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CODE SECTION 6103]

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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE CITY AND COUNTY OF SAN FRANCISCO
12

13 **PEOPLE OF THE STATE OF**
14 **CALIFORNIA,**

15 Plaintiff,

16 v.

17 **SEPHORA USA, INC.**

18 Defendant.
19
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Case No.

**COMPLAINT FOR INJUNCTION, CIVIL
PENALTIES, AND OTHER EQUITABLE
RELIEF**

(CIVIL CODE, § 1798.155 & BUSINESS
AND PROFESSIONS CODE, § 17206)

21 The People of the State of California, by and through Rob Bonta, Attorney General of the
22 State of California, bring this action against Defendant Sephora USA, Inc. (“Sephora”) for
23 violations of the California Consumer Privacy Act of 2018 (the “CCPA”), Civil Code section
24 1798.100 *et seq.*, and the Unfair Competition Law, Business and Professions Code section 17200
25 *et seq.*, following an investigation into the privacy practices of Sephora for its collection, use, and
26 sale of consumers’ online activities and other personal information.

27 The People allege the following facts based on investigation, information, or belief:
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INTRODUCTION

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2 1. Consumers are constantly tracked when they go online. Sephora, like many online
3 retailers, allows third-party companies to install tracking software on its website and in its app so
4 that these third parties can monitor consumers as they shop. The third parties track all types of
5 data; in Sephora’s case, third parties can track whether a consumer is using a MacBook or a Dell,
6 the brand of eyeliner that a consumer puts in their “shopping cart,” and even the precise location
7 of the consumer. Some of these third-party companies create entire profiles of users who visit
8 Sephora’s website, which the third parties then use for Sephora’s benefit. For example, the third
9 party might provide detailed analytics information about Sephora’s customers and provide that to
10 Sephora, or offer Sephora the opportunity to purchase online ads targeting specific consumers,
11 such as those who left eyeliner in their shopping cart after leaving Sephora’s website. This data
12 about consumers is frequently kept by companies and used for the benefit of other businesses,
13 without the knowledge or consent of the consumer.

14 2. The ramifications of this third-party surveillance can go beyond ordinary consumer
15 profiling. Sephora’s website allows visitors to browse and purchase products such as prenatal and
16 menopause support vitamins—data points which can be used by third-party companies to infer
17 conclusions about women’s health conditions, like pregnancy. Moreover, when a company like
18 Sephora utilizes third-party tracking technology without alerting consumers and giving them the
19 opportunity to control their data, they deprive consumers of the ability to limit the proliferation of
20 their data on the web.

21 3. California’s landmark privacy law, the CCPA, sought to prevent this. Thanks to the
22 CCPA, Californians now have rights over their personal information, including the right to access
23 and delete personal information and the right to opt-out of the sale of personal information. The
24 right to opt-out is the hallmark of the CCPA. This right requires that companies follow certain
25 straightforward rules: if companies make consumer personal information available to third
26 parties and receive a benefit from the arrangement—such as in the form of ads targeting specific
27 consumers—they are deemed to be “selling” consumer personal information under the law. This
28 in turn triggers certain basic obligations, including that the business tell consumers that it is

1 selling their personal information and allow consumers to opt-out of those sales, such as by
2 clicking an easy-to-find “Do Not Sell My Personal Information” link.

3 4. Sephora did not do this. Sephora did not tell consumers that it sold their personal
4 information; instead, Sephora did the opposite, telling California consumers on its website that
5 “we do not sell personal information.” Sephora also did not provide consumers with an easy-to-
6 find “Do Not Sell My Personal Information” link, either on its webpage or in its app.

7 5. To help consumers who want to easily opt-out, the CCPA requires that a business take
8 steps to ensure that any user who has “user-enabled global privacy controls” is treated the same as
9 users who have clicked the “Do Not Sell My Personal Information” link. This requirement was
10 intended to spur innovation and encourage the development of technologies that would allow
11 consumers to universally opt-out of all online sales in one fell swoop, giving consumers the
12 agency and ability to stop their data from being sold over and over again. With a universal opt-
13 out, consumers can broadcast a “do not sell” signal across every website they visit, without
14 having to click each time on an opt-out link. But again, Sephora failed to honor this requirement.
15 Sephora’s website was not configured to detect or process any global privacy control signals,
16 such as the “Global Privacy Control” (GPC). As a result, Sephora wholly disregarded consumers
17 who communicated to the company, via a global opt-out signal, that Sephora should not sell their
18 personal information.

19 6. The Attorney General notified Sephora of these violations. Under the CCPA, Sephora
20 had 30 days to cure. After Sephora failed to cure any of the alleged violations, the Attorney
21 General initiated an in depth investigation leading to this enforcement action.

22 **PARTIES**

23 7. Plaintiff is the People of the State of California. The People bring this action by and
24 through Rob Bonta, Attorney General, who is authorized by Civil Code section 1798.155 to bring
25 actions to enforce the CCPA, and authorized by Business and Professions Code section 17204
26 and 17206 to bring actions to enforce the Unfair Competition Law (UCL).

27 8. Defendant Sephora USA, Inc. is a Michigan corporation with its principal place of
28 business in San Francisco, California.

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1 about what shoppers did on its website or in its app, like how many people looked at a particular
2 product. The analytics provider also would determine who the shopper was, using extensive data
3 gathered from other sources, and then present Sephora with the valuable option to serve targeted
4 advertisements to the same shopper on the analytics provider's advertising network. Both the
5 trade of personal information for analytics and the trade of personal information for an
6 advertising option constituted sales under the CCPA.

7 13. Sephora installed and used other widely available advertising and analytics services
8 from companies with which Sephora had the same fundamental deal: Sephora allowed the third-
9 party companies access to its customers' online activities in exchange for advertising or analytic
10 services. Sephora knew that these third parties would collect personal information when Sephora
11 installed or allowed the installation of the relevant code on its website or in its app. Sephora also
12 knew that it would receive discounted or higher-quality analytics and other services derived from
13 the data about consumers' online activities, including the option to target advertisements to
14 customers that had merely browsed for products online. Sephora also did not have valid service-
15 provider contracts in place with each third party, which is one exception to "sale" under the
16 CCPA. All of these transactions were sales under the law.

17 **THE ATTORNEY GENERAL'S INVESTIGATION**

18 14. In June 2021, the Attorney General commenced an enforcement sweep of large
19 retailers to determine whether they continued to sell personal information when a consumer
20 signaled an opt-out via the GPC. In part, the testing and investigation used commercially
21 available browser extensions to monitor network traffic involving third-party advertising and
22 analytics providers, and analyzed how that traffic changed when the GPC sent its "do not sell"
23 signal. In investigating Sephora's website, the Attorney General found that activating the GPC
24 had no effect and that data continued to flow to third-party companies, including advertising and
25 analytics providers. Subsequent testing confirmed that Sephora's website took no action to block
26 the transmission of personal information even when a California consumer signaled their opt-out
27 using the GPC. In short, Sephora completely ignored the GPC.

15. The Attorney General also found other sale-related violations. Because Sephora sold personal information, the CCPA required Sephora to undertake several compliance obligations.

- First, Sephora was required to notify consumers of the “the categories of personal information [Sephora] has sold or shared about consumers in the preceding 12 months.” Sephora failed to make these disclosures or give consumers these material facts in its separate portion of the privacy policy titled “Information for California Residents.” In that California-specific notice, Sephora merely noted that it “share[d]” personal information and provided consumers with a link to see what information was shared. Upon clicking that link, Sephora expressly told consumers “that we do not sell personal information.”
- Second, Sephora was required to post a “Do Not Sell My Personal Information” link on its website and in its mobile application as well as provide another means of opting out. Sephora failed to offer any means of opting out.
- Third, for consumers who exercised their right to opt-out of the sale of their personal information, Sephora was required to refrain from selling that data. This includes consumers who exercise their right to opt-out via a user-enabled global privacy control. Instead, Sephora sold the personal information of consumers who exercised their right to opt-out via the GPC.

16. On June 25, 2021, the Attorney General notified Sephora that it may be in violation of the CCPA and had 30 days to cure before it faced legal liability. Sephora did not cure any of the alleged violations. By July 26, 2021, Sephora had failed to take any of the following steps:

- Sephora failed to update its privacy policy to tell consumers that Sephora sells their personal information to third parties and that consumers have the right to opt-out of that sale;
- Sephora failed to post a “Do Not Sell My Personal Information” (DNSMPI) link on its website and homepage;
- Sephora failed respond to or process consumer opt-outs via the GPC.

17. Upon Sephora’s failure to cure its CCPA noncompliance, the Attorney General entered into a tolling agreement with Sephora, effective September 15, 2021, which remains in effect through the filing of this complaint.

FIRST CAUSE OF ACTION

VIOLATIONS OF THE CCPA, SECTION 1798.155, SUBDIVISION (B)

(Failure to Notice Sale of Consumer Personal Information, Provide “Do Not Sell My Personal Information” Link, Provide Two Or More Methods to Opt-Out of Sale, and Process Requests to Opt-Out Via User-Enabled Global Privacy Controls)

18. The People reallege and incorporate by reference each of the paragraphs above as

1 though fully set forth herein.

2 19. Sephora’s website and mobile app failed to inform consumers that it sells their
3 personal information and that they have the right to opt-out of this sale, failed to provide a clear
4 and conspicuous “Do Not Sell My Personal Information” link that would enable a consumer to
5 opt-out of the sale of their personal information, and failed to provide two or more designated
6 methods for submitting requests to opt-out.

7 20. Accordingly, each time a Californian visited Sephora’s website beginning on July 25,
8 2021, Sephora violated:

9 (a) Civil Code section 1798.130, subdivision (a)(5);

10 (b) Civil Code section 1798.135, subdivision (a)(1);

11 (c) California Code of Regulations, title 11, sections 7010, 7011, 7013, and 7026.

12 21. In addition, for consumers who enabled the GPC, Sephora violated Civil Code section
13 1798.120, subdivision (a), section 1798.135, subdivision (a)(4), and California Code of
14 Regulations, title 11, section 7026, subdivision (c)(1), by failing to treat the GPC as a consumer’s
15 opt-out of the sale of their personal information and continuing to sell personal information to
16 third parties despite receiving a GPC signal.

17 22. Upon the Attorney General providing notice of these violations of the CCPA, and
18 implementing regulations, Sephora failed to cure them within 30 days. Each time Sephora failed
19 to stop the sale of data to a third party, Sephora violated the law.

20 **SECOND CAUSE OF ACTION**

21 **VIOLATIONS OF THE UNFAIR COMPETITION LAW, 22 BUSINESS AND PROFESSIONS CODE, SECTION 17206**

23 **(Failure to Process Requests to Opt-Out Via User-Enabled Global Privacy Controls)**

24 23. The People reallege and incorporate by reference each of the paragraphs above as
25 though fully set forth therein.

26 24. Sephora has engaged in unlawful, unfair, or fraudulent acts or practices, which
27 constitute unfair competition within the meaning of Section 17200 of the Business and
28 Professions Code. Defendants’ acts or practices include, but are not limited to, making false or

misleading statements of facts concerning Defendants' sale of consumers' personal information and unfairly depriving consumers of the ability to opt-out of this sale. These acts include but are not limited violations of the following:

- (a) Civil Code section 1798.120, subdivision (a);
- (b) Civil Code section 1798.135, subdivisions (a)(1) and (a)(4);
- (c) Civil Code section 1798.130, subdivision (a)(5);
- (d) California Code of Regulations, title 11, sections 7010, 7011, 7013, and 7026.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment as follows:

1. Pursuant to Civil Code section 1798.155, subdivision (b), that the Court enter all orders necessary to prevent Defendant from engaging in any act or practice that violates CCPA, including, but not limited to, as alleged in this Complaint;

2. Pursuant to Civil Code section 1798.155, subdivision (b), that the Court assess a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) for each violation of CCPA, and Seven Thousand Five Hundred Dollars (\$7,500) for each intentional violation of CCPA, as proven at trial.

3. Pursuant to Business and Professions Code section 17203, that the Court enter all orders necessary to prevent Defendants, as well as Defendants' successors, agents, representatives, and employees from engaging in any act or practice that constitutes unfair competition in violation of Business and Professions Code section 17200.

4. Pursuant to Business and Professions Code section 17203, that the Court enter all orders or judgments as may be necessary to restore any person in interest any money or other property that Defendants may have acquired by violations of Business and Professions Code section 17200, as proved at trial;

5. Pursuant to Business and Professions Code section 17206, that the Court assess a civil penalty of Two Thousand Five Hundred Dollars (\$2,500) for each violation of the Unfair Competition Law.

6. That Plaintiff recover its costs of suit; and

1 7. For such other and further relief as the Court deems just and proper.

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3 Dated: August 23, 2022

Respectfully submitted,

4 ROB BONTA
Attorney General of California

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7 RONI DINA POMERANTZ
8 Deputy Attorney General
9 *Attorneys for The People of the State of*
10 *California*