1.	Plaintiffs Dennis and Deborah Murphy, Sharon and Brett Page,
Tony Lar	nder, and Joel Tilson ("Plaintiffs") bring this action for themselves and
on behalf	of all persons in the United States ("Class Members") who purchased
or leased	any 2017 to present Toyota Highlander or 2017 to present Toyota
Sienna ve	chicles equipped with an 8-speed transmission ("Class Vehicles").

2. Defendants Toyota Motor Sales, U.S.A., Inc., ("TMS,") Toyota Motor North America, Inc. ("TMNA,") and Toyota Motor Corporation ("TMC") (collectively, "Toyota" or "Defendants") designed, manufactured, marketed, distributed, sold, warranted, and/or serviced the Class Vehicles. Plaintiffs allege as follows:

### INTRODUCTION

- 3. This is a consumer class action concerning a failure to disclose material facts and a safety concern to consumers.
- 4. Defendants manufactured, marketed, distributed, and sold the Class Vehicles without disclosing that the Class Vehicles' transmissions were defective.
- 5. In around 2016, Toyota introduced a transverse, eight-speed transmission marketed and hereinafter referred to as the "Direct Shift-8AT" and designated by Toyota generally as the UA80 / UB80.1
- 6. Since their release in the 2017 model year, the Toyota Sienna and certain Toyota Highlanders have been equipped with Toyota's UA80 transmission, which, on information and belief, is designated by the specific model numbers UA80E and UA80F.<sup>2</sup> This transmission was developed by

<sup>&</sup>lt;sup>1</sup> UA80 is the designation used for six-cylinder vehicles, UB80 is the designation used for four-cylinder vehicles. On information and belief, the two variants are the same or substantially similar.

<sup>&</sup>lt;sup>2</sup> UA80E is the model number for transmissions in forward-wheel drive Class Vehicles, and UA80F is the model number for transmissions in all-wheel drive Class Vehicles.

Toyota in a joint venture with Aisin AW, a third-party transmission manufacturer. As noted in Aisin's June 2019 summary of its major powertrain products, this high torque capacity transmission is for use in Toyota Highlander and Sienna vehicles.<sup>3</sup>

- 7. Plaintiffs are informed and believe, and based thereon allege, that the Class Vehicles' Direct Shift-8AT Transmission is defective in its design and/or manufacture in that, among other problems, it causes harsh or delayed shifting and engagement, delayed acceleration, hesitation, jerking, unintended acceleration, lurching, excessive revving before upshifting (also known as excessively high RPM shift points), and lack of power when needed (such as from a stop) (the "8AT Transmission Defect").
- 8. The 8AT Transmission Defect is inherent in each Class Vehicle and was present at the time of sale.
- 9. Toyota developed the Direct Shift 8AT in a joint venture with Aisin AW, a third-party transmission manufacturer. On information and belief, in response to heightened consumer demand and governmental pressure to reach unprecedented miles-per-gallon ratings, Toyota attempted to create an 8-speed transmission for a compact, transverse application by using a single axis and only two planetary gears, rather than the typical four. Unfortunately, while Toyota touted the resulting Direct Shift 8AT transmission as "achieving one of the world's best transmission efficiencies" that "lower[] a vehicle's fuel requirements" and even improving "straight driving" and "cornering stability," in practice, the new transmission design causes harsh and delayed shifting, delayed and unpredictable acceleration, jerking forward, lack of power, and other symptoms listed *supra*.

<sup>&</sup>lt;sup>3</sup> Available at <a href="https://www.aisin-aw.co.jp/en/corporate/module/pdf/corporate/summary/index/data.pdf">https://www.aisin-aw.co.jp/en/corporate/module/pdf/corporate/summary/index/data.pdf</a>

<sup>&</sup>lt;sup>4</sup> Available at <a href="https://global.toyota/en/powertrain/transmission/">https://global.toyota/en/powertrain/transmission/</a>

- 10. Despite these widespread and well-known problems, Toyota continued to market the Direct Shift 8AT Transmission not only as a fuel-efficient model, but one that would achieve "quick and smooth response to accelerator pedal operation" which would "create[] an 'as desired' direct driving feel..."<sup>5</sup>
- 11. Although Defendants were sufficiently aware of the 8AT Transmission Defect from pre-production testing, design failure mode analysis, calls to the customer service hotline, and customer complaints made to dealers, this knowledge and information was exclusively in the possession of Defendants and their network of dealers and, therefore, unavailable to consumers.
- 12. Despite access to aggregate internal data, Defendants have actively concealed the existence of the defect.
- 13. The 8AT Transmission Defect is material because it poses a serious safety concern. For example, delayed acceleration, unpredictable engagement and shifting, jerking, lurching, unintended acceleration, excessive revving, and lack of power severely affect the driver's ability to control the car's speed, acceleration, and deceleration, and can make it difficult to safely operate the vehicle, including safely drive on a highway, merge into traffic or to turn left across incoming traffic.

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<sup>5</sup> *Id*.

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14. For example, one owner of a 2019 Toyota Highlander complained to the National Highway Traffic Safety Administration ("NHTSA") as follows (NHTSA ID No. 11242822)<sup>6</sup>:

2019 Highlander XLE loses power, unable to accelerate, & jerks and stalls in traffic. Bought at 200 miles, certified preowned. it is a nightmare vehicle.

Accelerator has been touchy and jumpy at times, intermittently at slow speeds. First time it stalled it started to lose power put -put and chug like jerking and all dash and electrical on dash went out, unable to accelerate, then stalled out in road, unable to steer or control vehicle. This occurrence was after a longer period of driving. Second time it stalled out began to lose power, putter and chug, unable to accelerate applying gas pedal, getting no gas, vehicle dies out, unable to steer or control vehicle. This occurrence was after a longer period of driving. Third time was yesterday 8-8-19. Left work and about 5-7 minutes into my drive, started besitating losing all deals and electrical resume and deals are all hesitating, losing all dash and electrical power and will not accelerate when gas pedal applied, then stalls out, unable to control the steering wheel again! Almost got hit this time, man behind me coming fast and had to swerve into lane over to miss me. This car is going to kill me or someone by causing an accident if they do **not get it fixed right**. After the second stall it was towed into dealership and they were not sure but said fuel pressure was reading 22 and was supposed to be in the mid to high 50's. They replaced the fuel pump and it drove ok for a little while but I noticed the average fuel mileage going down from an approx in city 19.1--20 to 17.1-17.3. has never been so low so obviously the stalling and the replacing or the fuel pump are not the real issue. Fuel economy going down since replacement of the fuel pump and now another dangerous stalling issue. Car is at toyota dealer now. They need to dive much deeper & resolve this very dangerous safety issue! i bought this car to feel safe and have reliable transportation and have neither, it really scares me. \*dt\*jb.

(emphasis added).

<sup>&</sup>lt;sup>6</sup> Spelling and grammatical errors in consumer complaints reproduced herein remain as found in the original.

15. Had Defendants disclosed the 8AT Transmission Defect, Plaintiffs and Class Members would not have purchased or leased the Class Vehicles or would have paid less for them.

### THE PARTIES

### **Plaintiffs Dennis and Deborah Murphy**

- 16. Plaintiffs Dennis and Deborah Murphy are Florida citizens who reside in Sarasota, Florida.
- 17. On or around August 30, 2018, Plaintiffs purchased a new 2018 Highlander XL from Groove Toyota, an authorized Toyota dealer in Englewood, Colorado.
- 18. Plaintiffs purchased their vehicle for personal, family, or household use.
- 19. Before purchase, Mr. Murphy test drove a 2018 Highlander and reviewed the vehicle's Monroney sticker (a.k.a. window sticker). He researched the vehicle online, including the Motor Trend website, and also reviewed brochures authored by Defendants regarding their vehicle. Plaintiffs believed that the Highlander would be a safe and reliable vehicle.
- 20. Toyota's omissions were material to Plaintiffs. Had Toyota disclosed its knowledge of the 8AT Transmission Defect before Mr. and Mrs. Murphy purchased their Highlander, Mr. and Mrs. Murphy would have seen and been aware of the disclosures. Furthermore, had they known of the 8AT Transmission Defect, Mr. and Mrs. Murphy would not have purchased their vehicle or would have paid less for it.
- 21. Within a week after purchase, Plaintiffs' vehicle exhibited hesitation and surging when driving at low speeds, in stop-and-go traffic and when accelerating to join a traffic flow.

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- 22. On or around September 27, 2018, with approximately 2,000 miles on the odometer, Mr. Murphy took their vehicle to Peterson Toyota of Sarasota (formerly Germain Toyota of Sarasota), reporting that the vehicle was exhibiting severe hesitation and surging while driving at residential speeds. The dealership ran diagnostic tests and produced a diagnostic report, advising that the vehicle was operating normally and no anomalies could be found.
- Thereafter, on or around January 21, 2019 with approximately 8,730 23. miles on the odometer, Mr. Murphy took their vehicle to Toyota of Sarasota, complaining that the vehicle demonstrated erratic throttle responses at low speeds, stumbling (i.e., hesitating) and exhibiting surges when lightly applying the throttle at parking lot speeds. The dealership again did not make any repairs, determining that "no problem [was] found at this time. Normal operation." On or around April 3, 2019, Mr. Murphy returned the vehicle to Toyota of Sarasota, reiterating that the vehicle was demonstrating erratic throttle responses, stumbling and surging at low speeds. Although the dealership reported no problems with the vehicle, a senior technical service adviser informed Mr. Murphy that the problems complained of were common to Highlanders and other Toyota models and were well-known to Toyota and its dealers.
- 24. On or around May 29, 2019, Mr. Murphy returned to Toyota of Sarasota, complaining of the continuing problems with his vehicle and requested that the vehicle be repaired or that Toyota buy back the vehicle. The dealership did not perform any diagnostics or repair services, but instead scheduled an inspection by a Toyota representative. On or around May 31, 2019, with approximately 11,930 miles on the odometer, Mr. Murphy took the vehicle to Toyota of Sarasota to have it inspected by a Toyota District 2 Fixed Operations Manager. The Operations Manager test drove the vehicle but made no repairs, reporting that he "found it to perform like a known good vehicle" and did "not

exhibit any warrantable concern." The Operations Manager went on to explain that "today's vehicles . . . are driven by wire which means they do not have a throttle cable so they may exhibit very slight lag due to the ECM processing. The current eight speeds transmissions are gear to keep the engine in an optimum operating condition which may not meet the customers desired performance but in every case, a little extra pressure on the gas pedal improves responsiveness and customer satisfaction can usually be obtained."

- 25. On or around October 11, 2019, with approximately 22,005 miles on the odometer, Mr. Murphy took their vehicle to Pinehurst Toyota in Southern Pines, North Carolina, again complaining that the vehicle continued to exhibit erratic throttle responses at low speeds, stumbling, and exhibiting surges when lightly applying the throttle at low speeds. The dealership service technician noted that the transmission problems were "caused by: internal failure on transaxle assembly" and consequently "replaced [the] transaxle assembly and associated parts per bulletin T-SB-0160-18."
- 26. Following the dealership visits, Plaintiffs' vehicle has continued to exhibit the 8AT Transmission Defect including hesitation and surging when driving at low speeds, in stop-and-go traffic and when accelerating to join a traffic flow. In particular, after the October 2019 transmission transaxle assembly replacement, Plaintiffs' vehicle has performed even more poorly than before the replacement.
- 27. At all times, Plaintiffs, like all Class Members, have driven their vehicle in a foreseeable manner in the sense that Mr. and Mrs. Murphy have not abused their vehicle or used it for purposes unintended by Toyota such as drag racing, for example. However, despite this normal and foreseeable driving, the 8AT Transmission Defect has rendered their vehicle unsafe and unfit to be used as intended.

### **Plaintiffs Sharon and Brett Page**

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Sebastopol, California.

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- 28. Sharon and Brett Page are California citizens who reside in
- In or around June 2019, Plaintiffs purchased a new 2019 Highlander 29. from Freeman Toyota, an authorized Toyota dealer in Santa Rosa, California.
- Plaintiffs purchased their vehicle for personal, family, or household 30. use.
- 31. In January 2018, Plaintiffs began researching the 2019 Toyota Highlander. At the dealership, they reviewed the vehicle's Monroney sticker (a.k.a. window sticker) before purchase, test drove the vehicle, and spoke with an employee of the authorized Toyota dealership regarding the 2019 Toyota Highlander. The Toyota dealership employee told Plaintiffs the Highlander was an excellent vehicle. Plaintiffs believed that the Highlander would be a safe and reliable vehicle.
- 32. Toyota's omissions were material to Plaintiffs. Had Toyota disclosed its knowledge of the 8AT Transmission Defect before Plaintiff purchased their Highlander, Plaintiffs would have seen and been aware of the disclosures. Furthermore, had they known of the 8AT Transmission Defect, Plaintiffs would not have purchased their vehicle or would have paid less for it.
- Within approximately one to two months after purchase, Plaintiffs' 33. vehicle was hesitating, lurching and surging forward when accelerating from a stop and when driving at low speeds, in stop-and-go traffic, when driving up hills, and when accelerating to join a traffic flow. These symptoms occur with or without "eco" mode engaged.
- Frustrated, Ms. Page called Freeman Toyota and complained that 34. the vehicle was hesitating and surging in the manner described above. The dealership advised Ms. Page to disengage the "eco" mode, but despite doing so,

the symptoms continued unabated.

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- With her symptoms worsening, Ms. Page brought her vehicle to Freeman Toyota, again complaining of the symptoms listed above. The dealership told her, falsely, that there was nothing wrong with her vehicle and that, therefore, no repair would be provided.
- 36. On or around January 22, 2020, Plaintiff again returned to Freeman Toyota, complaining of the symptoms listed above, which continued to steadily worsen. On this visit, Plaintiff insisted that she be allowed to accompany the dealership technician on a test drive. This time, the dealership verified, as recorded on her repair order, that "there is a transmission delay at slow speeds." Tech 14 was able to verify on test drive, diag and report / customer is leaving vehicle with us for a few days so we have time to properly diagnose this." Accordingly, Ms. Page left her vehicle in the care of the Toyota dealership.
- 37. When Ms. Page returned after the prescribed diagnostic period, the dealership told her that Toyota was unable to fix the problem the dealership had verified. Instead, they advised Ms. Page to contact Toyota Motor Sales, U.S.A., Inc., to report the problem and seek resolution.
- 38. Ms. Page therefore contacted TMS by phone and requested that they either fix her vehicle or provide her with a non-defective replacement. In response, TMS admitted to Ms. Page that a problem exists with her transmission, but that they were unable to fix the problem, and unwilling to provide any further assistance.
- 39. Ms. Page attempted to sell her vehicle back to an authorized Toyota dealership, but the price they quoted her was very low and would have resulted in a massive loss to the Pages.
- Following the dealership visits, Plaintiffs' vehicle has continued to 40. exhibit the 8AT Transmission Defect, including hesitation and surging when

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accelerating from a stop, when driving at low speeds, in stop-and-go traffic, when driving up hill, and when accelerating to join a traffic flow. Indeed, the hesitation and delayed acceleration have only worsened over time.

41. At all times, Plaintiffs, like all Class Members, have driven their vehicle in a foreseeable manner in the sense that Plaintiffs have not abused their vehicle or used it for purposes unintended by Toyota such as drag racing, for example. However, despite this normal and foreseeable driving, the 8AT Transmission Defect has rendered their vehicle unsafe and unfit to be used as intended.

### **Plaintiff Tony Lander**

- 42. Tony Lander is a Florida citizen who resides in Alachua, Florida.
- 43. On December 28, 2018, Mr. Lander purchased a new 2019 Toyota Highlander XLE from Gatorland Toyota, an authorized Toyota dealer in Gainesville, Florida.
- 44. Mr. Lander purchased his vehicle for personal, family, or household use.
- 45. Before purchase, Mr. Lander saw several commercials regarding the Toyota Highlander. He researched the vehicle online, on both Toyota's website and a local authorized Toyota dealership's website. At Gatorland Toyota, Mr. Lander test drove the 2019 Highlander and reviewed the vehicle's Monroney sticker (a.k.a. window sticker). Mr. Lander believed that the Highlander would be a safe and reliable vehicle.
- 46. Toyota's omissions were material to Mr. Lander. Had Toyota disclosed its knowledge of the 8AT Transmission Defect before Mr. Lander purchased his Highlander, Mr. Lander would have seen and been aware of the disclosures. Furthermore, had he known of the 8AT Transmission Defect, Mr. Lander would not have purchased his vehicle or would have paid less for it.

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- 47. Shortly after purchase, Mr. Lander's vehicle exhibited hesitation and delayed acceleration when driving at low speeds, in stop-and-go traffic and when accelerating to join a traffic flow.
- 48. On or around May 16, 2019, with approximately 6,529 miles on the odometer, Mr. Lander brought his vehicle back to Gatorland Toyota, complaining of the hesitation and delayed acceleration he was experiencing. The dealership recorded his complaints on his repair order as "THE FIRST 2 GEARS FEEL SLUGGISH." In response, dealership told Mr. Lander, falsely, that there was nothing wrong with his vehicle and that, therefore, no repair would be provided.
- 49. On or around September 27, 2019, with 10,940 miles on the odometer, Mr. Lander brought his vehicle back to Gatorland Toyota, complaining of the hesitation and delayed acceleration he was experiencing. In response, the dealership told Mr. Lander, falsely, that there was nothing wrong with his vehicle and thus failed to perform any repairs.
- 50. On or around June 17, 2020, with 22,095 miles on the odometer, Mr. Lander brought his vehicle back to Gatorland Toyota, complaining of the hesitation and delayed acceleration he was experiencing. In response, the dealership told Mr. Lander, falsely, that there was nothing wrong with his vehicle and thus failed to perform any repairs.
- On or around August 21, 2020, with 27,180 miles on the odometer, 51. Mr. Lander brought his vehicle back to Gatorland Toyota, complaining of the hesitation and delayed acceleration he was experiencing. In response, the dealership told Mr. Lander, falsely, that there was nothing wrong with his vehicle and thus therefore failed to perform any repairs.
- 52. Following the dealership visits, Mr. Lander's vehicle has continued to exhibit the 8AT Transmission Defect, including hesitation and surging when

driving at low speeds, in stop-and-go traffic, and when accelerating to join a traffic flow.

53. At all times, Mr. Lander, like all Class Members, has driven his vehicle in a foreseeable manner, in the sense that Mr. Lander has not abused his vehicle or used it for purposes unintended by Toyota, such as drag racing, for example. However, despite this normal and foreseeable driving, the 8AT Transmission Defect has rendered his vehicle unsafe and unfit to be used as intended.

### **Plaintiff Joel Tilson**

- 54. Joel Tilson is a Wyoming citizen who resides in Cheyenne, Wyoming.
- 55. On or around April 21, 2017, Plaintiff Tilson purchased a new 2017 Highlander from Toyota of Tacoma, an authorized Toyota dealer in Tacoma, Washington.
- 56. Plaintiff Tilson purchased his vehicle for personal, family, or household use.
- 57. Before purchase, Plaintiff Tilson researched the vehicle online extensively, including on the Consumer Reports website. He also test drove the vehicle with the sales representative, asked the dealership specifically about the 8-speed transmission, and reviewed the vehicle's Monroney sticker (a.k.a. window sticker). Plaintiff Tilson believed that the Highlander would be a safe and reliable vehicle.
- 58. Toyota's omissions were material to Plaintiff Tilson. Had Toyota disclosed its knowledge of the 8AT Transmission Defect before Plaintiff Tilson purchased his Highlander, Plaintiff Tilson would have seen and been aware of the disclosures. Furthermore, had Plaintiff Tilson known of the 8AT Transmission Defect, he would not have purchased his vehicle or would have

1 paid less for it.

- 59. Within a week after purchase, Plaintiff Tilson's vehicle exhibited jerking and abrupt shifting of gears when driving at low speeds.
- 60. Thereafter, when Plaintiff Tilson took his vehicle to Toyota dealerships for periodic service visits, he reported that the vehicle was jerking and shifting abruptly while driving at low speeds. In response, dealership told Plaintiff Tilson, falsely, that there was nothing wrong with his vehicle and that therefore, no repair would be provided.
- 61. In or around January 2019, with approximately 25,000 miles on the odometer, the transmission in Plaintiff Tilson's vehicle failed completely. Plaintiff Tilson was stopped at a stoplight, and, upon the light turning green, released his foot from the brake pedal and pressed the accelerator pedal. Plaintiff Tilson could hear the engine revving, but the vehicle did not move. With the assistance of bystanders, Plaintiff Tilson was forced to push his vehicle, through halted traffic, out of the intersection to the side of the road.
- 62. Plaintiff Tilson's vehicle was towed to Spradley Barr Toyota, an authorized Toyota dealership and service center in Cheyenne, Wyoming. According to the repair order, Plaintiff Tilson reported that the "VEHICLE STARTS AND RUNS BUT WILL NOT DRIVE AT ALL. NO FORWARD OR REVERSE." The technician's notes confirmed an "INTERNAL FAILURE, TSB 0160-18 ~|~25030 369011Q CONFIRMED CUSTOMER CONCERN.

  PERFORMED T-SB-0160-18. R&R TRANSMISSION. PERFORMED FLUID ADJUSTMENT. AND RESET MEMORY. TEST DROVE VEHICLE AND CONFIRMED PROPER OPERATIONS."
- 63. However, following the transmission replacement, Plaintiff Tilson's vehicle has continued to exhibit the 8AT Transmission Defect by jerking and abruptly shifting gears when driving at low speeds.

- 65. Defendant Toyota Motor Sales, U.S.A., Inc.("TMS"), is a corporation organized and in existence under the laws of the State of California and registered to do business in the State of California. TMS is headquartered at 6565 Headquarters Dr, Plano, TX 75024. TMS designs and manufactures motor vehicles, parts, and other products for sale in California, in the United States, and throughout the world. TMS is the warrantor and distributor of the Class Vehicles in California.
- 66. Defendant Toyota Motor North America, Inc. ("TMNA"), is a corporation organized and in existence under the laws of the State of California and registered to do business in the State of California. TMNA is headquartered at 6565 Headquarters Dr, Plano, TX 75024. According to Toyota's official website, TMNA "brings together Toyota's marketing, sales, engineering and manufacturing arms in North America on one shared, state-of-the-art campus."
- 67. Founded in 1937 and headquartered in Toyota City, Japan,
  Defendant Toyota Motor Corporation ("TMC") is a corporation organized under
  the laws of Japan. TMC manufacturers and distributes automobiles and is the
  parent company.
- 68. Defendants, through their various entities, design, manufacture, market, distribute, service, repair, sell, and lease passenger vehicles, including the Class Vehicles, nationwide and in California, Colorado, Florida, and

1 Washington.

69. At all relevant times, Defendants were and are engaged in the business of designing, manufacturing, constructing, assembling, marketing, distributing, and selling automobiles and motor vehicle components in Riverside County and throughout the United States of America.

### **JURISDICTION**

- 70. This is a class action.
- 71. Members of the proposed Class, which includes citizens of Colorado, are citizens of states other than Texas, where TMS and TMNA are headquartered, and California, where TMS and TMNA are incorporated.
- 72. On information and belief, aggregate claims of individual Class Members exceed \$5,000,000.00 in value, exclusive of interest and costs.
- 73. This Court has personal jurisdiction over Defendants because at least one of them is a California corporation registered to conduct business in California, and/or they all have sufficient minimum contacts with California, and otherwise intentionally avail themselves of the markets within California, through the promotion, sale, marketing and distribution of its vehicles in California, so as to render the exercise of jurisdiction by this Court proper and necessary.
- 74. Accordingly, jurisdiction is proper in this Court pursuant to 28 U.S.C. § 1332(d).

### VENUE

75. Toyota, through its business of distributing, selling, and leasing the Class Vehicles, has established sufficient contacts in this district such that personal jurisdiction is appropriate. Toyota is deemed to reside in this district pursuant to 28 U.S.C. § 1391(a).

FACTUAL ALLEGATIONS 1 76. Since 2016, Toyota has designed, manufactured, distributed, sold, 2 and leased the Class Vehicles. Toyota has sold, directly or indirectly, through 3 dealers and other retail outlets, thousands of Class Vehicles in California, 4 5 Colorado, Florida, Washington, and nationwide. Toyota warrants and services 6 the Class Vehicles through its nationwide network of authorized dealers and service providers. 7 77. Plaintiffs and Class members are intended third-party beneficiaries 8 9 of contracts between Toyota and its dealerships; specifically, they are the 10 intended beneficiaries of Toyota's implied warranties. The dealerships are 11 Defendant's agents for sales and repairs. The dealers were not intended to be the ultimate consumers of the Class Vehicles, and the warranty agreements were 12 13 designed for and intended to benefit the ultimate consumers only. 78. 14 15 16 17 18

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- The Class Vehicles are equipped with Toyota's Direct Shift-8AT, a transverse, eight-speed transmission, which Toyota developed in a joint venture with Aisin AW, a third-party transmission manufacturer. As noted in Aisin's June 2019 summary of its major powertrain products, this high torque capacity transmission is for use in Toyota Highlander and Sienna vehicles.<sup>7</sup>
- 79. In 2016, Toyota touted the Direct Shift-8AT transmission as a new technology that would provide customers with "quick and smooth response to accelerator pedal operation" which would "create[] an 'as desired' direct driving feel.."8 In practice, however, Toyota's Direct Shift-8AT Transmission is plagued by numerous problems and safety concerns.
- 80. On information and belief, in response to heightened consumer demand and governmental pressure to reach unprecedented miles-per-gallon

<sup>&</sup>lt;sup>7</sup> Available at <a href="https://www.aisin-aw.co.jp/en/corporate/module/pdf/corporate/summary/index/data.pdf">https://www.aisin-aw.co.jp/en/corporate/module/pdf/corporate/summary/index/data.pdf</a>

<sup>&</sup>lt;sup>8</sup> Available at https://global.toyota/en/powertrain/transmission/

ratings, Toyota attempted to create an 8-speed transmission for a compact, transverse application by using a single axis and only two planetary gears, rather than the typical four. Unfortunately, while Toyota touted the resulting Direct Shift 8AT transmission as "achieving one of the world's best transmission efficiencies" that "lower[] a vehicle's fuel requirements" and even improving "straight driving" and "cornering stability," in practice, the new transmission design causes harsh and delayed shifting, delayed and unpredictable and unintended acceleration, jerking, lurching forward, lack of power, and other symptoms listed *supra*.

81. For years, and since the Class Vehicles were first released or shortly thereafter, scores of class members have complained of the defect to the NHTSA and elsewhere. For example, the 2017 Highlander owner below reported in NHTSA ID 11129582:

2017 HIGHLANDER LIMITED. 11,800 MILES. OVER THE LAST 30 DAYS THE VEHICLE HAS HAD 3 SIMILAR EVENTS OF VEHICLE HESITATION OR STUMBLING FROM Α FULL STOP. FULL ACCELERATOR APPLYING PEDAL TRAVEL. THE VEHICLE SEEMS TO ACCELERATE NORMALLY FOR A SECOND OR TWO, THEN JUST SEEMS TO HANG AT 5-10 MPH. PUMPING THE ACCELERATOR PEDAL QUICKLY FULL UP, FULL DOWN MAY HAVE FIXED THE PROBLEM, I'M NOT REALLY SURE, BUT THAT IS WHAT I **OPERATES** DID.THE VEHICLE NORMALLY THE **AND** THAT.IN LAST AFTER MOST FRIGHTENING EPISODE, I WAS AT A STOP, ON A STREET WAITING TO TURN ONTO A FRONTAGE ROAD WHERE TYPICAL SPEEDS ARE 60 MPH. I PRESSED THE ACCELERATOR PEDAL FULL DOWN TO THE FLOOR AND TURNED ONTO THE FRONTAGE ROAD. THE VEHICLE SEEMED TO ACCELERATE NORMALLY FOR 1-2 SECONDS. THEN AS BEFORE, JUST STAYED AT 5-10 MPH WITH A CAR COMING UPON MY REAR AT 60 MPH. FORTUNATELY FOR ME HE WAS ABLE TO CHANGE LANES AND AVOID RUNNING INTO ME. I PUMPED THE ACCELERATOR PEDAL AS DESCRIBED. THE VEHICLE THAN RESPONDED

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DON'T REMEMBER NORMALLY. Ι IF THE VEHICLE WAS IN POWER OR ECONOMY MODE. I TYPICALLY PUT IT INTO POWER MODE BEFORE ENTERING THE **HIGHWAY** (WHICH ABOUT TO DO ON THE FAR SIDE OF FRONTAGE ROAD) IF I REMEMBER. AS YOU MAY IMAGINE THIS LAST EPISODE LEFT ME QUITE DISTURBED. I ALWAYS USE REGULAR GASOLINE FROM TOP STATIONS. THESE EVENTS HAPPENED WITH DIFFERENT TANKS OF GAS FROM DIFFERENT STATIONS. I TOOK THE VEHICLE TO THE TO THE DEALERSHIP. THEY WERE NOT ABLE TO READ ANY ERROR CODES FROM THE COMPUTER, AND WERE UNABLE TO REPEAT THE PROBLEM IN A TEST DRIVE. THEY HAVE ESCALATED THE CASE TO THE TOYOTA ENGINEERING TEAM.

- 82. The Direct Shift 8AT is comprised of two planet gear sets. The first set from the input side is a conventional planetary, followed by a Ravigneau (double) planetary. When this arrangement is used, it creates what is termed a "LePelletier" gear set. Typically, a LePelletier gear set will achieve six forward speeds and one reverse. In the Class Vehicles, the transmission utilizes holds on some of the rotating elements, thus creating a "modified LePelletier" gear set with eight forward speeds.
- 83. The 8AT Transmission Defect exposes Plaintiffs and Class Members to a safety hazard and renders their vehicles unreasonably dangerous due to the unsafe conditions the Defect causes, including hesitation, delayed and unpredictable and unintended acceleration, jerking and lurching, harsh and delayed engagement, and lack of power.
- 84. The 8AT Transmission Defect affects the vehicles' safety because, among other reasons, there are situations that require the ability to accelerate rapidly (e.g., merging onto the highway and changing lanes) in which the vehicles' delayed response poses a serious safety risk.
- 85. The Class Vehicles' 8AT Transmission utilizes high fluid pressure to actuate shifts. The pressure is produced by a hydraulic pump regulated by a

pressure relief valve. The valve body, in turn, is electronically controlled by the PCM. In order to engage the clutch packs and actuate shifts in response to driver input, the valve body applies pressure by activating solenoids at precise times to open hydraulic valves inside the valve body at varying pressure ramp-up rates. However, improper calibration between the PCM and transmission prevents the valve body from applying appropriately timed pressure, which in turn prevents the various gears' clutch packs from being actuated in time. On information and belief, this causes the symptoms of "shift shock" and delays before engagement of gears, as well as other symptoms of the 8AT Transmission defect.

- 86. The 8AT Transmission Defect alleged is inherent in and the same for all Class Vehicles.
- 87. The 8AT Transmission Defect is material to consumers because it presents a serious safety concern. For example, delayed and unintended acceleration, unpredictable engagement and shifting, jerking, lurching, and lack of power severely affect the driver's ability to control the car's speed, acceleration, and deceleration, and can make it difficult to safely merge into traffic or to turn left across incoming traffic.
- 88. Class Member complaints to NHTSA, cited *infra*, demonstrate the unsafe and widespread nature of the 8AT Transmission Defect.

# I. Toyota Had Superior and Exclusive Knowledge of the 8AT Transmission Defect

- 89. Toyota had superior and exclusive knowledge of the 8AT Transmission Defect and knew or should have known that the defect was not known or reasonably discoverable by Plaintiffs and Class Members before they purchased or leased the Class Vehicles.
- 90. Plaintiffs are informed and believe, and based thereon allege that before Plaintiffs purchased their Class Vehicle, and since 2016, if not earlier,

- 91. Toyota is experienced in the design and manufacture of consumer vehicles. As an experienced manufacturer, Toyota conducts tests, including presale durability testing, on incoming components, including the Direct Shift-8AT Transmissions, to verify the parts are free from defect and align with Toyota's specifications. Thus, Toyota knew or should have known that the subject Direct Shift-8AT Transmissions were defective and prone to put drivers in a dangerous position due to the inherent risk of the defect.
- 92. Additionally, Toyota should have learned of this widespread defect from the sheer number of reports received from dealerships and from customer complaints directly to Toyota. Toyota's customer relations department collects and analyzes field data including, but not limited to, repair requests made at dealerships, technical reports prepared by engineers who have reviewed vehicles for which warranty coverage is being requested, parts sales reports, and warranty claims data.
- 93. Toyota's warranty department similarly analyzes and collects data submitted by its dealerships in order to identify trends in its vehicles. It is Toyota's policy that when a repair is made under warranty the dealership must provide Toyota with detailed documentation of the problem and the fix employed to correct it in order to be reimbursed. Dealerships have an incentive to provide detailed information to Toyota, because they will not be reimbursed for any repairs unless the justification is sufficiently detailed.

## A. Toyota's Technical Service Bulletins Concerning the Class Vehicles and Attempted Ineffectual Fixes

- 94. Toyota quietly issues notifications to its dealerships but not consumers called Technical Service Bulletins ("TSBs.") Through TSBs, Toyota provides directions to its authorized dealerships for how to respond to customer complaints and requests for repairs.
- 95. Shortly after release of the 2017 model year Highlander and Sienna vehicles in 2016, Consumer Reports tested them and noted that:

The transmission made the engine rev before upshifting, especially from second to third gear, even under light acceleration. This delayed shifting increased engine noise and made driving rather unpleasant.<sup>10</sup>

- 96. When Consumer Reports' staff members test drove the vehicles "they routinely asked 'What's wrong with this transmission?" *Id.* As a result, in December of 2016 Consumer Reports shared its experience with Toyota. According to Consumer Reports, "[t]he company re-evaluated the transmission and agreed with our finding."
- 97. On February 20, 2017, Toyota issued T-SB-0187-17, titled "High RPM Shift Point" that applied to the 2017 Sienna. This TSB is attached as **Exhibit 1.** The TSB stated that "Some 2017 model year Sienna vehicles may exhibit the following conditions: Lack of power from stop High RPM shift points at 2 3 shift Hesitation in lower gears Holds gear too long." This TSB called for a software update to modify the PCM logic for the Sienna. On information and belief, this TSB failed to resolve the 8AT Transmission Defect. This TSB was not issued as part of a formal recall or service campaign.

<sup>&</sup>lt;sup>10</sup> See https://www.consumerreports.org/toyota/2017-toyota-highlander-sienna-transmissions-updated-to-shift-smoother/.

98.

Power/High RPM Shift Point/Hesitation" that applied to the 2017 Highlander. This TSB is attached as **Exhibit 2.** The TSB stated that "Some 2017 model year Highlander vehicles may exhibit the following conditions: • Lack of power. • High RPM shift point at the 2 – 3 shift. • Hesitation in low gears." This TSB

On March 2, 2017, Toyota issued T-SB-0194-17, titled "Lack of

called for a software update to modify the PCM logic for the Highlander. On

information and belief, this TSB failed to resolve the 8AT Transmission Defect.

This TSB was not issued as part of a formal recall or service campaign.

- 99. Although Consumer Reports noted the software update made a difference, it concluded "[u]nfortunately, we found that shifting remains less smooth for both compared with the previous six-speed automatic in pre-2017 models, even after the update." On information and belief, any improvement was inadequate and temporary at best, and these software updates failed to resolve transmission issues which continue to plague both the Highlander and Sienna. Indeed, both vehicles have been the subject of additional service bulletins regarding similar transmission issues (*e.g.*, harsh shifting, reduced power, etc).
- Whine Noise, Harsh Shift, MIL ON, or Reduced Power" that applied to the 2017-2018 Toyota Highlander and Toyota Sienna. This TSB is attached as **Exhibit 3.** Toyota issued this TSB in response to those vehicles exhibiting a harsh shift, reduced power, a whine noise while driving, and a malfunction indicator lamp illuminating. In this TSB, Toyota directed its authorized dealerships to replace the transmissions with a "remanufactured" transmission where applicable. On information and belief, this TSB failed to resolve the 8AT Transmission Defect. This TSB was not issued as part of a formal recall or service campaign.

101. On April 18, 2019, Toyota issued "Customer Support Program ZJC" 1 2 as part of Toyota's "continuing efforts to ensure the best in customer satisfaction." Under the Program, Toyota agreed to provide additional warranty 3 coverage for the transmission on 2017-2018 Model Year Toyota Sienna and 4 5 Highlander vehicles for damage caused by an insufficiently bent washer tab within the transmission. Toyota acknowledged that it "has received reports about 6 potential symptoms, such as a whine noise from the transmission while driving, 7 harsh shifting, reduced power, and master warning light/check engine light 8 9 illumination..." 102. On information and belief, neither the TSBs nor the Customer 10 11 Support Program resolved the 8AT Transmission Defect. В. Toyota's TSBs for Other Non-Class Vehicles Equipped With the 12 **Direct Shift-8AT Transmission** 13 103. The TSBs listed *supra*, all of which are specific to the Class 14 Vehicles, demonstrate and establish Toyota's pre-sale knowledge of the Defect. 15 16 As a supplement and for further context, Plaintiffs also list below the TSBs that Toyota issued for other Toyota-made vehicles equipped with the same or 17 substantially similar UA80 / UB80 Direct Shift-8AT Transmission. These TSBs 18 19 further indicate that Toyota was aware of the problem inherent in this transmission. 20 21 22 23 24 25 26 /// /// 27

104. On February 8, 2017, Toyota issued a TSB regarding the 2016 to 2017 Lexus RX 350. In the TSB, entitled "ECM Calibration: Hesitation Concerns," No. L-SB-0109-17, Toyota notified its dealerships that the 2016-2017 RX 350 Vehicles were exhibiting "a hesitation in one or more of the following conditions:

- Accelerating from a stop.
- Passing during freeway/city driving.
- Low speed reacceleration."

105. In the TSB, consistent with Plaintiffs' description of the 8AT Transmission Defect, Toyota advises dealerships that the "Engine Control Module (ECM, SAE term: Powertrain Control Module/PCM) calibration has been revised to address these conditions." As noted in the TSB, Toyota uses the terms Powertrain Control Module and Engine Control Module interchangeably.

106. On February 8, 2019, Toyota issued a TSB regarding the 2019 Lexus RX350 entitled "Harsh Engagement Into Drive." In the TSB, Toyota informed its dealerships that the 2019 RX 350 vehicles were exhibiting "harsh engagement when shifting into drive" and that the vehicles' computers were indicating "Pressure Control Solenoid "A" Actuator Stuck off." Consumers often describe harsh engagement when shifting into gear as "jerking" or "jerking into gear." In response, Toyota directed its dealerships to update the vehicles' Powertrain Control Module software, which Toyota had again modified to address the 8AT Transmission Defect.

107. On July 2, 2019, Toyota issued a TSB to its dealerships specific to the 2016-2019 Lexus RX 350. The TSB was entitled "Vehicle Bucking on 1-2 and/or 2-3 Upshifts and Surge Between 0-46 mph." In the TSB, Toyota notified its dealerships that the 2016-2019 RX 350 vehicles were exhibiting "one or both of the following conditions:

- A bucking feeling (back and forth jerking that comes right after a shift but then dissipates quickly after 1-2 and/or 2-3 upshifts)
- A surge feeling (back and forth rocking that is not associated with transmission shifts) when the vehicle is traveling between 0 – 46 mph, transmission is in 3<sup>rd</sup> – 8<sup>th</sup> gear, and torque converter is in full lock-up."
- 108. On information and belief, theses TSBs have been ineffective. For example, RX 350 Vehicle owners discussing TSB L-SB-0109-17 online complained of its inefficacy. Below is an example of such a complaint, and others appear *infra* (spelling / grammar errors corrected):

"Doesn't hurt to try the TSB, but it has also NOT worked for some, including me. I've had it applied correctly, and it's not a permanent fix. I consider the TSB a failure."

- 109. In response, Toyota directed its dealerships to update the Powertrain Control Module software, which Toyota had again modified to address the 8AT Transmission Defect.
- 110. On December 11, 2017, Toyota issued TSB 0330-17, "SHIFT SHOCK ON INITIAL STARTUP OR REACCELERATION." Toyota issued this TSB to address customer complaints regarding the Direct Shift-8AT Transmission. The TSB provided that "some 2018 model year Camry vehicles may exhibit a shift shock from Park to Reverse on initial startup or delay/shock when reaccelerating quickly after slowing down to a stop or near stop. The Engine Control Module (ECM) (SAE term: Powertrain Module [PCM]) logic has been updated to address this condition." On information and belief, this TSB failed to resolve the 8AT Transmission Defect. This TSB was not issued as part

https://www.clublexus.com/forums/rx-4th-gen-2016-present/808183-hesitation-problem-at-various-speeds-tsb-info-post-159-a-28.html#post9877542

of a formal recall or service campaign.

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this TSB to address concerns of "harsh shift or shift flare" after transmission replacements due to a software mismatch.

111. On January 8, 2018, Toyota issued TSB 00001-18. Toyota issued

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112. On February 2, 2018, Toyota released T-SB-0010-18 that address 6

concerns of "harsh shift or shift flare" after transmission replacements in 2018

7 8 Camrys due to a software mismatch and acknowledges that mismatched Engine Control Module (ECM), also called the Power Control Module (PCM), software

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and transaxle assembly combinations may result in a harsh shift or shift flare.

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While this TSB purports to provide a method for correctly matching the PCM calibration and transaxle, on information and belief there are no PCMs for the

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Class Vehicles that are correctly calibrated for the Class Vehicles' transaxle

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assemblies. This TSB was also not issued as part of a formal recall or service campaign.

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**Consumer Complaints Reported to NHTSA and on Third-Party** C. Websites

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113. In addition, Toyota monitors customers' complaints made to the

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National Highway Traffic Safety Administration ("NHTSA.") Federal law

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requires automakers like Toyota to be in close contact with NHTSA regarding

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potential auto defects, including imposing a legal requirement (backed by

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criminal penalties) compelling the confidential disclosure of defects and related

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data by automakers to NHTSA, including field reports, customer complaints, and

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warranty data. See TREAD Act, Pub. L. No. 106-414, 114 Stat.1800 (2000).

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safety-related defects to NHTSA under the Early Warning Report requirements.

114. Automakers have a legal obligation to identify and report emerging

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*Id.* Similarly, automakers monitor NHTSA databases for consumer complaints

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regarding their automobiles as part of their ongoing obligation to identify

- 115. Attached as **Exhibit 4** are some examples of the complaints that owners and lessees of the Class Vehicles have made to NHTSA concerning the 8AT Transmission Defect:
- 116. Class Vehicle owners also reported the 8AT Transmission Defect in online forums, examples of which are attached as **Exhibit 5**.
- 117. The existence of the 8AT Transmission Defect is a material fact that a reasonable consumer would consider when deciding whether to purchase or lease a Class Vehicle. Had Plaintiffs and other Class Members known of the 8AT Transmission Defect, they would have paid less for the Class Vehicles or would not have purchased or leased them.
- 118. Reasonable consumers, like Plaintiffs, reasonably expect that a vehicle's Direct Shift-8AT Transmissions are safe, will function in a manner that will not pose a safety risk, and are free of defects, all of which was not true with respect to the Direct Shift-8AT Transmissions in the Class Vehicles. They also expected that the Class Vehicles would be fit for the ordinary purpose of driving their Class Vehicles with normal and reliable acceleration and deceleration, and without harsh or delayed shifting and engagement, delayed acceleration, hesitation, jerking, unintended acceleration, lurching, and excessive revving before upshifting which they were not due to the 8AT Transmission Defect. Plaintiffs and Class Members further reasonably expect that Toyota will not sell or lease vehicles with known safety defects, such as the 8AT Transmission Defect, and will disclose any such defects to its consumers when it learns of

them. They did not expect Toyota to fail to disclose the 8AT Transmission Defect to them and to continually deny it.

### II. Toyota Has Actively Concealed the 8AT Transmission Defect

- 119. Despite its knowledge of the 8AT Transmission Defect in the Class Vehicles, Toyota actively concealed the existence and nature of the defect from Plaintiffs and Class Members. Specifically, Toyota failed to disclose or actively concealed at and after the time of purchase, lease, or repair:
  - (a) any and all known material defects or material nonconformity of the Class Vehicles, including the defects pertaining to the Direct Shift-8AT Transmissions;
  - (b) that the Class Vehicles, including the Direct Shift-8AT

    Transmissions, were unsafe, not in good in working order,
    were defective, were in need of repair and possibly
    recalibration or other software mechanisms, and were not fit
    for their intended purposes; and
  - (c) that the Class Vehicles and the Direct Shift-8AT

    Transmissions were defective, despite the fact that Toyota learned of such defects as early as 2017.

### CLASS ACTION ALLEGATIONS

120. Plaintiffs bring this lawsuit as a class action on behalf of themselves and all others similarly situated as members of the proposed Class pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3). This action satisfies the numerosity, commonality, typicality, adequacy, predominance, and superiority requirements of those provisions.

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121. The Class and Sub-Class are defined as:

<u>Class</u>: all persons in the United States who purchased any 2017 to present Toyota Highlander or any 2017 to present Toyota Sienna ("the Class Vehicles").

<u>California Sub-Class</u>: All persons who purchased any 2017 to present Toyota Highlander or any 2017 to present Toyota Sienna in the State of California.

**CLRA Sub-Class:** All members of the California Sub-Class who are "consumers" within the meaning of California Civil Code § 1761(d).

<u>Colorado Sub-Class:</u> All persons who purchased any 2017 to present Toyota Highlander or any 2017 to present Toyota Sienna in the State of Colorado.

Florida Sub-Class: All persons who purchased any 2017 to present Toyota Highlander or any 2017 to present Toyota Sienna in the State of Florida.

<u>Washington Sub-Class</u>: All persons who purchased any 2017 to present Toyota Highlander or any 2017 to present Toyota Sienna in the State of Washington.

- 122. Excluded from the Class and Sub-Class are: (1) Defendants, any entity or division in which Defendants has a controlling interest, and their legal representatives, officers, directors, assigns, and successors; (2) the Judge to whom this case is assigned and the Judge's staff; (3) any Judge sitting in the presiding state and/or federal court system who may hear an appeal of any judgment entered; and (4) those persons who have suffered personal injuries as a result of the facts alleged herein. Plaintiffs reserve the right to amend the Class and Sub-Class definitions if discovery and further investigation reveal that the Class and Sub-Class should be expanded or otherwise modified.
- 123. <u>Numerosity</u>: Although the exact number of Class Members is uncertain and can only be ascertained through appropriate discovery, the number is great enough such that joinder is impracticable. The disposition of the claims of these Class Members in a single action will provide substantial benefits to all parties and to the Court. The Class Members are readily identifiable from

information and records in Defendants' possession, custody, or control, as well as from records kept by the Department of Motor Vehicles.

- 124. Typicality: Plaintiffs' claims are typical of the claims of the Class in that Plaintiffs, like all Class Members, purchased or leased a Class Vehicle designed, manufactured, and distributed by Toyota. The representative Plaintiffs, like all Class Members, have been damaged by Defendants' misconduct in that they have incurred or will incur the cost of repairing or replacing the defective Transmissions. Furthermore, the factual bases of Toyota's misconduct are common to all Class Members and represent a common thread resulting in injury to the Class.
- 125. <u>Commonality</u>: There are numerous questions of law and fact common to Plaintiffs and the Class that predominate over any question affecting Class Members individually. These common legal and factual issues include the following:
  - (a) Whether Class Vehicles suffer from defects relating to the Direct Shift-8AT Transmissions;
  - (b) Whether the defects relating to the Direct Shift-8AT Transmissions constitute an unreasonable safety risk;
  - (c) Whether Defendants knows about the defects pertaining to the Direct Shift-8AT Transmissions and, if so, how long Defendants has known of the defect;
  - (d) Whether the defective nature of the Direct Shift-8AT Transmissions constitutes a material fact;
  - (e) Whether Defendants has a duty to disclose the defective nature of the Direct Shift-8AT Transmissions to Plaintiffs and Class Members;
  - (f) Whether Defendants knew or reasonably should have known

1			of the defects pertaining to the Direct Shift-8AT	
2			Transmissions before they sold and leased Class Vehicles to	
3			Class Members;	
4		(g)	Whether Defendants should be declared financially	
5			responsible for notifying the Class Members of problems with	
6			the Class Vehicles and for the costs and expenses of repairing	
7			and replacing the defective Direct Shift-8AT Transmissions;	
8		(h)	Whether Defendants are obligated to inform Class Members	
9			of their right to seek reimbursement for having paid to	
10			diagnose, repair, or replace their defective Direct Shift-8AT	
11			Transmissions;	
12		(i)	Whether Defendants breached the consumer protection	
13			statutes under the laws of the states of California, Florida, and	
14			Washington;	
15		(j)	Whether Defendants breached the implied warranty of	
16			merchantability under the laws of the states of Colorado,	
17			California, Florida, and Washington;	
18	126.	Adea	quate Representation: Plaintiffs will fairly and adequately	
19	protect the interests of the Class Members. Plaintiffs have retained attorneys			
20	experienced in the prosecution of class actions, including consumer and product			
21	defect class actions, and he intends to prosecute this action vigorously.			
22	127.	Pred	ominance and Superiority: Plaintiffs and Class Members have	
23	all suffered and will continue to suffer harm and damages as a result of			
24	Defendants' unlawful and wrongful conduct. A class action is superior to other			
25	available methods for the fair and efficient adjudication of the controversy.			
26	Absent a class action, most Class Members would likely find the cost of			
27	litigating th	eir cla	aims prohibitively high and would therefore have no effective	
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remedy. Because of the relatively small size of the individual Class Members' claims, it is likely that only a few Class Members could afford to seek legal redress for Defendants' misconduct. Absent a class action, Class Members will continue to incur damages, and Defendants' misconduct will continue without remedy or relief. Class treatment of common questions of law and fact would also be a superior method to multiple individual actions or piecemeal litigation in that it will conserve the resources of the courts and the litigants and promote consistency and efficiency of adjudication. FIRST CAUSE OF ACTION (Breach of Implied Warranty) On Behalf of the Class or, Alternatively, the California, Colorado, Florida,

and Washington Sub-Classes and Their Named Representatives

- 128. Plaintiffs incorporate by reference the allegations contained in the preceding sections of the complaint.
- 129. Plaintiffs Dennis Murphy, Deborah Murphy, Sharon Page, Brett Page, Tony Lander, and Joel Tilson bring this Count individually, and for the Class or, in the alternative, the California, Colorado, Florida and Washington Sub-Classes.
- 130. Toyota impliedly warranted that the Class Vehicles were merchantable, fit and safe for their ordinary use, not otherwise injurious to consumers, and equipped with adequate safety warnings.
- 131. Privity of contract is not required in this case, because Plaintiffs and Class Members are intended third-party beneficiaries of contracts between TMS and its dealerships; specifically, they are the intended beneficiaries of Defendants' implied warranties. Toyota's vehicles are sold to consumers through a network of TMS's authorized dealerships, who are TMS's agents for sales and

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repairs. The dealers were not intended to be the ultimate consumers of the Class Vehicles, and the warranty agreements were designed for and intended to benefit the ultimate consumers only.

- 132. Because the Class Vehicles are equipped with a defective Direct Shift-8AT Transmission, the vehicles purchased or leased and used by Plaintiffs and the Colorado Sub-Class are unsafe, unfit for their ordinary use when sold, and not merchantable. Toyota breached the implied warranty of merchantability, as stated in the Uniform Commercial Code, by selling or leasing Class Vehicles to Plaintiffs and the Colorado Sub-Class.
- 133. Plaintiffs and the Colorado Sub-Class seek full compensatory damages allowable by law, attorneys' fees, costs, punitive damages, and any other relief to which Plaintiffs and the Colorado Sub-Class may be entitled.

### SECOND CAUSE OF ACTION

(Breach of Implied Warranty Pursuant to Song-Beverly Consumer Warranty Act, California Civil Code §§ 1792 and 1791.1, et seq.)

On Behalf of Plaintiffs Sharon and Brett Page and the California Sub-Class

- 134. Plaintiffs incorporate by reference the allegations contained in the preceding sections of the complaint.
- 135. Plaintiffs Sharon and Brett Page bring this cause of action against Defendants on behalf of themselves and the California Sub-Class.
- 136. Toyota was at all relevant times the manufacturer, distributor, warrantor, and/or seller of the Class Vehicles. Toyota knew or had reason to know of the specific use for which the Class Vehicles were purchased or leased.
- 137. Toyota provided the Page Plaintiffs and Class Members with an implied warranty that the Class Vehicles and their components and parts are merchantable and fit for the ordinary purposes for which they were sold.

However, the Class Vehicles are not fit for their ordinary purpose of providing reasonably reliable and safe transportation because, *inter alia*, the Class Vehicles and their Direct Shift-8AT Transmissions suffered from an inherent defect at the time of sale and thereafter and are not fit for their particular purpose of providing safe and reliable transportation.

- 138. Toyota impliedly warranted that the Class Vehicles were of merchantable quality and fit for their intended use. This implied warranty included, among other things: (i) a warranty that the Class Vehicles and their Direct Shift-8AT Transmissions, which were manufactured, supplied, distributed, and/or sold by Toyota, would provide safe and reliable transportation; and (ii) a warranty that the Class Vehicles and their Direct Shift-8AT Transmissions would be fit for their intended use.
- 139. Contrary to the applicable implied warranties, the Class Vehicles and their Direct Shift-8AT Transmissions at the time of sale and thereafter were not fit for their ordinary and intended purpose of providing the Page Plaintiffs and Class Members with reliable, durable, and safe transportation. Instead, the Class Vehicles are defective, including the defective Direct Shift-8AT Transmissions.
- 140. The alleged 8AT Transmission Defect is inherent and was present in each Class Vehicle at the time of sale.
- 141. Because of Toyota's breach of the applicable implied warranties, owners and/or lessees of the Class Vehicles suffered an ascertainable loss of money, property, and/or value of their Class Vehicles. Additionally, because of the 8AT Transmission Defect, the Page Plaintiffs and Class Members were harmed and suffered actual damages in that the Class Vehicles' Direct Shift-8AT Transmissions are substantially certain to fail before their expected useful life has run.

142. Toyota's actions, as complained of herein, breached the implied warranty that the Class Vehicles were of merchantable quality and fit for such use in violation of California Civil Code §§ 1792 and 1791.1.

### THIRD CAUSE OF ACTION

### (Violation of California's Consumers Legal Remedies Act, California Civil Code §§ 1750, et seq.)

### On Behalf of Plaintiffs Sharon and Brett Page and the CLRA Sub-Class

- 143. Plaintiffs incorporate by reference the allegations contained in the preceding sections of the complaint.
- 144. Plaintiffs Sharon and Brett Page bring this cause of action on behalf of themselves and the Class, or, alternatively, the CLRA Sub-Class.
- 145. Defendants are "persons" as defined by California Civil Code § 1761(c).
- 146. The Page Plaintiffs and CLRA Sub-class Members are "consumers" within the meaning of California Civil Code § 1761(d) because they purchased their Class Vehicles primarily for personal, family, or household use.
- 147. By failing to disclose and concealing the defective nature of the Direct Shift-8AT Transmissions from The Page Plaintiffs and prospective Class Members, Toyota violated California Civil Code § 1770(a), as it represented that the Class Vehicles and their Direct Shift-8AT Transmissions had characteristics and benefits that they do not have and represented that the Class Vehicles and their Direct Shift-8AT Transmissions were of a particular standard, quality, or grade when they were of another. *See* Cal. Civ. Code §§ 1770(a)(5) & (7).
- 148. Toyota's unfair and deceptive acts or practices occurred repeatedly in Toyota's trade or business, were capable of deceiving a substantial portion of the purchasing public and imposed a serious safety risk on the public.

- 149. Toyota knew that the Class Vehicles and their Direct Shift-8AT Transmissions suffered from an inherent defect, were defectively designed, and were not suitable for their intended use.
- 150. Because of their reliance on Toyota's omissions, owners and/or lessees of the Class Vehicles, including the Page Plaintiffs, suffered an ascertainable loss of money, property, and/or value of their Class Vehicles. Additionally, because of the 8AT Transmission Defect, the Page Plaintiffs and Class Members were harmed and suffered actual damages in that the Class Vehicles' Direct Shift-8AT Transmissions are substantially certain to fail before their expected useful life has run.
- 151. Toyota was under a duty to the Page Plaintiffs and Class Members to disclose the defective nature of the Direct Shift-8AT Transmissions and/or the associated repair costs because:
  - (a) Toyota was in a superior position to know the true state of facts about the safety defect in the Class Vehicles' Direct Shift-8AT Transmissions;
  - the Page Plaintiffs and Class Members could not reasonably
    have been expected to learn or discover that their Direct Shift8AT Transmissions had a dangerous safety defect until it
    manifested; and
  - (c) Toyota knew that the Page Plaintiffs and Class Members could not reasonably have been expected to learn of or discover the safety defect.
- 152. In failing to disclose the defective nature of Direct Shift-8AT Transmissions, Toyota knowingly and intentionally concealed material facts and breached its duty not to do so.

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- 153. The facts Toyota concealed from or failed to disclose to the Page Plaintiffs and Class Members are material in that a reasonable consumer would have considered them to be important in deciding whether to purchase or lease the Class Vehicles or pay less. Had the Page Plaintiffs and Class Members known that the Class Vehicles' Direct Shift-8AT Transmissions were defective, they would not have purchased or leased the Class Vehicles or would have paid less for them.
- 154. The Page Plaintiffs and Class Members are reasonable consumers who do not expect the Direct Shift-8AT Transmissions installed in their vehicles to exhibit problems such as the 8AT Transmission Defect. This is the reasonable and objective consumer expectation relating to a vehicle's Direct Shift-8AT Transmissions.
- 155. Because of Toyota's conduct, the Page Plaintiffs and Class Members were harmed and suffered actual damages in that, on information and belief, the Class Vehicles experienced and will continue to experience problems such as the 8AT Transmission Defect.
- 156. As a direct and proximate result of Defendants' unfair or deceptive acts or practices, the Page Plaintiffs and Class Members suffered and will continue to suffer actual damages.
- 157. The Page Plaintiffs and other Class Members and 8-AT Transmission owners provided Toyota with notice of its violations of the CLRA pursuant to California Civil Code § 1782(a). Throughout the course of the litigation and continuing at present, Toyota has failed to provide appropriate relief for its violations of the CLRA. Therefore, the Page Plaintiffs seek monetary, compensatory, and punitive damages.

FOURTH CAUSE OF ACTION 1 (Violation of the Florida Deceptive and Unfair Trade Practices Act, 2 3 Fla. Stat. §§ 501.201, et seq.) On Behalf of Plaintiff Tony Lander and the Florida Sub-Class 4 5 158. Plaintiffs incorporate by reference the allegations contained in the 6 preceding sections of the complaint. 159. Plaintiff Tony Lander brings this cause of action on behalf of 7 himself and the Class, or, alternatively, the Florida Sub-Class. 8 9 160. The Florida Deceptive and Unfair Trade Practices Act ("FDUTPA") prohibits "[u]nfair methods of competition, unconscionable acts or practices, and 10 11 unfair or deceptive acts or practices in the conduct of any trade or commerce." Fla. Stat. § 501.204(1). Defendants engaged in unfair and deceptive practices 12 that violated the FDUTPA as described above. 13 161. Defendants engaged in "trade or commerce" in Florida within the 14 meaning of the FDUTPA. See Fla. Stat. § 501.203(8). 15 16 162. At all relevant times, Plaintiff Lander and the Florida Sub-Class Members were "consumers" within the meaning of the FDUTPA. F.S.A. § 17 501.203(7). 18 19 163. The practices of Toyota, described above, violate the FDUTPA for, inter alia, one or more of the following reasons: 20 a) Toyota represented that goods or services have sponsorship, 21 approval, characteristics, uses, and benefits that they do not have; 22 b) Toyota provided, disseminated, marketed, and otherwise distributed 23 uniform false and misleading advertisements, technical data and 24 other information to consumers regarding the performance, 25 26 reliability, quality and nature of the Direct Shift-8AT Transmission; 27 c) Toyota represented that goods or services were of a particular 28

- standard, quality, or grade, when they were of another;
- d) Toyota engaged in unconscionable commercial practices in failing to reveal material facts and information about the Direct Shift-8AT Transmission, which did, or tended to, mislead the Florida Plaintiffs and the Florida Sub-Class Members about facts that could not reasonably be known by the consumer;
- e) Toyota failed to reveal facts that were material to the transactions in light of representations of fact made in a positive manner;
- f) Toyota caused the Florida Plaintiffs and the Florida Sub-Class

  Members to suffer a probability of confusion and a

  misunderstanding of legal rights, obligations, and/or remedies by
  and through its conduct;
- g) Toyota failed to reveal material facts to the Florida Plaintiffs and the Florida Class with the intent that the Florida Plaintiffs and the Florida Sub-Class Members rely upon the omission;
- h) Toyota made material representations and statements of fact to the Florida Plaintiffs and the Florida Sub-Class Members that resulted in the Florida Plaintiffs and the Florida Sub-Class Members reasonably believing the represented or suggested state of affairs to be other than what they actually were;
- i) Toyota intended that the Florida Plaintiffs and the Florida Sub-Class Members rely on their misrepresentations and omissions, so that the Florida Plaintiffs and the Florida Sub-Class Members would purchase vehicles equipped with the Direct Shift-8AT Transmission.
- 164. Toyota's actions impact the public interest because the Florida Plaintiffs and the Florida Sub-Class Members were injured in exactly the same way as thousands of others purchasing and/or leasing the vehicles with defective

Direct Shift-8AT Transmission as a result of and pursuant to Toyota's generalized course of deception.

- 165. Had the Florida Plaintiffs and the Florida Sub-Class Members known of the defective nature of the Direct Shift-8AT Transmission, they would not have purchased or leased vehicles equipped with the Direct Shift-8AT Transmission or would have paid less for them.
- 166. The foregoing acts, omissions and practices proximately caused the Florida Plaintiffs and the Florida Sub-Class Members to suffer actual damages in the form of, inter alia, overpaying for the vehicles, as well as diminution in value of the vehicles equipped with Direct Shift-8AT Transmission, and they are entitled to recover such damages, together with all other appropriate damages, attorneys' fees and costs of suit.

## FIFTH CAUSE OF ACTION

(Violation of the Washington Consumer Protection Act (WASH. REV. CODE §§ 19.86.010, et seq.)

## On Behalf of Plaintiff Joel Tilson and the Washington Sub-Class

- 167. Plaintiffs incorporate by reference the allegations contained in the preceding sections of the complaint.
- 168. Plaintiff Joel Tilson brings this cause of action on his own behalf and on behalf of members of the Class, or alternatively, the Washington Sub-Class.
- 169. Plaintiff Tilson, the Washington Sub-Class Members, and Toyota are "persons" within the meaning of WASH. REV. CODE § 19.86.010(2).
- 170. Defendants committed the acts complained of herein in the course of "trade" or "commerce" within the meaning of WASH. REV. CODE § 19.96.010.

- 171. The WCPA broadly prohibits "[u]nfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce." WASH. REV. CODE § 19.86.020.
- 172. Toyota participated in deceptive trade practices that violated the WPCA as described below and alleged throughout the Complaint. By failing to disclose the Defect, by concealing the Defect, by marketing its vehicles as safe, reliable, well-engineered, and of high quality, and by presenting itself as a reputable manufacturer that valued safety, performance and reliability, and stood behind its vehicles after they were sold, Toyota knowingly and intentionally misrepresented and omitted material facts in connection with the sale or lease of the Class Vehicles. Toyota systematically misrepresented, concealed, suppressed, or omitted material facts relating to the Class Vehicles and the Defect in the course of its business.
- 173. Toyota also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of the Class Vehicles.
- 174. Toyota's unfair and deceptive acts or practices occurred repeatedly in Toyota's trade or business, were capable of deceiving a substantial portion of the purchasing public and imposed a serious safety risk on the public.
- 175. Toyota knew that the Class Vehicles suffered from an inherent defect, were defectively designed or manufactured, and were not suitable for their intended use.
- 176. Toyota knew or should have known that its conduct violated the WCPA.

- 177. Defendants were under a duty to Plaintiffs and the Washington Sub-Class Members to disclose the defective nature of the Class Vehicles because:
  - a) Defendants were in a superior position to know the true state of facts about the safety defect in the Class Vehicles;
  - b) Defendants made partial disclosures about the quality of the Class
     Vehicles without revealing the defective nature of the Class
     Vehicles; and
  - c) Defendants actively concealed the defective nature of the Class Vehicles from Plaintiffs and the Washington Sub-Class Members at the time of sale and thereafter.
- 178. In failing to disclose the defective nature of the Direct Shift-8AT Transmissions, Toyota knowingly and intentionally concealed material facts and breached its duty not to do so.
- 179. The facts about the 8AT Transmission Defect that the Toyota concealed from, or failed to disclose to, Plaintiffs and other members of the Washington Sub-Class are material in that a reasonable consumer would have considered them to be important in deciding whether to purchase or lease the Class Vehicles or pay less. Had Plaintiffs and other members of the Washington Sub-Class known that the Class Vehicles' transmissions were defective, they would not have purchased or leased the Class Vehicles or would have paid less for them.
- 180. Plaintiffs and other members of the Washington Sub-Class are reasonable consumers who do not expect the transmissions installed in their vehicles to exhibit problems such as: rough, delayed, or sudden shifting or failure to shift; grinding or other loud noises during shifting; harsh engagement of gears; sudden or harsh accelerations/decelerations; sudden loss of power;

premature transmission wear; and eventually, transmission failure. This is the reasonable and objective consumer expectation relating to vehicle transmissions.

- 181. As a result of Toyota's conduct, Plaintiffs and other members of the Washington Sub-Class were harmed and suffered actual damages in that, on information and belief, the Class Vehicles experienced and may continue to experience problems such as: harsh or delayed shifting and engagement, delayed acceleration, hesitation, jerking, unintended acceleration, lurching, excessive revving before upshifting (also known as excessively high RPM shift points), and lack of power when needed, premature transmission wear; and eventually, transmission failure.
- 182. As a result of their reliance on Toyota's omissions, owners and/or lessees of the Class Vehicles suffered an ascertainable loss of money, property, and/or value of their Class Vehicles. Additionally, as a result of the 8AT Transmission Defect, Plaintiffs and other members of the Washington Sub-Class were harmed and suffered actual damages in that the Class Vehicles' transmission components are substantially certain to fail before their expected useful life has run and Class Members have incurred or will incur the cost of repairing or replacing the defective transmission.
- 183. As a direct and proximate result of Toyota's unfair or deceptive acts or practices alleged herein, Plaintiffs and other members of the Washington Sub-Class suffered and will continue to suffer actual damages and are entitled to recover actual damages to the extent permitted by law, including class action rules, in an amount to be proven at trial.

## SIXTH CAUSE OF ACTION 1 (Fraudulent Omission) 2 3 On Behalf of the Class or, Alternatively, the California, Colorado, Florida, and Washington Sub-Classes and Their Named Representatives 4 5 184. Plaintiffs incorporate by reference the allegations contained in the 6 preceding sections of the complaint. 185. Plaintiffs Dennis Murphy, Deborah Murphy, Sharon Page, Brett 7 Page, Tony Lander, and Joel Tilson bring this Count individually, and for the 8 9 Class or, in the alternative, the California, Colorado, Florida and Washington Sub-Classes. 10 11 Toyota knew that the Class Vehicles' transmissions suffered from an inherent defect, were defectively designed and/or manufactured and were not 12 suitable for their intended use. 13 186. Toyota concealed from and failed to disclose to Plaintiffs and 14 Class Members the defective nature of the Class Vehicles and their 15 16 transmissions. 187. Toyota was under a duty to Plaintiffs and Class Members to 17 disclose the defective nature of the Class Vehicles' transmissions because: 18 19 a) Toyota was in a superior position to know the true state of facts about the safety defect contained in the Class Vehicles' 20 21 transmissions; b) Toyota made partial disclosures about the quality of the Class 22 Vehicles without revealing the defective nature of the 23 transmissions; and 24 c) Toyota actively concealed the defective nature of the Class 25 Vehicles' transmissions from Plaintiffs and Class Members. 26 27 28

188. The facts concealed or not disclosed by Toyota to Plaintiffs and the other Class Members are material in that a reasonable person would have considered them to be important in deciding whether to purchase or lease the Class Vehicles or pay a lesser price for them. Had Plaintiffs and Class Members known about the defective nature of the Class Vehicles' transmissions, they would not have purchased or leased the Class Vehicles or would have paid less for them.

189. Toyota concealed or failed to disclose the true nature of the design and/or manufacturing defects contained in the Class Vehicles' transmissions in order to induce Plaintiffs and Class Members to act thereon. Plaintiffs and the other Class Members justifiably relied on Toyota's omissions to their detriment. This detriment is evident from Plaintiffs' and Class Members' purchase or lease of defective Class Vehicles.

190. Toyota continued to conceal the defective nature of the Class Vehicles' transmissions even after Class Members began to report the problems. Indeed, Toyota continues to cover up and conceal the true nature of the problem today.

191. As a direct and proximate result of Toyota's misconduct, Plaintiffs and Class Members have suffered and will continue to suffer actual damages.

## RELIEF REQUESTED

- 192. Plaintiffs, on behalf of themselves and all others similarly situated, request the Court to enter judgment against Toyota, as follows:
  - (a) An order certifying the proposed Class and Sub-class, designating Plaintiffs as named representatives of the Class, and designating the undersigned as Class Counsel;

1	(a)	An award	to Plaintiffs and the Class for compensatory,
2		exemplary	, and statutory damages, including interest, in an
3		amount to	be proven at trial;
4	(b)	Any and al	ll remedies provided pursuant to a breach of
5		implied wa	arranty under California, Colorado, Florida, and
6		Washingto	n law;
7	(c)	An award	of attorneys' fees and costs, as allowed by law;
8	(d)	An award	of pre-judgment and post-judgment interest, as
9		provided b	y law;
10	(e)	Leave to a	mend the Complaint to conform to the evidence
11		produced a	at trial; and
12	(f)	(f) Such other relief as may be appropriate under the	
13		circumstan	ices.
14			
15	DEMAND FOR JURY TRIAL		
16	193. Pursuant to Federal Rule of Civil Procedure 38(b) and Central		
17	District of California Local Rule 38-1, Plaintiffs demand a trial by jury of all		
18	issues in this action so triable.		
19	Datad: Dacamba	r 15 2020	Respectfully submitted,
20	Dated: December 15, 2020		Capstone Law APC
21			Capstone Law AI C
22			By: /s/ Cody R. Padgett
23	Steven R. Weinmann		
24			Tarek H. Zohdy Cody R. Padgett
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FIRST AMENDED CLASS ACTION COMPLAINT

FIRST AMENDED CLASS ACTION COMPLAINT

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