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7		CS DISTRICT COURT RICT OF CALIFORNIA
8 9	Hope Murphy and Carol Lesh, individually and on behalf of all others	Case No.
10	similarly situated,	CLASS ACTION COMPLAINT
11	Plaintiffs,	DEMAND FOR JURY TRIAL
12	vs.	
13	Olly Public Benefit Corporation,	
14	Defendant.	
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#### I. Introduction.

1. Melatonin is a neurohormone that regulates the brain's sleep cycle. Millions of consumers take over-the-counter melatonin supplements to help them sleep. Because melatonin alters brain chemistry, it is important that these supplements are accurately dosed and labelled.

2. A few years ago, scientists tested Canadian melatonin supplements and found that, for a number of brands, the true amount of melatonin varied wildly from the label. Scientists and the National Institute of Heath have warned that the same may be true here in the U.S.

3. Olly is a major U.S. brand of melatonin supplements, sold nationwide at retailers like Walmart, Whole Foods, and Target. Each bottle claims to have a specific dose of melatonin per serving. For example:

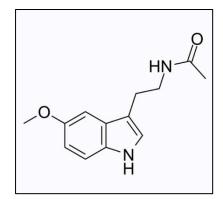


4. Like millions of other consumers, Plaintiffs bought Olly melatonin and trusted the accuracy of Olly's dosing and labelling. To determine how much melatonin is really in Olly, a university mass-spectrometry laboratory tested multiple bottles, including Plaintiffs' bottles. The results were alarming—all bottles were substantially (and seemingly randomly) overdosed. The true amount of melatonin was 165% to 274% of the amount claimed.

Olly systematically misrepresents how much melatonin is in the supplements it sells.
 Consumers are being misled, overcharged, and put at risk.

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1	II. Parties.			
2		6.	Plaintiff Hope Murphy is domiciled in Vista, California. She purchased a bottle of	
3	Olly S	leep in	California.	
4		7.	Plaintiff Carol Lesh is domiciled in Berkeley, California. She purchased a bottle of	
5	Olly S	leep Ex	xtra Strength in California.	
6		8.	The proposed class includes citizens of every state.	
7		9.	Defendant Olly Public Benefit Corporation is a Delaware corporation with its	
8	princi	pal plac	e of business in San Francisco, California.	
9	III.	Juriso	diction, venue, and divisional assignment.	
10		10.	This Court has subject matter jurisdiction under 28 U.S.C. § 1332(d)(2). The amount	
11	in controversy exceeds \$5,000,000, exclusive of interest and costs, and the matter is a class action in			
12	which	one or	more members of the proposed class are citizens of a state different from Olly.	
13		11.	The Court has personal jurisdiction over Olly because (among other reasons) its	
14	princi	pal plac	e of business is in California.	
15		12.	Venue is proper under 28 U.S.C. § 1391(b)(1) because Olly resides in this District, at	
16	its Sar	r Franci	isco headquarters.	
17		13.	Divisional Assignment. This case should be assigned to the San Francisco or Oakland	
18	division. See L.R. 3-2(d). A substantial part of the events giving rise to the claims occurred in San			
19	Francisco, at Olly's headquarters.			
20	IV.	<b>Facts</b> .		
21		А.	It is important to consumers that over-the-counter melatonin is accurately dosed	
22			and labelled.	
23		14.	Melatonin (N-acetyl-5-methoxytryptamine) is a neurohormone produced by the pineal	
24	gland in the brain. It regulates the brain's circadian rhythm and sleep cycle.			
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# The chemical structure of melatonin

15. Millions of U.S. consumers take melatonin supplements to treat sleep problems, anxiety, and other issues. Melatonin is one of the most popular over-the-counter supplements in the U.S., and its use has "significantly increased" in the last 20 years. <sup>1</sup> Its use to help children fall asleep is becoming increasingly popular too. <sup>2</sup>

16. As scientists explained in the Journal of Clinical Sleep Medicine, because melatonin is "self-prescribed" (i.e., purchased directly by consumers who are not experts), it is particularly "important that labels are informative and representative of the product," i.e., that the "label claim values for the active ingredient are accurate." <sup>3</sup> When melatonin is falsely labelled, lower doses of melatonin "might be ineffective," while "higher doses could lead to unpleasant/unexpected side effects." <sup>4</sup> Side effects of melatonin include headaches, dizziness, nausea, or excessive or unwanted sleepiness. <sup>5</sup> "Many experts recommend starting with the smallest available dosage — 0.5 milligrams to 1 milligram." <sup>6</sup> And regardless of side effects, consumers don't want to take random, uncontrolled amounts of a neurohormone that alters brain chemistry.

<sup>4</sup> Grigg-Damberger, M. & Ianakieva, D., Poor quality control of over-the-counter melatonin: What they say is often not what you get, 13 Journal of Clinical Sleep Medicine 163–165 (2017).

<sup>5</sup> NIH National Library of Medicine Medline Plus, Melatonin, https://medlineplus.gov/druginfo/natural/940.html

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<sup>&</sup>lt;sup>1</sup> JAMA Research Letter, Trends in Use of Melatonin Supplements Among US Adults, 1999-2018, 327(5) JAMA 483 (2022).

<sup>&</sup>lt;sup>2</sup> The New York Times, Parents Are Relying on Melatonin to Help Their Kids Sleep. Should They?, https://www.nytimes.com/2020/05/18/parenting/melatonin-sleep-kids.html

<sup>&</sup>lt;sup>3</sup> Erland, L. & Saxena, P., Melatonin Natural Health Products and supplements: Presence of serotonin and significant variability of melatonin content, 13 Journal of Clinical Sleep Medicine 275–281 (2017).

<sup>&</sup>lt;sup>6</sup> The New York Times, *Melatonin Isn't a Sleeping Pill. Here's How to Use It*, https://www.nytimes.com/2022/01/11/well/mind/melatonin-sleep-insomnia.html

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# Scientific research reveals serious problems with the accuracy of melatonin dosing and labelling in Canada. Scientists warn that the same is likely true of some U.S. brands.

17. In 2017, a study of Canadian melatonin brands found "high variability, ranging from -83% to +478%, of the labelled concentration of melatonin content in melatonin supplements." <sup>7</sup> For over 70% of the tested brands, the true amount of Melatonin varied more than 10% from the listed amount. The amount of melatonin also varied highly between different lots (manufacturing batches) of the same product. The researchers concluded that "manufacturers require increased controls to ensure melatonin supplements" are accurately labelled.

18. U.S. scientists warned that this Canadian study "herald[s] what may also be true in OTC melatonin supplements marketed in the United States." <sup>8</sup> Likewise, the National Institute of Health has warned that "some melatonin supplements may not contain what's listed on the product label." <sup>9</sup> And Consumer Reports warned: "The findings ... offer the latest proof of something supplement industry critics have long warned about: When it comes to this poorly regulated corner of modern medicine, consumers often don't know what they're buying." <sup>10</sup>

C.

Olly sells over-the-counter melatonin supplements to millions of U.S. consumers.

19. Olly is a major U.S. brand of melatonin supplements. Its melatonin products ("Olly Melatonin") are available nationwide at retailers like Walmart, Target, and Whole Foods. Millions of U.S. consumers buy Olly Melatonin and rely on the accuracy of its labelling.

20. Olly makes and sells several varieties of Olly Melatonin, including the following nonlimiting examples: Olly Sleep (regular, Extra Strength, and Ultra Strength), Immunity Sleep, Muscle Recovery Sleep, and Kids Sleep. For each product, the label claims a specific amount of melatonin per serving, e.g., 3 mg or 5 mg. Example products are shown below:

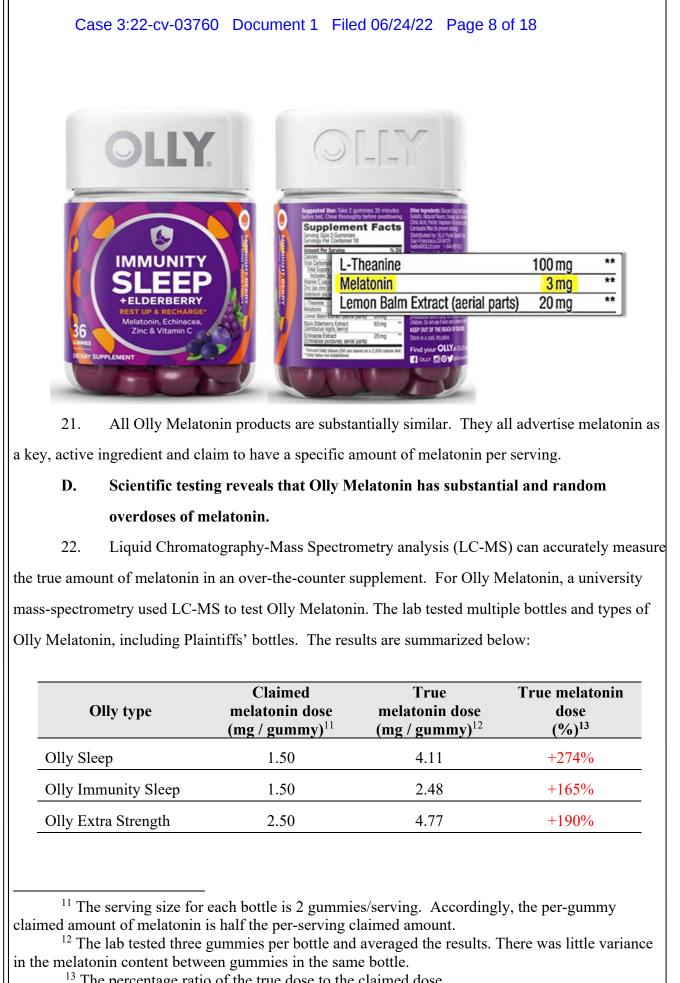
- <sup>7</sup> Lauren, *Melatonin Natural Health Products and supplements*, 13 Journal of Clinical Sleep Medicine at 276.
- Medicine at 276.
   <sup>8</sup> Madeleine, *Poor quality control of over-the-counter melatonin*, 13 Journal of Clinical Sleep
   Medicine at 163.

<sup>9</sup> NIH National Center for Complementary and Integrative Health, *Melatonin:What You Need To Know*, <u>https://www.nccih.nih.gov/health/melatonin-what-you-need-to-know</u>

28 <sup>10</sup> Consumer Reports, *New Study Questions Ingredient Levels in Some Melatonin Supplements*, <u>https://www.consumerreports.org/melatonin/study-questions-ingredient-levels-some-melatonin-supplements/</u>

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<sup>13</sup> The percentage ratio of the true dose to the claimed dose.

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23. As the results show, the melatonin content of Olly is consistently (and randomly) overdosed. For example, the bottle of Olly Sleep had nearly three times the amount of melatonin listed on the label, and the bottle of Olly Extra Strength had nearly twice the amount of listed melatonin. Something is systematically and seriously wrong with Olly's dosing and labelling.

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#### Olly's labelling is false and misleading to reasonable consumers.

24. By selling a melatonin supplement for sleep (i.e., a supplement that alters brain chemistry), Olly is representing to consumers that its products are accurately dosed and labelled. When a consumer picks up a bottle of Olly Melatonin, they reasonably expect that it actually has the dosage for which Olly designed the recommended serving. No reasonable consumer expects that a melatonin supplement has a random and substantial overdose of melatonin, compared to what it is supposed to have. And specifically, when a bottle of Olly says it has a particular amount of melatonin per serving (e.g., 5 mg), consumers expect this to be accurate.

25. At a bare minimum, reasonable consumers would expect that if the true amount of melatonin in Olly's supplements was substantially (and randomly) higher than the listed amount, Olly would prominently disclose this fact. Consumers do not know the accuracy of Olly's dosing—that is exclusively within Olly's knowledge. And Olly affirmatively represents that its products have a specific amount of melatonin, e.g., 3 mg and 5 mg.

26. Olly's labeling is false and misleading to consumers in multiple respects. The dosage of Olly Melatonin is not well-controlled and consistent with the dosages for which Olly designed the recommended servings. Olly Melatonin does not have the amount of melatonin claimed on the label. And Olly does not even mention that the actual dosage may vary.

27. The inaccurate dosing and labelling of Olly Melatonin is highly material to reasonable
consumers. Consumers need melatonin supplements to be accurately dosed and labelled, so that
consumers aren't unknowingly ingesting more neurohormone than they intend to take. No
reasonable consumer wants to buy and ingest a supplement containing a random, undisclosed amount
of melatonin. No reasonable consumer wants a product that even has a material risk of such
problems.

1 28. Olly recognizes that its consumers demand accuracy in dosing and labeling. Olly sells 2 different types of Olly Melatonin, with different claimed strengths, so that consumers can choose 3 what is right for them. Olly's website claims that its products are "ensured with quality and safety," 4 and that "every product is made to meet our formulators specifications for identity, purity and potency to ensure they meet what their label claims."<sup>14</sup> Olly says this because consumers want this 5 6 to be true. But it is not true.

7 29. Olly also admits that it is undesirable and even dangerous for consumers to ingest 8 more melatonin than the recommended dosage on the bottles. Olly states: "We do not recommend 9 exceeding the amount noted on every bottle's Suggested Use. Each product was formulated by 10 nutritional experts to deliver an effective dose of active ingredients that address daily needs and promote optimum health."<sup>15</sup> But due to Olly's inaccurate dosing and labelling, Olly's customers are 12 unknowingly doing exactly what Olly recommends against (exceeding the recommended dosages for 13 each bottle).

14 30. Olly knows, or reasonably should know, that it is misleading consumers. As described above, Olly claims that it actively monitors the "potency" of "every product." Therefore Olly 15 16 knows, or reasonably should know, that the potency of Olly Melatonin is systematically inaccurate, 17 compared to its labels.

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## Olly overcharges millions of consumers.

31. Olly's false and misleading labelling drives the demand for Olly Melatonin. As 20 explained above, consumers demand melatonin that is accurately dosed and labelled. This is recognized by scientists, Consumer Reports, and Olly itself. If Olly told the truth-that its dosing and labelling was seriously inaccurate—the price of its products would crater. For example, on the Target website, a bottle of Olly Sleep costs \$12.89. If consumers knew the truth—that this bottle 24 likely has some random and excessive amount of melatonin per serving-Olly could not sell it for anything close to \$12.89 (or even sell it at all). Plaintiffs and each class member paid a substantial 26 price premium driven by Olly's false and misleading labelling.

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<sup>14</sup> https://www.olly.com/pages/inside-the-product

<sup>15</sup> https://help.ollv.com/hc/en-us/articles/360035074332-Can-I-take-more-than-therecommended-dose-

32. In fact, without accurate dosing and labelling, Olly Melatonin is worthless. What
reasonable consumer wants to buy a supplement that alters brain chemistry, knowing that it may be
randomly and substantially overdosed? There is no melatonin product on the market that tells its
customers that its dosing is seriously inaccurate because such a product could not sell. Plaintiffs and
each class member paid for Olly Melatonin products that are, in truth, worthless. Thus, the full
economic injury here is the entire price of the Olly Melatonin that Plaintiffs and class members
purchased.

G.

#### Plaintiffs were misled and harmed by Olly's misleading labelling.

33. Like millions of other consumers, Plaintiffs bought Olly Melatonin and relied on the accuracy of Olly's dosing and labelling.

34. In or around fall 2021, Carol Lesh bought a bottle of Olly Sleep Extra Strength (Lot #1246D5716) from a Whole Foods in Berkeley, California. Because she was buying a melatonin supplement that could alter brain chemistry, she relied on the fact that Olly's dosages were well-controlled (i.e., that the actual dosage would match the recommended dosages). She read and relied on the accuracy of the melatonin content on the label, when buying the product and deciding to take it. She would not have purchased the product if she knew that Olly had serious problems with the accuracy of its dosing and labelling. In fact, knowing the truth, the product is worthless to her.

35. In or around March 2022, Hope Murphy purchased a bottle of Olly Sleep (Lot #1300M5735) from either Walmart or Winco in Oceanside, California. Because she was buying a melatonin supplement that could alter brain chemistry, she relied on the fact that Olly's dosages were well-controlled (i.e., that the actual dosage would match the recommended dosages). She read and relied on the accuracy of the melatonin content on the label, when buying the product and deciding to take it. She would not have purchased the product if she knew that Olly had problems with the accuracy of its dosing and labelling. In fact, knowing the truth, the product is worthless to her.

36. Plaintiffs want Olly to fix its manufacturing practices and sell its melatonin products
with accurate dosing and labelling. If Olly fixes its products, so that they are accurately dosed and
labelled, Plaintiffs would buy them again. But given Olly's past deception, Plaintiffs cannot rely on
Olly's word alone that it has fixed the problem. Plaintiffs face an imminent threat of harm because

they will not be able to rely on Olly's labels in the future, and will not be able to buy Olly Melatonin,
even if Olly claims to have fixed the issue. To buy Olly products again, Plaintiffs need the Court to
enter an order forbidding Olly from selling its melatonin unless it has fixed the dosing and labelling
problem. With that Court order in hand, Plaintiffs could and would buy Olly Melatonin again. And
with that order in hand, millions of other consumers will be protected from being deceived like
Plaintiffs were deceived.

## V. Class action allegations.

37. Plaintiffs bring their claims individually and on behalf of the following class and

9 || subclasses:

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<b>Class or Subclass Name</b>	Definition
Nationwide Class	All persons who purchased
	Olly Melatonin in the United
	States during the applicable
	statute of limitations.
Multi-State Consumer	All persons who purchased
Protection Subclass	Olly Melatonin in the
	identified states (see Count 1)
	during the applicable statute
	of limitations.
California Subclass	All persons who purchased
	Olly Melatonin in California
	during the applicable statute
	of limitations.

38. The following people are excluded from the class and the subclasses: (1) any Judge or Magistrate Judge presiding over this action and the members of their family; (2) Defendant, Defendant's subsidiaries, parents, successors, predecessors, and any entity in which the Defendant or its parents have a controlling interest and their current employees, officers and directors; (3) persons who properly execute and file a timely request for exclusion from the Class; (4) persons whose claims in this matter have been finally adjudicated on the merits or otherwise released; (5) Plaintiffs' counsel and Defendant's counsel, and their experts and consultants; and (6) the legal representatives, successors, and assignees of any excluded persons.

#### Numerosity

39. The proposed class contains members so numerous that separate joinder of each member of the class is impractical. There are millions of proposed class members.

*Commonality* 

40. There are questions of law and fact common to the proposed class. Common questions of law and fact include, without limitation:

- Whether Olly Melatonin products are accurately dosed and labelled;
- Whether Olly's labelling is misleading to reasonable consumers;
- Whether Olly violated state consumer protection laws;
- The monetary relief needed to reasonably compensate Plaintiffs and the proposed class. *Typicality*

12 41. Plaintiffs' claims are typical of the proposed class. Like the proposed class, Plaintiffs
13 purchased Olly Melatonin.

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#### Predominance and Superiority

42. The prosecution of separate actions by individual members of the proposed class would create a risk of inconsistent or varying adjudication with respect to individual members, which would establish incompatible standards for the parties opposing the class. For example, individual adjudication would create a risk that Olly Melatonin labelling is found to be misleading for some consumers, but not other similarly-situated consumers.

43. Common questions of law and fact predominate over any questions affecting only individual members of the proposed class. These common legal and factual questions arise from central issues which do not vary from class member to class member, and which may be determined without reference to the individual circumstances of any particular class member. For example, a core liability question is common: whether Olly's labelling is misleading to reasonable consumers.

44. A class action is superior to all other available methods for the fair and efficient
adjudication of this litigation because individual litigation of each claim is impractical. It would be
unduly burdensome to separately litigate millions of individual claims.

## VI. Claims.

# <u>Count 1: Violations of State Consumer Protection Acts</u> (on behalf of Plaintiffs and the Multi-State Consumer Protection Subclass)

45. Plaintiffs incorporate each and every factual allegation set forth above.

46. As alleged below, Plaintiffs bring individual and subclass claims based on California law. For the Multi-State Consumer Protection Subclass, Plaintiffs bring this count for violations of state consumer protection laws that are materially-similar to the laws of California, including:

State	Statute
California	Cal. Bus. & Prof. Code § 17200, and the
	following; Id. §17500, and the following; Cal. Civ.
	Code §1750 and the following.
Connecticut	Conn. Gen Stat. Ann. § 42- 110, and the following.
Illinois	815 ILCS § 501/1, and the following.
Maryland	Md. Code Ann. Com. Law, § 13-301, and the
	following.
Missouri	Mo. Rev. Stat. § 407, and the following.
New York	N.Y. Gen. Bus. Law § 349, and the following.

47. Each of these statutes is materially similar. Each broadly prohibits deceptive conduct in connection with the sale of goods to consumers. No state requires individualized reliance, or proof of defendant's knowledge or intent. Instead, it is sufficient that the deceptive conduct is misleading to reasonable consumers and that the conduct proximately caused harm.

48. As alleged in detail above, Olly's misrepresentations and omissions are misleading to reasonable consumers in a material way. Olly's false and misleading labelling was a substantial factor in Plaintiffs' purchase decisions and the purchase decisions of class members.

49. Plaintiffs and class members were injured as a direct and proximate result of Olly's conduct because: (a) they would not have purchased Olly Melatonin if they had known that Olly has serious and systematic problems with its dosing and labelling; (b) they overpaid for the products

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because the products are sold at a price premium due to Olly's misleading labelling; or (c) they
 received products that were, in truth, worthless.

3 Count 2: Violation of California's Unfair Competition Law (UCL) 4 (on behalf of Plaintiffs and the California Subclass) 5 Plaintiffs incorporate each and every factual allegation set forth above. 50. 6 51. Plaintiffs bring this cause of action individually and on behalf of the California 7 Subclass. 8 52. Olly has violated California's Unfair Competition Law (UCL) by engaging in 9 unlawful, fraudulent, and unfair conduct (i.e., violating each of the three prongs of the UCL). 10 The Unlawful Prong 11 53. Olly engaged in unlawful conduct by violating the FAL, as alleged below and 12 incorporated here. 13 The Fraudulent Prong 14 54. As alleged in detail above, Olly's labelling is false and misleading. Its labelling is 15 likely to deceive, and did deceive, Plaintiffs and other reasonable consumers. 16 The Unfair Prong 17 55. Olly's conduct, as detailed above, also violated the "unfair" prong of the UCL. 18 56. Olly's conduct caused substantial injury to Plaintiffs and subclass members. The harm 19 to Plaintiffs and the subclass greatly outweighs the public utility of Defendant's conduct (which is 20 none). Inaccurately dosed and labelled melatonin supplements have no public utility. This injury 21 was not outweighed by any countervailing benefits to consumers or competition. Misleading labels 22 only injure healthy competition and harm consumers. 23 57. Plaintiffs and the class could not have reasonably avoided this injury. As alleged 24 above, Olly's misrepresentations and omissions were deceiving to reasonable consumers. 25 Defendant's conduct, as alleged above, was immoral, unethical, oppressive, 58. 26 unscrupulous, and substantially injurious to consumers 27 59. Defendant's conduct violated the public policy against false and misleading 28 advertising, which is tethered to the CLRA and FAL.

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60. For all prongs, Plaintiffs saw, read and reasonably relied on Olly's misrepresentations and omissions when purchasing Olly Melatonin. Classwide reliance can be inferred because Defendant's misrepresentations were material, i.e., a reasonable consumer would consider them important in deciding whether to buy Olly Melatonin.

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61. Olly's misrepresentations and omissions were a substantial factor in Plaintiffs' purchase decision and the purchase decisions of class members.

8 Plaintiffs and class members were injured as a direct and proximate result of Olly's 62. 9 conduct because: (a) they would not have purchased Olly Melatonin if they had known that Olly has 10 serious and systematic problems with its dosing and labelling; (b) they overpaid for the products 11 because the products are sold at a price premium due to Olly's misleading labelling; or (c) they 12 received products that were, in truth, worthless.

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#### **Count 3: Violation of California's False Advertising Law (FAL)** (on behalf of Plaintiffs and the California Subclass)

63. Plaintiffs incorporate each and every factual allegation set forth above.

64. Plaintiffs bring this cause of action individually and on behalf of the California subclass.

65. As alleged in detail above, Olly falsely advertised its products by falsely representing that Olly Melatonin is accurately dosed and labelled.

66. Defendant's misrepresentations and omissions were likely to deceive, and did deceive, Plaintiffs and other reasonable consumers. Defendant knew, or should have known through the exercise of reasonable care, that these statements were false and misleading.

67. Defendant's misrepresentations and omissions were intended to induce reliance, and Plaintiffs saw, read and reasonably relied on them when purchasing Olly Melatonin. Classwide reliance can be inferred because Defendant's misrepresentations and omissions were material, i.e., a reasonable consumer would consider them important in deciding whether to buy the products.

27 68. Defendant's misrepresentations and omissions were a substantial factor in Plaintiffs' 28 purchase decision and the purchase decisions of subclass members.

1		69.	Plaintiffs and class members were injured as a direct and proximate result of	Olly's
2	condu	ct beca	ause: (a) they would not have purchased Olly Melatonin if they had known that	Olly has
3	seriou	s and s	systematic problems with its dosing and labelling; (b) they overpaid for the prod	lucts
4	becaus	se the j	products are sold at a price premium due to Olly's misleading labelling; or (c) th	ney
5	receive	ed pro	ducts that were, in truth, worthless.	
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7		<u>Count 4: Unjust Enrichment/Quasi-Contract</u> (on behalf of Plaintiffs and the Nationwide Class)		
8		70.	Plaintiffs incorporate each and every factual allegation set forth above.	
9		71.	As alleged in detail above, Olly's false and misleading labeling caused Plaint	iffs and
10	the class to purchase Olly Melatonin and overpay for it.			
11		72.	In this way, Olly received a direct and unjust benefit, at the expense of Plaint	iffs and
12	the cla	SS.		
13		73.	Plaintiffs and the class seek the equitable return of this unjust benefit.	
14	VII.	Jury	Demand.	
15		74.	Plaintiffs demand a jury trial on all issues so triable.	
16	VIII.	Pray	ver for Relief.	
17		75.	Plaintiffs seek the following relief individually and for the proposed class and	ł
18	subcla	sses:		
19		•	An order certifying the asserted claims, or issues raised, as a class action;	
20		•	A judgment in favor of Plaintiffs and the proposed class;	
21		•	Damages;	
22		٠	Restitution, disgorgement, and other just equitable relief;	
23		•	An injunction;	
24		•	Pre- and post-judgment interest;	
25		•	Any additional relief that the Court deems reasonable and just.	
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Dated: June 24, 2022 Respectfully submitted, By: /s/ Jonas Jacobson Jonas B. Jacobson (Cal. Bar No. 269912) jonas@dovel.com Simon Franzini (Cal. Bar No. 287631) simon@dovel.com DOVEL & LUNER, LLP 201 Santa Monica Blvd., Suite 600 Santa Monica, California 90401 Telephone: (310) 656-7066 Facsimile: (310) 656-7069 Counsel for Plaintiffs CLASS ACTION COMPLAINT