08% of the total Class benefit, well below the Ninth Circuit’s “benchmark” of 25% of the total recovery.
21 (*Vizcaino v. Microsoft Corp.* (9th Cir. 2002) 290 F.3d 1043, 1047 (hereinafter, “*Vizcaino*”).)

22 In most class action matters, the defendant bears responsibility for providing notice to the class
23 and shouldering all associated expenses. However, here, per the terms of the Settlement, Class Counsel
24 is responsible for providing Notice and is obligated to absorb all associated costs, including administrative
25 costs, communication costs, and other expenses related to administration of Notice to the Class. These
26 costs are estimated to be roughly \$350,000 given the number of Class Members and sheer volume of the

27 ⁶ 1% of the estimated 23,000,000 Class Members equates to 230,000 Class Members receiving a \$25
28 Voucher (worth a total of \$5,750,000), with the remaining 22,770,000 Class Members receiving a \$5
Voucher (worth a total of \$113,850,000). The combined value of the Vouchers equals \$119,600,000.

1 email campaign required to provide Notice to each of them. Therefore, in viewing Class Counsel’s fees
2 in terms of a percentage of the benefit, the award is more properly viewed as approximately \$2,050,000,
3 or 1.78% of the minimum value of the Class benefit, or 1.71% if 1% of Class Members made Claims.

4 The requested fee award is also fair and reasonable under the percentage of the benefit method
5 given Class Counsel’s efforts in this case. The Parties negotiated the agreed-upon fees and costs only after
6 negotiating and agreeing to all other material terms of the Settlement. (See, e.g., *Manual for Complex*
7 *Litigation* (4th ed. 2004) at ¶ 21.7 (“Separate negotiation of the class settlement before an agreement on
8 fees is generally preferable.”).) By deferring the fee negotiation until that time, Class Counsel aligned
9 their interests with the interests of the Class, and Defendant had every incentive to negotiate as low a fee
10 as possible to decrease its overall costs. (See *Lealao, supra*, 82 Cal.App.4th 19, 33 (“The award to the
11 class and the agreement on attorney fees represent a package deal. Even if the fees are paid directly to the
12 attorneys, those fees are still best viewed as an aspect of the class’ recovery.”).) The resulting agreed-upon
13 fees and costs award was the product of a non-collusive adversarial negotiation considering Class
14 Counsel’s prior and future efforts and the excellent results achieved. In agreeing to pay \$2,400,000 in the
15 aggregate for attorneys’ fees and costs, Defendant also considered the possibility that Class Counsel might
16 apply for and receive a *much* larger award, especially in view of the significant direct Class benefit and/or
17 in the event of any objection or appeal of the Settlement, which would necessarily lead to additional
18 protracted litigation and efforts by Class Counsel to defend the Settlement. Rather than take these risks,
19 Defendant agreed to pay the requested award subject to Court approval.

20 As stated above, Plaintiff’s fees and costs request is in line with the traditionally acceptable
21 thresholds recognized by the Ninth Circuit and California state courts. California courts have been
22 expressly authorized to award fees as “to ensure that the fee awarded is within the range of fees freely
23 negotiated in the legal marketplace in comparable litigation.” (*Lealao, supra*, 82 Cal.App.4th 19, 50.)
24 Indeed, the U.S. Supreme Court consistently looks to the marketplace as a guide to determining reasonable
25 fees, including contingency fee arrangements. (See *Missouri v. Jenkins* (1989) 491 U.S. 274, 285.) In
26 defining a reasonable fee, the court should mimic the marketplace for cases involving a significant
27 contingent risk, such as this one, and emphasize the unique reliance of our legal system on private litigants
28 to enforce substantive provisions of law in class actions such that attorneys providing these benefits should

1 be paid an award equal to the amount negotiated in private bargaining that takes place in the legal
2 marketplace. (See *Deposit Guar. Nat'l Bank v. Roper*, *supra*, 445 U.S. 326, 338.)

3 Accordingly, numerous California state and federal courts have awarded percentage fees of up to
4 40% or more in common fund cases:

- 5 • *Adauto v. Door Components, Inc.*, Los Angeles Superior Court No. BC469230 (July 1,
6 2013) (Judge Lee Edmon awarded attorney's fees equal to 40% of the settlement fund, *plus*
7 *costs*);
- 8 • *Albrecht v. Rite Aid Corp.*, San Diego Superior Court No. 729129 (2001) (Judge Haden
9 awarded attorney's fees equal to 35% of the settlement fund, *plus costs*);
- 10 • *Ayala v. Denbeste Manufacturing, Inc.*, Kern County Superior Court No. S-1500-CV-
11 275248 (Feb. 7, 2013) (awarded attorney's fees equal to approximately 40% of the
12 settlement funds, *plus costs*);
- 13 • *Crandall v. U-Haul International*, Los Angeles Superior Court No. BC 178775 (Sept. 30,
14 1997) (Judge Czuleger awarded plaintiffs' counsel attorney's fees equal to 40% of the
15 settlement fund);
- 16 • *Erlandsen v. FlexCare, LLC, et al.*, Santa Barbara Superior Court No. 1390595 (awarding
17 40% of the settlement funds);
- 18 • *Birch v. Office Depot, Inc.*, No. 06 CV 1690, 2007 U.S. Dist. LEXIS 102747 (S.D. Cal.
19 Sept. 28, 2007) (awarding a 40% fee on a \$16 million wage and hour class action);
- 20 • *Rippee v. Boston Mkt. Corp.*, No. 05cv1360 BTM, 2006 U.S. Dist. LEXIS 101136 (S.D.
21 Cal. Oct. 10, 2006) (awarding a 40% fee on a \$3.75 million wage and hour class action);
- 22 • *Turman v. Parent* (Cal. Ct. App., July 6, 2022, No. G060330) 2022 WL 2448115 at *8
23 (Affirming an "attorney fee award of \$880,000 that equaled 40 percent of the gross
24 settlement amount of \$2.2 million");
- 25 • *Augustus v. American Commercial Sec. Services*, Los Angeles Superior Court
26 No. BC336416, 2017 WL 11417614 at *1 (July 6, 2017) (Judge John Shepard Wiley, Jr.
27 awarding attorney fees exceeding 30% of the common fund);
- 28 • *Antonio Barocio, et al. v. Monterey Gourmet Foods, Inc., et al*, Monterey County Superior
Court No. M121666 (2015) (Awarding attorney fees equating to 35% of the common
fund);
- *Barbosa v. Cargill Meat Solutions Corp.* (E.D. Cal. 2013) 297 F.R.D. 431, 450 (Approving
an attorney fee award equating to 30% of the common fund and collecting cases where
attorney's fees exceeded 30% of the common fund); and
- *Williams v. Udey, Inc.*, San Diego Superior Court No. 37-2023-00003666-CU-BT-NC
(Judge Dahlquist awarding attorney's fees equating to 25% of the common fund).

Here, while the fee request represents substantially less than these judicially accepted percentages,
the ultimate inquiry is whether the end result is reasonable. (See *Powers v. Eichen* (9th Cir. 2000) 229

1 F.3d 1249, 1258.) In determining whether the award is reasonable, the Ninth Circuit directs courts to
2 consider several factors, including: (1) the results achieved; (2) the risk of litigation; (3) the skill required;
3 (4) the quality of work; and (5) the contingent nature of the fee and the financial burden. (See *Vizcaino*,
4 *supra*, 290 F.3d 1043, 1048-1050.) Applied here, each of these factors supports approval of the fee request.

5 **A. Class Counsel Achieved Excellent Results for the Class**

6 Class counsel achieved exceptional results in this case. The Parties reached an arms-length
7 Settlement with the assistance of an experienced mediator after extensive investigation of Plaintiff's
8 claims and negotiated discovery of Defendant's sales data, leading to the Settlement worth an estimated
9 \$119,600,000⁷ in benefits to the Class. Defendant denied liability, Plaintiff's ability to certify the Class,
10 and whether Class Counsel could administer a mass arbitration campaign. Continued litigation presented
11 Plaintiff with substantial legal risks of certifying the Class, proving liability, presenting a viable damages
12 model, and defeating any appeals relating thereto. In the face of these significant challenges, Plaintiff
13 secured real and valuable benefits for the Class, as discussed in Section III above. Even if the case were
14 successfully tried as a class action, the regression analysis of Class-wide damages could likely yield a
15 diminution in value (*i.e.*, damages) attributed to Defendant's false advertising of much less than the
16 minimum Class benefit value of \$115,000,000 that was achieved in this Settlement. Additionally, as a
17 practical matter, the costs of *individual* litigation would undoubtedly eclipse any individual recovery,
18 making a class action the only viable means of achieving redress for harmed consumers. Thus, the
19 Settlement provides Class Members with prompt, high-value benefits prior to trial, avoiding the risks
20 attendant to proving liability and damages.

21 **B. Class Counsel Assumed Significant Risks**

22 The requested fee award is reasonable in light of the risks incurred by Class Counsel. From the
23 outset, Plaintiff faced significant risks, including failure to certify the putative Class (or having it
24 subsequently decertified) as well as in proving liability and/or damages. These risks are not merely
25 hypothetical. (See, e.g., *Chowning v. Kohl's Dept. Stores, Inc.* (9th Cir. 2018) 733 Fed. Appx. 404, 405
26 (affirming summary judgment that rejected each of plaintiff's proposed measures of restitution in false
27 discounting case).) Given these considerations, Class Counsel incurred 100% of the risk, including all

28 ⁷ See *supra* fn. 5.

1 litigation costs, devoting their time and labor to identifying Defendant’s wrongdoing, evaluating
2 Defendant’s liability, analyzing potential legal theories, drafting the Complaint, engaging in significant
3 research and investigation, and attending multiple mediations. Class Counsel forewent other employment
4 in order to devote the time necessary to pursue this litigation. (See Carpenter Decl., ¶ 6.) Throughout this
5 time, there was no assurance of success or compensation. In addition, as discussed above, as to the Lynch
6 Carpenter firm, it spent significant time and resources in further developing their mass arbitration practice
7 that may have never paid off in this case.

8 **C. The Complexity of the Litigation and Class Counsel’s Skill and Mass Arbitration**
9 **Capability**

10 Litigating this class action through trial would be time-consuming and expensive due to the
11 complexities of proving liability and damages. For instance, Defendant would oppose Plaintiff’s Motion
12 for Class Certification, the Parties would likely move for Summary Adjudication and would each retain
13 numerous experts to analyze issues such as the effect of Defendant’s pricing practices on consumers and
14 the price premium attributable to Defendant’s fictional discounts. To this end, Class Counsel retained an
15 economics expert to review and determine the impact of Defendant’s false reference prices on consumer
16 behavior and to assess potential economic remedies. The expert identified several potential methodologies
17 to measure the extent that Class Members were overcharged. Class Counsel analyzed these theories
18 against recent case law rejecting restitution-based damages theories in similar false discount pricing cases.
19 (See, e.g., *Chowning v. Kohl’s Dept. Stores, Inc.*, *supra*, 733 Fed. Appx. 404, 405; see also *Stathakos v.*
20 *Columbia Sportswear Company* (N.D. Cal., May 11, 2017) No. 15-CV-04543-YGR, 2017 WL 1957063,
21 at *7-8 (granting summary judgment and rejecting each of plaintiff’s proposed measures of restitution).)
22 By reaching this Settlement, the Parties avoided protracted litigation of these complex issues and
23 significant expert fees.

24 Furthermore, this class action Settlement and the outstanding result would not have been achieved
25 absent the experience and preparedness of Lynch Carpenter and Keller Postman to arbitrate thousands of
26 individual claims against Shutterfly if necessary to do so. Indeed, consumers who purchased Shutterfly’s
27 products online were likely subject to Shutterfly’s Terms and Conditions, which required customers to
28 waive their rights to bring a class action lawsuit and bring the claims that are the subject of this Settlement

1 exclusively in the arbitration context. Had it not been for the joint efforts of Lynch Carpenter and Keller
2 Postman, Class Members would have potentially been forced to litigate individual claims in arbitration,
3 which no Class Member would likely have done on their own, and no counsel, other than Lynch Carpenter
4 and Keller Postman would likely have agreed to their representation. In short, nobody would have
5 obtained the relief that was achieved here by Class Counsel on a class-wide basis.

6 **D. Class Counsel Provided High Quality Work**

7 Class Counsel are experienced in complex class litigation (See Carpenter Decl., ¶¶ 18-22), have a
8 thorough understanding of the issues and risks presented by this type of case (false discount pricing), and,
9 through their skill and reputation, were able to obtain a Settlement that provides an outstanding result for
10 the Class. The efficient manner of this result would not have been reasonably possible were it not for the
11 experience and reputation of Class Counsel in this area of law. Class Counsel spent significant time, before
12 and after commencing litigation, investigating Defendant's pricing practices, including working with an
13 economics expert to assess Defendant's liability and potential economic remedies. In connection with the
14 mediation, the Parties engaged in discovery of critical information to evaluate this complex class action
15 matter, including information regarding Class size, contact information in Defendant's possession, and
16 other information about Defendant's business practices. Only after thorough consideration of this
17 information, and assessing this data in light of Class Counsel's robust investigation, did the Parties
18 eventually mediate the case. The mediator on this matter is highly regarded and has experience in both
19 reference pricing cases, as well as matters that had the potential for serial litigation through individual
20 arbitrations. This ultimately resulted in a mutually satisfactory Settlement and Notice plan which provides
21 an excellent benefit to the Class.

22 The high quality of Plaintiff's opposition is a further testament to the quality of Plaintiff's
23 representation. Defendant is a large corporation, represented by experienced counsel from a law firm with
24 significant resources and skilled in class action defense. Lead defense counsel has a well-deserved
25 reputation in class action litigation in general. Courts have repeatedly recognized that the caliber of
26 opposing counsel should be taken into consideration. (See, e.g., *In re Marsh & McLennan Cos., Inc. Sec.*
27 *Litig.* (S.D.N.Y. Dec. 23, 2009) No. 04 Cv. 8144 (CM), 2009 WL 5178546, at *19) (reasonableness of fee
28

1 was supported by fact that defendants “were represented by first-rate attorneys who vigorously contested
2 Lead Plaintiffs’ claims and allegations.”.)

3 **E. Class Counsel Took This Case on a Contingency Basis**

4 “The risk that an attorney takes in the underlying public interest litigation has two components:
5 the risk of not being a ‘successful party,’ i.e., not prevailing on the merits, and the risk of not establishing
6 eligibility for an attorney fee award.” (*Graham v. Daimler Chrysler Corp.*, *supra*, 34 Cal.4th 553, 583.)
7 Class Counsel undertook this matter solely on a contingency basis, with no guarantee of recovery. Despite
8 such a challenge, Class Counsel demonstrated to Defendant that Defendant faced significant exposure,
9 compelling Defendant to enter into the Settlement and provide a significant benefit to the Class. (See
10 *Downey Cares v. Downey Community Dev. Comm’n.* (1987) 196 Cal.App.3d 983, 997 (enhanced fees in
11 contingent fee cases recognize the delay in receipt of full payment of fees); Posner, *Economic Analysis of*
12 *Law* (4th ed. 1992) at 534, 567 (“A contingent fee must be higher than a fee for the same legal services
13 paid as they are performed.”).)

14 For these reasons, the requested fee award is eminently reasonable under the percentage method.

15 **VI. LODESTAR/MULTIPLIER CROSS-CHECK SUPPORTS THE FEE AWARD**

16 Courts may “cross-check” the proposed fee award against the counsel’s lodestar to ensure its
17 reasonableness. (See *Vizcaino*, *supra*, 290 F.3d 1043, 1050.) The goal of both the lodestar and percentage
18 of the recovery methodologies is the determination of a reasonable fee that is consistent with market rates.
19 California courts also use the Lodestar multiplier method to award fees in a class action settlement. (See,
20 e.g., *Ketchum v. Moses* (2001) 24 Cal.4th 1122, 1132-1133 (hereafter, “*Ketchum*”); *Serrano III*, *supra*, 20
21 Cal.3d 25, 48; *Lealao*, *supra*, 82 Cal.App.4th 19, 49-50.) The method begins with a calculation of time
22 spent and reasonable hourly compensation of each attorney and paralegal who worked on the case. (See
23 *Wershba*, *supra*, 91 Cal.App.4th 224, 254.) To compensate counsel for risk, quality, and result, courts
24 commonly apply a “multiplier” to the lodestar. (See *ibid.*) The hourly rates used must be based on the
25 hourly rates charged by private attorneys of comparable experience, expertise, and reputation for
26 comparable work. (See *Serrano v. Unruh* (1982) 32 Cal.3d 621, 640 (hereafter, “*Serrano*”).) Additionally,
27 the lodestar should include out-of-pocket expenses of the type normally billed by an attorney to a fee-
28 paying client. (See *Bussey v. Affleck* (1990) 225 Cal.App.3d 1162, 1166.) It should also include time spent

1 on the fee application itself. (See *Serrano, supra*, 32 Cal.3d 621, 632-638.) Class Counsel’s rates here
2 reflect the current market rates by attorneys of comparable experience, skill, and reputation for comparable
3 work. (See Carpenter Decl., ¶¶ 18-19.)

4 The requested fee award, inclusive of costs, of \$2,400,000 is fair and reasonable given Class
5 Counsel’s collective actual fee lodestar of \$899,270 and costs of \$410,801.62 with a modest multiplier of
6 1.53⁸. (See Carpenter Decl., ¶¶ 10-15). The Lynch Carpenter firm spent a total of 996.5 hours in partner
7 and associate time (not including additional prospective time to be spent attending and preparing for the
8 Final Fairness Hearing) plus 174.8 hours of paralegal time and \$373,351.18 in costs in the investigation
9 and prosecution of this matter, and expect to spend an additional amount of time not included through the
10 conclusion of the case. (See *id.* at ¶ 10-11.) Partner level attorneys at Lynch Carpenter expended a total
11 of 581 hours on the case to date and expect to expend an additional 3.5 hours relating to the Fairness
12 Hearing. (See *ibid.*) Lynch Carpenter’s partner rate for complex class action litigation is \$995 per partner
13 hour. (See *id.* at ¶¶ 10-11.) Associate attorneys spent a total of 412 hours on the case at an hourly rate of
14 \$450. (See *ibid.*) The hourly rates for these attorneys are reasonable for consumer class action attorneys
15 with similar experience and have been approved by various California State and Federal Courts. (See *id.*
16 at ¶¶ 18-19.)

17 The Keller Postman firm spent a total of 134.6 hours in associate time as well as paralegal time,
18 and had \$37,450.44 in costs in the investigation and prosecution of this matter. Associate attorneys at
19 Keller Postman expended 129.1 hours on this matter to date while the paralegals at the firm spent 5.5
20 hours. The rate for complex class action litigation at Keller Postman is \$775 per hour for associates and
21 is \$300 per hour for paralegals. (See *id.* at ¶ 14.) The fee lodestar generated by Keller Postman was
22 \$101,702.50. (See *id.* at ¶ 15.)

23 **A. Class Counsel’s Hourly Rates are Reasonable**

24 The reasonable market value of the attorneys’ services sets the standard measure of a reasonable
25 hourly rate. (See *Ketchum, supra*, 24 Cal.4th 1122.) Courts determine the reasonable market value by
26 examining whether the rates are “within the range of reasonable rates charged by and judicially awarded

27 ⁸ 1.53 presumes attorney fees’ of approximately \$2,000,000, which incorporates the Class Notice costs
28 (approximately \$350,000, see *supra* p. 8) borne by Class Counsel in this matter; excluding this cost, the
multiplier is approximately 1.83.

1 comparable attorneys for comparable work.” (*Children’s Hosp. & Med. Ctr. V. Bonta* (2002) 97
2 Cal.App.4th 740, 783.) Rates awarded to Class Counsel in previous actions and rates awarded to other
3 attorneys practicing complex class action litigation in California are appropriate guides for establishing
4 reasonable market rates. (See *Davis v. City of San Diego* (2003) 106 Cal.App.4th 893, 904; see, e.g.,
5 *Carr v. Tadin, Inc.* (S.D. Cal. 2014) 51 F.Supp.3d 970, 978-980 (awarding rates of \$650 for partner and
6 \$335-375 for associates in 2014 consumer class action); *Hazlin v. Botanical Labs, Inc.* (S.D. Cal. May 20,
7 2015) No. 13cv0618-KSC, 2015 WL 11237634, at *7) (approving rate of \$750 in 2015 consumer class
8 action); *Mount v. Wells Fargo Bank, N.A.* (Cal. Ct. App., Feb. 10, 2016) No. B260585, 2016 WL 537604)
9 (hourly rates ranging from \$300 to \$1,100 were reasonable in a 2016 consumer class action case); *In re*
10 *Vitamin Cases* (Cal. Super. Ct., Apr. 12, 2004) No. 301803, 2004 WL 5137597) (finding a \$1,000 per
11 hour rate reasonable in a 2004 consumer class action case); *Computer Service Tax Cases* (Cal. Ct. App.,
12 Dec. 10, 2014) No. A139445, 2014 WL 6972268) (a rate of \$650 to \$825 per hour for attorneys who had
13 more than 25 years of litigation experience and had served as lead counsel in seven consumer class actions
14 was reasonable.)

15 Class Counsel specializes in complex consumer class actions and regularly litigate cases in federal
16 and state courts. (See Carpenter Decl., ¶¶ 18-21.) Moreover, their lodestars are calculated using rates that
17 have been accepted in other class action cases. (See *ibid.*)

18 **B. Class Counsel’s Hours are Reasonable**

19 Class Counsel must demonstrate that their hours were reasonable and necessary to the litigation.
20 (See *Concepcion v. Amscan Holdings, Inc.* (2014) 223 Cal.App.4th 1309, 1320.) Hours are reasonable if
21 they were “reasonably expended in pursuit of the ultimate result achieved in the same manner that an
22 attorney traditionally is compensated by a fee-paying client for all time reasonably expended on a matter.”
23 (*Hensley v. Eckerhart, supra*, 461 U.S. 424, 431.) In addition to time spent during litigation, reasonable
24 hours include time spent before the Action was filed, including to interview clients, investigate facts and
25 the law, and prepare the initial pleadings. (See *Webb v. Board of Educ.* (1985) 471 U.S. 234, 243, 250
26 (“Most obvious examples are the drafting of the initial pleading and the work associated with *the*
27 *development of the theory of the case.*”) (emphasis added).) Here, Class Counsel had spent considerable
28 time, including, but not limited to: (1) legal research and collaboration with other firms and attorneys and

1 (2) building out a mass arbitration capability that was helpful in achieving Settlement in this case. Lastly,
2 the fee award also includes time spent to prepare and litigate the attorneys’ fee claim. (See *Serrano, supra*,
3 32 Cal.3d 621, 639.)

4 **C. The Requested Multiplier is Reasonable**

5 Once the lodestar is calculated, it may be enhanced with a multiplier. (See *Wershba, supra*, 91
6 Cal.App.4th 224, 254.) The objective of any multiplier is to provide lawyers involved in public interest
7 litigation with a financial incentive. (See *Ketchum, supra*, 24 Cal.4th 1122, 1123.) “If this ‘bonus’
8 methodology did not exist, very few lawyers could take on the representation of a class client given the
9 investment of substantial time, effort, and money, especially in light of the risks of recovering nothing.”
10 (*In re Washington Public Power Supply System Sec. Litig.* (9th Cir. 1994) 19 F.3d 1291, 1300.)
11 “Multipliers are often imposed to reflect counsel’s risk in taking on such protracted litigation or its
12 deserved reward from the benefits its extracts for the class.” (*Zucker v. Occidental Petroleum Corp.* (C.D.
13 Cal. 1997) 968 F.Supp. 1396, 1401, *aff’d* (9th Cir. 1999) 192 F.3d 1323.) Only when courts properly
14 compensate experienced counsel for successful results can they assure the continuing effectiveness of
15 class actions. To accomplish this objective, the fee award must be large enough “to entice counsel to
16 undertake difficult public interest cases.” (*San Bernardino Valley Audubon Society v. County of San*
17 *Bernardino* (1984) 155 Cal.App.3d 738, 755.) “Multipliers can range from 2 to 4 or even higher.”
18 (*Wershba, supra*, Cal.App.4th 224, 225; *see also Vizcaino, supra*, 290 F.3d 1043, 1051, fn. 6 (finding that
19 most approved class action settlements had multipliers in the 1.5 to 3 range).) The fee requested here
20 represents a multiplier of approximately 1.53⁹—an amount well within the accepted range for class action
21 cases. (See *Ferrell v. Buckingham Property Management* (E.D. Cal., Jan. 25, 2022)
22 No. 119CV00332JLTBAKEPG, 2022 WL 224025, at *3) (“[C]ourts typically approve percentage awards
23 based on lodestar cross-checks of 1.9 to 5.1 or even higher, and ‘the multiplier of 1.9 is comparable to
24 multipliers used by the courts.’”); *Cavazos v. Salas Concrete, Inc.* (E.D. Cal., July 25, 2022)
25 No. 119CV00062DADEPG, 2022 WL 2918361, at *14) (“Multipliers in the 3–4 range are common in
26 lodestar awards for lengthy and complex class action litigation.”) (quoting *Van Vranken v. Atlantic*
27 *Richfield Co.* (N.D. Cal. 1995) 901 F. Supp. 294, 298; *see, e.g., Chavez v. Netflix, Inc.* (2008) 162

28 ⁹ See *supra* fn. 8.

1 Cal.App.4th 43, 60 (multiplier of 2.5); *Sutter Health Insured Pricing Cases* (2009) 171 Cal.App.4th 495,
2 512 (multiplier of 2.52).)

3 When determining a multiplier, courts should consider all factors relevant to a given case. (See
4 *Serrano III, supra*, 20 Cal.3d 25, 49.) Here, this case supports the public interest outlined in California’s
5 consumer protection laws and federal regulations regarding deceptive and misleading price discount
6 advertising. The Settlement effectively provides a significant financial benefit to Class Members and
7 creates a real deterrence against future violations. This result alone justifies the requested multiplier.
8 However, courts also consider additional factors, such as (1) the novelty and difficulty of the questions
9 involved; (2) the skills displayed by Class Counsel and the results obtained; and (3) the contingent nature
10 of the fee award. (See *Ketchum, supra*, 24 Cal.4th 1122, 1132.) These factors, addressed below, also
11 support the requested multiplier.

12 **1. The Novelty and Difficulty of the Questions Involved**

13 This case presented novel and difficult questions regarding liability under California’s consumer
14 protection laws and federal regulations regarding transparency in discount price advertising. Plaintiff’s
15 allegations presented difficult and novel legal issues related to proving liability, damages, and remedial
16 measures to address the alleged harm. At trial, or alternatively, in thousands of individual arbitrations,
17 Plaintiff would be tasked with proving that Defendant’s price advertisements were deceptive and material
18 inducements to consumers’ purchasing decision(s), as well as presenting a viable damages model to
19 calculate the amount customers were overcharged as a result of that deception, all of which would require
20 significant expert testimony and expense. (See Section V.C., *supra*.)

21 **2. The Skills Displayed by Class Counsel and the Exceptional Results Obtained**

22 Class Counsel, Lynch Carpenter and Keller Postman specialize in mass arbitration and complex
23 class actions and regularly litigate cases in California federal and state courts. (See Carpenter Decl., ¶¶ 6,
24 12, 18-21.) Historically, Class Counsel has achieved excellent results for millions of consumers in
25 contested consumer class actions. Equipped with this significant background, Class Counsel worked
26 efficiently and effectively toward a satisfactory and reasonable resolution of the matter. Class Counsel
27 investigated the case, assessed its value, and weighed the risks and uncertainties arising from protracted
28

1 litigation against the certain benefits of the preliminarily approved Settlement. (See Sections V.A. and
2 V.D., *supra*.)

3 **3. The Contingent Nature of the Fee Award Warrants the Requested Multiplier**

4 “[A] contingent fee contract, since it involves a gamble on the result, may properly provide for a
5 larger compensation than would otherwise be reasonable.” (*Rader v. Thrasher* (1962) 57 Cal. 2d 244, 253
6 (citations omitted).) Class Counsel assumed substantial risk in agreeing to litigate this case on a pure
7 contingency basis, including loss of time spent investigating and litigating the case, as well as costs
8 incurred. With no guarantee of success, the contingent nature of this action heavily supports the
9 application of a positive multiplier, as is consistent with California Supreme Court precedent:

10 Under our precedents, the unadorned lodestar reflects the general local hourly rate for a
11 *fee-bearing case*; it does *not* include any compensation for contingent risk ... The
12 adjustment to the lodestar figure, e.g., to provide a fee enhancement reflecting the risk that
13 the attorney will not receive payment if the suit does not succeed, constitutes earned
14 compensation; unlike a windfall, it is neither unexpected nor fortuitous. Rather, it is
15 intended to approximate market-level compensation for such services, which typically
16 includes premium for the risk of nonpayment or delay in payment of attorney’s fees.

17 (*Ketchum, supra*, 24 Cal.4th 1122, 1138; see also Section V.E., *supra*.)

18 **4. Class Counsel’s Efforts in Achieving an Expedient Resolution Support
19 Multiplier**

20 Class Counsel secured an outstanding Settlement instead of engaging in additional years of
21 protracted litigation through trial and certain appeal. Accordingly, the requested positive multiplier is
22 warranted. “Considering that our Supreme Court has placed an extraordinarily high value on settlement,
23 it would seem counsel should be rewarded, not punished, for helping to achieve that goal.” (*Lealao*, 82 82
24 Cal.App.4th 19, 52 (internal citations omitted); *Bowling v. Pfizer, Inc.* (S.D. Ohio 1996) 922 F.Supp. 1261,
25 1282-1283 (courts should reward attorney in case settled “in swift and efficient fashion.”).)

26 Class Counsel litigated this matter diligently and took on substantial risk in time, expense, and
27 opportunity cost. Accordingly, imposition of a modest multiplier as a cross-check against Plaintiff’s
28 eminently reasonable fee request as a percent-of-recovery is entirely appropriate and should be awarded.

VII. THE REQUESTED LITIGATION COSTS ARE REASONABLE

Out-of-pocket expenses are compensable under § 1021.5 of the Code of Civil Procedure if they
would normally be billed to a fee-paying client. (See *Beasley v. Wells Fargo, supra*, 235 Cal.App.3d

1 1407, 1419; Civ. Code, § 1780, subd. (d) (providing for costs to prevailing plaintiff in CLRA action).
2 Class Counsel’s collective requested reimbursement of \$410,801.62 in litigation costs incurred to date,
3 which is included in the fee request of \$2,400,000, is wholly reasonable. These expenses were necessary
4 to conduct the litigation and are reasonable and modest in light of the benefit conferred on the Class. (See
5 Carpenter Decl., ¶¶ 6, 10, 13.) Costs include, *inter alia*, (1) mediation fees, (2) court filing fees,
6 (3) service of process, (4) scanning, photocopying, printing, and extraneous office-related expenses
7 (which have been waived), (5) expert costs, (6) travel, and (7) Class Notice and claims administration.
8 (See *id.*, ¶ 10.) These types of costs are typical to those billed by attorneys to fee-paying clients. (See
9 *Beasley v. Wells Fargo, supra*, 235 Cal.App.3d 1407, 1421.)

10 **VIII. PLAINTIFF IS ENTITLED TO A REASONABLE INCENTIVE AWARD**

11 Plaintiff requests a reasonable service award of \$12,500. “Incentive awards are fairly typical in
12 class action cases” and are “intended to compensate class representatives for work done on behalf of the
13 class, to make up for financial or reputational risk undertaken in bringing the action, and sometimes, to
14 recognize their willingness to act as a private attorney general.” (*Rodriguez v. West Publishing Corp.* (9th
15 Cir. 2009) 563 F.3d 948, 958-959; *see also Munoz v. BCI Coca-Cola Bottling Co. of L.A.* (2010) 186
16 Cal.App.4th 399, 412 (“[I]t is established that named plaintiffs are eligible for reasonable incentive
17 payments to compensate them for the expense or risk that they have incurred in conferring a benefit on
18 other members to the class”).) An incentive award is appropriate “if it is necessary to induce an individual
19 to participate in the suit.” (*Cellphone Termination Fee Cases* (2010) 186 Cal.App.4th 1380, 1395.)

20 Here, Plaintiff maintained continued involvement in the litigation, including providing input on
21 the pleadings and continuously communicating with Class Counsel. In agreeing to serve as Class
22 representative, Plaintiff undertook substantial risks to her reputation in the public domain and thrust
23 herself into active litigation to enforce an important right for the benefit of the general public. Moreover,
24 Plaintiff risked potential judgment against herself if this case had been unsuccessful. In class action losses,
25 class representatives are deemed the losing party liable for the prevailing party’s costs. (See *Earley v.*
26 *Superior Court* (2000) 79 Cal.App.4th 1420, 1433-1434.) Few individuals are willing to undertake that
27 risk, particularly since courts have entered judgments against class representatives. (See *In re Tobacco*
28 *Cases II* (2015) 240 Cal.App.4th 779, 805-807 (upholding cost award in favor of defendant against class

1 representative in her personal capacity in the amount of \$764,552.73).) Lastly, the incentive award sought
2 by Plaintiff is relatively low and implicitly reasonable by comparison to other consumer class action
3 settlements. (See e.g., *Williams v. Costco Wholesale Corp.* (S.D. Cal. July 7, 2010) No. 02CV2003
4 IEG(AJB), 2010 WL 2721452, at *7) (\$5,000 incentive award in antitrust case settled for \$440,000);
5 *Cellphone Termination Fee Cases, supra*, 186 Cal.App.4th 1380, 1393-1394 (\$10,000 incentive awards
6 to each of the four class representatives).)

7 **IX. CONCLUSION**

8 For the foregoing reasons, Plaintiff respectfully requests that the Court grant Plaintiff’s Unopposed
9 Motion for Attorneys’ Fees and Costs in the amount of \$2,400,000 and Individual Settlement Award to
10 Plaintiff in the amount of \$12,500.

11
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