1 Jeffrey D. Kaliel (SBN 238293) Electronically FILED by Superior Court of California, County of Los Angeles 12/16/2024 4:35 PM David W. Slayton, Executive Officer/Clerk of Court, Sophia Goren Gold (SBN 307971) KALIEL GOLD PLLC 490 43rd Street, No. 122 Oakland, California 94609 Telephone: (202) 350-4783 By C. Vega, Deputy Clerk 4 jkaliel@kalielpllc.com sgold@kalielgold.com 5 Scott Edelsberg (SBN 330990) EDELSBERG LAW, P.A. 1925 Century Park E, #1700 Los Angeles, California 90067 Telephone: (305) 975-3320 8 scott@edelbserglaw.com 9 Counsel for Plaintiff and Proposed Class 10 11 SUPERIOR COURT OF THE STATE OF CALIFORNIA 12 FOR THE COUNTY OF LOS ANGELES 13 14 AVIVA COPAKEN, on behalf of herself and Case No. 24STCV33113 15 all others similarly situated, **CLASS ACTION COMPLAINT** 16 Plaintiff, 17 VS. 18 SHAKE SHACK INC.. 19 Defendant. 20 Plaintiff Aviva Copaken ("Plaintiff"), individually and on behalf of all others similarly 21 situated, brings this class action complaint against Defendant Shake Shack Inc. ("Defendant" or 22 "Shake Shack"). Plaintiff makes the following allegations based upon, inter alia, the investigation 23 made by her counsel, and based upon information and belief, except as to those allegations 24 specifically pertaining to Plaintiff which are based on her personal knowledge and alleges the 25 following: 26 **PRELIMINARY STATEMENT** 27 28

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CLASS ACTION COMPLAINT

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- 1. This is a proposed class action seeking monetary damages, restitution, and injunctive and declaratory relief from Defendant Shake Shack Inc. arising from its use of deceptive fees on orders through its website and app.
- 2. When consumers seek to order food delivery through Shake Shack's website and/or app, Shake Shack prominently advertises pricing that is drastically altered by the time the payment screen populates. On the payment screen consumers are surprised with a so-called "Courier Fee" and "Service Fee" (collectively "Fees").
- 3. As discussed in detail herein, the assessment of these Fees is deceptive and unfair, since, a) Shake Shack does not disclose these added Fees until the very last step in the multi-step purchasing process; b) the Fees themselves are deceptively named and described; and c) for orders for delivery, Shake Shack represents that the fee for delivery is just \$1.99.
- 4. The deceptive addition of the "Courier Fee" and "Service Fee" renders Shake Shack's advertised pricing false.
- 5. Shake Shack misrepresents the actual costs of food and its delivery service to consumers.
- 6. Shake Shack omits and conceals material facts about Shake Shack's food and delivery service, never once informing consumers in any disclosure, at any time, that they will incur on all orders a "Service Fee" and for delivery orders, a "Courier Fee" in addition to the Delivery Fee advertised at \$1.99.
- 7. Hundreds of thousands of Shake Shack customers like Plaintiff have been assessed hidden fees for which they did not bargain.
- 8. Consumers like Plaintiff reasonably understand Shake Shack's advertised price to disclose the total cost they will pay for their food and to have their food delivered.
- 9. By unfairly obscuring its true costs, Shake Shack deceives consumers and gains an unfair upper hand on competitors that fairly disclose their true prices and fees.
- 10. Plaintiff seeks damages and, among other remedies, injunctive relief that fairly allows consumers to decide whether they will pay Shake Shack's surreptitiously added-on fees.

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### **PARTIES**

- 11. Plaintiff Aviva Copaken is a resident and a citizen of Los Angeles, California.
- 12. Defendant Shake Shack Inc. is an American fast casual restaurant chain headquartered in New York, New York.

### **JURISDICTION AND VENUE**

- 13. This Court has jurisdiction over Defendant and the claims set forth below pursuant to Code of Civil Procedure § 410.10 and the California Constitution, Article VI § 10, because this case is a cause not given by statute to the other trial courts.
- 14. Plaintiff is informed and believes that the State of California has personal jurisdiction over the Defendant named in the action because Defendant is a company authorized to conduct and does conduct business in this State. Defendant is registered with the California Secretary of State to do sufficient business with sufficient minimum contacts in California, and/or otherwise intentionally avails itself of the California market, including in the County of Los Angeles, which has caused both obligations and liability of Defendant to arise in the County of Los Angeles.
  - 15. The amount in controversy exceeds the jurisdictional minimum of this Court.

### FACTUAL BACKGROUND AND GENERAL ALLEGATIONS

- A. Shake Shack's Website Fails to Bind Users to Any Terms of Service
- 16. When a consumer selects an item for purchase on the Shake Shack website, she then enters into a multi-step purchasing process in which she is shown screens that, in order: 1) show her shopping cart reflecting a subtotal; 2) require entry of contact information; and (3) require entry of payment information.
- 17. During the multi-step process, users are never provided with Shake Shack's terms of service; are never required to view such terms of service; and are never required to affirmatively consent to terms of service.
  - B. Shake Shack Omits and Conceals Material Facts About the Costs of Food
    Delivery
- 18. First, because the "Service Fee" and "Courier Fee" are not disclosed until the final payment screen, Shake Shack misrepresents the cost of the food on which the consumer relies in

placing an order.

- 19. Further, Shake Shack represents that the "Delivery Fee" for food delivery orders placed on the website or app is just \$1.99 but this is false since it surreptitiously tacks on an additional delivery fee described as the "Courier Fee."
- 20. By assessing "Service Fees" to all food orders placed on Shake Shack's app or website, the advertised price for any specific food item is false.
- 21. Similarly, by assessing a "Courier Fee" on delivery orders, the \$1.99 "Delivery Fee" is false and intentionally misleading because it does not even represent the true added costs of delivery.
- 22. By unfairly obscuring its true fees to consumers, Shake Shack deceives consumers and gains an unfair upper hand on competitors that fairly disclose their true fees. Indeed, other major fast-food chains in the U.S. do not assess fees outside of those properly disclosed at the outset of a consumer's order.
- 30. In short, the disclosed item cost on Shake Shack's website and app is not accurate. The *actual* cost for food and food delivery is the listed subtotal *plus* the "Service Fee" and "Courier Fee" that Shake Shack deceptively adds late in the ordering process.
- 31. Shake Shack does not inform consumers the true costs of its food and delivery service and it misrepresents the price of any given food item, when in fact those costs are actually higher.
- 32. Moreover, the additional fees assessed are never reasonably disclosed to consumers until it shows up as a line item in their shopping cart—after the purchase process is largely complete. This process fails to provide an adequate advance warning to customers that additional fees will be imposed on their purchases.
- 33. Many consumers do not notice these fees are being added to their order. Others believe that they have no choice but to pay these fees. And others still notice the previously undisclosed fees but decide to go through with the purchase anyway unsure of how it can be removed from their Cart after it was automatically added: they have already invested substantial time and effort inputting their information into the Shake Shack's system. So, it doesn't make sense to start over and research

whether there is a way to avoid these fees. The deceptive checkout practice has done its job and diverted the sale to Shake Shack.

- 34. In any of these situations, the result is the same: a consumer who otherwise would have found a way to pay without paying the fees, ends up paying the fees. Defendant profits; Plaintiff and the class lose profits.
- 35. This is a classic case of "Drip pricing". "Drip pricing" works because as research has shown, "our brains tend to fix on the price we first encountered even after we learn the total cost. And even when consumers learn about the hidden fees, they often pay up rather than shop around . . . because they figure that 'investing more time into searching for it will not be worthwhile." Santul Narkar, *It's a Great Deal, Before the 'Drip Pricing'*, New York Times, available at <a href="https://www.nytimes.com/interactive/2024/02/23/business/what-is-drip-pricing.html">https://www.nytimes.com/interactive/2024/02/23/business/what-is-drip-pricing.html</a> (quoting Professor David Friedman of Willamette University).
- 36. By unfairly obscuring its charges to consumers, Shake Shack deceives consumers and gains an unfair upper hand on competitors that fairly disclose their true charges.
  - D. The Courier fee and Service Fee Are Junk Fees That Violate Federal Guidance
- 37. Shake Shack's fees are precisely the type of "Junk Fees" that has come under government scrutiny in recent years:

Junk fees are fees that are mandatory but not transparently disclosed to consumers. Consumers are lured in with the promise of a low price, but when they get to the register, they discover that price was never really available. Junk fees harm consumers and actively undermine competition by making it impractical for consumers to compare prices, a linchpin of our economic system.

The White House, *The Price Isn't Right: How Junk Fees Cost Consumers and Undermine Competition*, March 5, 2024, available at <a href="https://www.whitehouse.gov/cea/written-materials/2024/03/05/the-price-isnt-right-how-junk-fees-cost-consumers-and-undermine-competition/#\_ftnref3">https://www.whitehouse.gov/cea/written-materials/2024/03/05/the-price-isnt-right-how-junk-fees-cost-consumers-and-undermine-competition/#\_ftnref3</a>.

38. As the Federal Trade Commission said recently in its effort to combat Junk Fees:

[M]any consumers said that sellers often do not advertise the total amount they will have to pay, and disclose fees only after they are well into completing the transaction. They also said that sellers often misrepresent or do not adequately disclose the nature

or purpose of certain fees, leaving consumers wondering what they are paying for or if they are getting anything at all for the fee charged.

Fed. Trade Comm'n, FTC Proposes Rule to Ban Junk Fees – Proposed rule would prohibit hidden and falsely advertised fees, October 11, 2023, available at <a href="https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-proposes-rule-ban-junk-fees">https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-proposes-rule-ban-junk-fees</a>.

39. In July of 2024, California expanded its Consumer Legal Remedies Act ("CLRA") was amended to make illegal "drip pricing," which involves advertising a price that is less than the actual price that a consumer will have to pay for a good or service. California Civil Code Section 1770(a)(29). Under the new California law, it is now illegal to advertise a low price for a product, only for that product to be subject to additional or mandatory fees later. In other words, "the price listed or advertised to the consumer must be the full price that the consumer is required to pay." *See* California Department of Justice, Office of the Attorney General, *SB 478 Frequently Asked Questions*, available at https://oag.ca.gov/system/files/attachments/press-docs/SB%20478%20FAQ%20%28B%29.pdf (last accessed July 18, 2024). As the California Department of Justice stated:

Businesses are free to explain how they set their prices or to *subsequently* itemize the charges that make up the total price that they charge customers. However, the price they advertise or display must be the total price that customers will have to pay for the good or service. Knowing the price of a good of service is essential to competition, and displaying a price that is less than what the customer will actually be charged is deceptive.

Id. at p. 4 (emphasis added).

40. In its 2013 publication ".com Disclosures: How to Make Effective Disclosures in Digital Advertising, the FTC makes clear that when advertising and selling are combined on a website, and the consumer will be completing the transaction online, the disclosures should be provided before the consumer makes the decision to buy – for example, before the consumer "add[s] to shopping cart." *See* Fed. Trade Comm'n, *How to Make Effective Disclosures in Digital Advertising* at ii, 14 (Mar. 2013), available at <a href="https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-staff-revises-online-advertising-disclosure-guidelines/130312dotcomdisclosures.pdf">https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-staff-revises-online-advertising-disclosure-guidelines/130312dotcomdisclosures.pdf</a>.

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41. Defendant violates federal guidance by adding the courier fee and service fee as line items well after the consumer "add[s] to shopping cart", and by failing to disclose the nature of these fees and whether consumers are getting any benefit at all from the fee charged.

#### E. **Plaintiff Copaken's Experience**

- 42. Plaintiff Copaken used the Shake Shack app to place a food delivery order on November 12, 2024.
- 43. When using the website, Plaintiff was repeatedly informed that her cart total was \$21.67.
- 44. However, Plaintiff's purchase included a \$2.17 "Service Fee" and \$3.00 "Courier Fee" that—for the reasons described above—in fact represented additional food and delivery fees tacked on to Plaintiff's order.
- 45. Plaintiff would not have made the purchase if she had known that Shake Shack would tack on additional fees.
- 46. If she had known the true cost of her order, she would have chosen another method or merchant for ordering her food.

### **CLASS ALLEGATIONS**

47. Plaintiff brings this action on behalf of herself and a Class of similarly situated persons. The Class is defined as follows:

> All consumers in California who, within the applicable statute of limitations preceding the filing of this action to the date of class certification, ordered food through Shakeshack.com or the Shake Shack app, and were assessed so-called "Courier Fee" and/or "Service Fee".

48. Excluded from the Class is Defendant, any entities in which it has a controlling interest, any of its parents, subsidiaries, affiliates, officers, directors, employees and members of such persons' immediate families, and the presiding judge(s) in this case, and their staff. Plaintiff reserves the right to expand, limit, modify, or amend this class definition, including the addition of one or more subclasses, in connection with her motion for class certification, or at any other time, based upon, inter alia, changing circumstances and/or new facts obtained during discovery.

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- 49. **Numerosity**: At this time, Plaintiff does not know the exact size of the Class; however, due to the nature of the trade and commerce involved, Plaintiff believes that the Class members are well into the thousands, and thus are so numerous that joinder of all members is impractical. The number and identities of Class members is administratively feasible and can be determined through appropriate discovery in the possession of the Defendant.
- 50. **Commonality**: There are questions of law or fact common to the Class, which include, but are not limited to the following:
  - a. Whether during the class period, Defendant deceptively represented its Fees for orders on Shakeshack.com and on the Shake Shack app;
  - b. Whether Defendant's alleged misconduct misled or had the tendency to mislead consumers;
  - c. Whether Defendant engaged in unfair, unlawful, and/or fraudulent business practices under the laws asserted;
  - d. Whether Defendant's alleged conduct constitutes violations of the laws asserted;
  - e. Whether Plaintiff and members of the Class were harmed by Defendant's misrepresentations;
  - f. Whether Plaintiff and the Class have been damaged, and if so, the proper measure of damages; and
  - g. Whether an injunction is necessary to prevent Defendant from continuing to deceptively represent the amount for orders on Shakeshack.com and on the Shake Shack app.
- 51. **Typicality**: Like Plaintiff, many other consumers ordered food for delivery from Shake Shack's website or mobile app, believing that the price reflected throughout the check-out process represented the total Plaintiff and other consumers would pay for their order. Plaintiff's claims are typical of the claims of the Class because Plaintiff and each Class member was injured by Defendant's false representations about the true nature of Shake Shack's food delivery service. Plaintiff and the Class have suffered the same or similar injury as a result of Defendant's false,

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- deceptive and misleading representations. Plaintiff's claims and the claims of members of the Class emanate from the same legal theory, Plaintiff's claims are typical of the claims of the Class, and, therefore, class treatment is appropriate.
- 52. **Adequacy of Representation:** Plaintiff is committed to pursuing this action and has retained counsel competent and experienced in prosecuting and resolving consumer class actions. Plaintiff will fairly and adequately represent the interests of the Class and does not have any interests adverse to those of the Class.
- 53. The Proposed Class Satisfies Prerequisites for Injunctive Relief. Defendant has acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final injunctive and equitable relief with respect to the Class as a whole. Plaintiff remains interested in ordering food for delivery through Shake Shack's website; there is no way for her to know when or if Defendant will cease deceptively misrepresenting the cost of delivery.
- 54. Specifically, Defendant should be ordered to disclose the true costs of its food and food delivery service.
- 55. Defendant's ongoing and systematic practices make declaratory relief with respect to the Class appropriate.
- 56. The Proposed Class Satisfies the Prerequisites for Damages. The common questions of law and fact enumerated above predominate over questions affecting only individual members of the Class, and a class action is the superior method for fair and efficient adjudication of the controversy. The likelihood that individual members of the Class will prosecute separate actions is remote due to the extensive time and considerable expense necessary to conduct such litigation, especially when compared to the relatively modest amount of monetary, injunctive, and equitable relief at issue for each individual Class member.

#### **CAUSES OF ACTION**

## Uniust Enrichment (On Behalf of Plaintiff and the Class)

57. Plaintiff repeats, realleges, and incorporates the allegations in Paragraphs 1-56 as if fully set forth herein.

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- 58. To the detriment of Plaintiff and the Class, Defendant has been, and continues to be, unjustly enriched as a result of its wrongful conduct alleged herein.
- 59. Plaintiff and the Class conferred a benefit on Defendant when they paid Defendant the Courier and Service Fees, which they did not agree to and could not reasonably avoid.
- 60. Defendant unfairly, deceptively, unjustly, and/or unlawfully accepted said benefits, which under the circumstances, would be unjust to allow Defendant to retain.
- 61. Defendant's unjust enrichment is traceable to, and resulted directly and proximately from, the conduct alleged herein.
- Plaintiff and the Class, therefore, seek disgorgement of all wrongfully obtained fees 62. received by Defendant as a result of its inequitable conduct as more fully stated herein.

### SECOND CLAIM FOR RELIEF

Violation of California's Unfair Competition Law (Cal. Bus. & Prof. Code § 17200, et seq.) (On Behalf of Plaintiff and the Class)

- 63. Plaintiff repeats, realleges, and incorporates the allegations in Paragraphs 1-56 as if fully set forth herein.
- 64. Defendant's conduct described herein violates the Unfair Competition Law ("UCL"), codified at California Business and Professions Code section 17200, et seq.
- 65. The UCL prohibits, and provides civil remedies for, unfair competition. Its purpose is to protect both consumers and competitors by promoting fair competition in commercial markets for goods and services. In service of that purpose, the Legislature framed the UCL's substantive provisions in broad, sweeping language.
- 66. The UCL imposes strict liability. Plaintiff need not prove that Defendant intentionally or negligently engaged in unlawful, unfair, or fraudulent business practices—but only that such practices occurred.
- 67. A business act or practice is "unfair" under the UCL if it offends an established public policy or is immoral, unethical, oppressive, unscrupulous, or substantially injurious to consumers, and that unfairness is determined by weighing the reasons, justifications, and motives of the practice against the gravity of the harm to the alleged victims.

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- 68. A business act or practice is "fraudulent" under the UCL if it is likely to deceive members of the public.
- 69. A business act or practice is "unlawful" under the UCL if it violates any other law or regulation.
- 70. Defendant committed unfair and fraudulent business acts and practices in violation of Cal. Bus. & Prof. Code § 17200, et seq., by affirmatively and knowingly misrepresenting that the presence and nature of its Courier and Service fees.
- 71. Defendant's acts and practices offend an established public policy of truthful advertising and fee disclosure in the marketplace, and constitute immoral, unethical, oppressive, and unscrupulous activities that are substantially injurious to consumers.
- 72. The harm to Plaintiff and the Class outweighs the utility of Defendant's practices. There were reasonably available alternatives to further Defendant's legitimate business interests, other than the misleading and deceptive conduct described herein.
- 73. Defendant's conduct also constitutes an "unlawful" act under the UCL because it also constitutes a violation of sections 1770(a)(5) and (a)(9) of the California Consumer Legal Remedies Act ("CLRA"), Cal. Civ. Code section 1750, et seq.
- 74. Defendant's business practices have misled Plaintiff and the proposed Class and, unless enjoined, will continue to mislead them in the future.
  - 75. Plaintiff relied on Defendant's misrepresentations in making her purchase.
- 76. By falsely marketing its food and food delivery services, Defendant deceived Plaintiff and Class members into making purchases they otherwise would not make.
- 77. As a direct and proximate result of Defendant's unfair, fraudulent, and unlawful practices, Plaintiff and Class members suffered and will continue to suffer actual damages. Defendant's fraudulent conduct is ongoing and presents a continuing threat to Plaintiff and Class members that they will be deceived. Plaintiff desires to conduct further business with Defendant but cannot rely on Defendant's representations unless an injunction is issued.
- 78. As a result of its unfair, fraudulent, and unlawful conduct, Defendant has been unjustly enriched and should be required to disgorge its unjust profits and make restitution to Plaintiff and

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Class members pursuant to Cal. Bus. & Prof. Code § 17203 and 17204.

- 79. Pursuant to Business & Professions Code §§ 17203 and 17500, Plaintiff and the members of the Class, on behalf of the general public, seek an order of this Court enjoining Defendant from continuing to engage, use, or employ their unfair, unlawful, and fraudulent practices.
- 80. Plaintiff has no adequate remedy at law in part because Defendant continues to add Courier and Service fees to purchases. Plaintiff therefore seeks an injunction on behalf of the general public to prevent Defendant from continuing to engage in the deceptive and misleading practices described herein.

### THIRD CLAIM FOR RELIEF False and Misleading Advertising

(Bus. & Prof. Code §§ 17500, et seq.) (On Behalf of Plaintiff and the Class)

- 81. Plaintiff repeats, realleges, and incorporates the allegations in Paragraphs 1-56 as if fully set forth herein.
- 82. California's False Advertising Law ("FAL"), Cal. Bus. & Prof. Code section 17500, states that "[i]t is unlawful for any . . . corporation . . . with intent . . . to dispose of . . . personal property . . . to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated . . . from this state before the public in any state, in any newspaper or other publication, or any advertising device, or by public outcry or proclamation, or in any other manner or means whatever, including over the Internet, any statement . . . which is untrue or misleading and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading . . . ."
- 83. Defendant's material misrepresentations and omissions alleged herein violate Business and Professions Code section 17500.
- 84. Defendant knew or should have known that its misrepresentations and omissions were false, deceptive, and misleading.
- 85. Pursuant to Business and Professions Code sections 17203 and 17500, Plaintiff and the members of the Class, on behalf of the general public, seek an order of this Court enjoining Defendant from continuing to engage, use, or employ their deceptive practices.
  - 86. Further, Plaintiff requests an order awarding Plaintiff and Class members restitution

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- advertisement, which may include, but is not limited to, shelf tags, displays, and media advertising, in a size larger than any other price in that advertisement, and (B) the specific price plus a specific percentage of that price represents a markup from the seller's costs or from the wholesale price of the product" (a)(20); and
- f. "Advertising, displaying, or offering a price for a good or service that does not include all mandatory fees or charges" (a)(29).
- 91. Specifically, Shake Shack falsely advertised the price of any given food item on its website. Shake Shack failed to inform consumers in any disclosure, at any time, that the so-called "Courier Fee" and "Service Fee" would be tacked on to their purchase total at the last possible opportunity.
- 92. At no time does Defendant disclose the true nature of its Courier Fee and Service Fee; instead, it repeatedly conceals and misrepresents this material information at several steps of the transaction process.
- 93. Pursuant to § 1782(a) of the CLRA, Plaintiff's counsel notified Defendant in writing by certified mail of the particular violations of §1770 of the CLRA and demanded that it rectify the problems associated with the actions detailed above and give notice to all affected consumers of Defendant's intent to act. If Defendant fails to respond to Plaintiff's letter or agree to rectify the problems associated with the actions detailed above and give notice to all affected consumers within 30 days of the date of written notice, as proscribed by §1782, Plaintiff will move to amend her Complaint to pursue claims for actual, punitive and statutory damages, as appropriate against Defendant. As to this cause of action, at this time, Plaintiff seeks only injunctive relief.
  - 94. Plaintiff also seek public injunctive relief, as described above.

### PRAYER FOR RELIEF

WHEREFORE, Plaintiff and the members of the Class seek an Order:

- 1. Certifying the proposed Class;
- 2. Declaring that Defendant is financially responsible for notifying the Class members of the pendency of this suit;

# **ClassAction.org**

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: Shake Shack Lawsuit Filed Over Allegedly Hidden Service, Delivery Fees Online