Litigation

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This Week in Chancery Court: Meta Data Scandal Trial, Endeavor

July 14, 2025, 2:00 AM PDT

Meta Platforms Inc. is set to defend its leaders' response to federal data privacy probes in what will be the Delaware Chancery Court's first trial to consider hard-to-prove oversight liability claims.

Here's what else is on the court's calendar for the week:

Tuesday: In re Appraisal of Endeavor Grp. Holdings, Inc., Del. Ch., No. 2025-0317, hearing 7/15/25.

At issue: Competing groups of hedge funds are fighting to lead a consolidated appraisal case challenging Silver Lake's $13 billion buyout of Endeavor Group Holdings Inc. Vice Chancellor Lori W. Will has said she'll resolve the leadership fight before weighing how to coordinate the appraisal case with two related lawsuits hitting Silver Lake and billionaire Hollywood mogul Ari Emanuel with self-dealing claims. After pushing back a lead counsel hearing originally scheduled July 2, the judge is now also set to consider dueling requests concerning information redacted from recent court filings: One side says the material reflects an improper attempt to influence media coverage, while the other says it isn't even really confidential.

Court action: The hearing will be held via videoconferencing.

Endeavor Buyout Arbitrage Fuels Court Fight Over Lawyer Fees

Tuesday: In re Gores Holdings IV Inc. S'holder Litig., Del. Ch., No. 2023-0284, settlement hearing 7/15/25.

At issue: Whether Will approves a deal to end litigation challenging United Wholesale Mortgage LLC's $16 billion blank-check merger. Under the terms of the proposed settlement, UWM Holdings Corp. agreed to pay $17.5 million to resolve the claims. The litigation targeted private equity billionaire Alec Gores and other architects of the merger, but the defendants didn't include UWM, the country's largest wholesale mortgage lender, or its billionaire CEO, Mat Ishbia, who owns the NBA's Phoenix Suns and the WNBA's Phoenix Mercury.

Court action: The settlement hearing will be held in Wilmington, Del.

Gores, SPAC Backers Have Deal to End UWM Blank-Check Merger Case

Wednesday: In re Facebook Inc. Derivative Litig., Del. Ch., No. 2018-0307, trial 7/16/25.

At issue: Founder Mark Zuckerberg is expected to testify during the trial in which a group of pension funds allege he led Facebook to violate a 2012 Federal Trade Commission consent order regarding data sharing, as well as participating in insider trading. The group also claims Facebook's board also failed to monitor the platform's compliance with the FTC order. The claims are linked to the 2018 Cambridge Analytica scandal, and Facebook parent Meta says in a brief that a subsequent $5 billion FTC settlement was "the product of Cambridge Analytica's studied deceit—not remotely the product of the bad faith inattention of Facebook's fiduciaries."

Court action: An eight-day trial is scheduled to begin Wednesday in Wilmington, Del.

Facebook's Sandberg Sanctioned in Delaware for Lost Emails (1)

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Securities Law News

Heliogen Stockholder Sues Over $10 Million Sale to Zeo Energy

July 11, 2025, 12:12 PM PDT

- **COURT**: C.D. Cal.
- **TRACK DOCKET**: No. 2:25-cv-06297 (Bloomberg Law subscription)

Heliogen Inc.'s $10 million deal to be bought out to Zeo Energy Corp. wasn't properly fleshed out in paperwork for stockholders' review, a lawsuit seeking to halt the sale said.

The deal's paperwork didn't provide enough information about the sales process, fiscal projections for both companies, and the data used by advisers to review financials, said the stockholder's complaint filed in the US District Court for the Central District of California.

Heliogen's securities holders will get shares of Zeo's Class A common stock based on a price of almost $1.59 a share, which may be adjusted depending on Heliogen's net cash at closing, the companies said in a May press release. The total transaction is about $10 million and expected to close in the third quarter of 2025, the release said.

Zeo plans to build a division focused on long-duration clean energy production and storage for commercial and industrial-size facilities using Heliogen's "solutions, brand, intellectual property, capital, and technical talent," the companies said.

While the deal's registration statement says PEP Advisory LLC reviewed certain business and financial information for both companies, it doesn't disclose the projections themselves, said Mario Johnson's complaint filed Thursday. And it doesn't spell out conversations about post-buyout employment, he said.

Certain executives have "golden parachute" severance packages, Johnson said without naming anyone specific. Company insiders own large, illiquid portions of Heliogen stock, options, and other equity awards that'll be subject to accelerated vesting if and when the transaction closes, he said.

By presenting shareholders with deal paperwork that doesn't disclose all of the financial information and sales process, Heliogen and its board violated the Securities Exchange Act of 1934, Johnson said.

Brodsky Smith represents Johnson, who wants a judge to stop the deal.

If the deal goes through, Johnson wants a court to rescind it or award him rescissory damages. Johnson also wants Heliogen and its board to put out deal paperwork that isn't allegedly misleading.

Neither a spokesperson for Heliogen nor its legal counsel for the deal, Cooley LLP, responded to emails seeking comment.

The case is Johnson v. Heliogen, Inc. , C.D. Cal., No. 2:25-cv-06297, complaint filed 7/10/25 .

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Bloomberg Law

Meta Files for Appellate Relief to Bar Zuckerberg Deposition

July 11, 2025, 11:30 AM PDT

- **Meta claims Ninth Circuit courts have split over apex doctrine**
- **A proposed class wants deposition before certification brief**

Mark Zuckerberg wants the Ninth Circuit to tell a lower court he doesn't have to testify about how he addressed certain privacy concerns at Meta Platforms Inc.

Meta is fighting a proposed class action in the US District Court for the Northern District of California challenging how Zuckerberg's social media company collected personal health information through its tracking piece of computer code called Pixel.

The lower court previously ruled that plaintiffs' counsel had exhausted other methods to inquire about Zuckerberg's role as a decisionmaker listed in a FTC consent order that required Meta to provide sufficient oversight to its privacy decisions. In a brief filed Thursday, they said time was running out to depose Zuckerberg, the company's founder and CEO, before the deadline to file a class certification brief.

But Meta, in a petition filed this week with the US Court of Appeals for the Ninth Circuit, claimed plaintiffs' counsel "have not seriously tried to gather evidence from other sources about Mr. Zuckerberg's conduct or intent" and accused them of deploying "head-in-the-sand tactics" to pressure the social media company to settle rather than deal with litigation burdens.

The presumption that CEOs get to avoid depositions—formalized under the apex doctrine—may be weakening. But some experts have defended the doctrine by warning about the discovery abuses that Meta alleges are at play here.

Other Officers

Plaintiffs' counsel canceled a deposition with Meta's Vice President and Deputy Chief Privacy Officer of Policy Rob Sherman after the district court affirmed a magistrate judge's orders requiring Zuckerberg to testify, according to Meta's mandamus petition.

Meta also claimed they failed to ask the company's Vice President of Product Management about a privacy-related policy proposal that would include an opt-in process, even though that executive was personally "'responsible for all of Meta's Business Tools (including the Pixel).'"

The district court said on June 24 that if plaintiffs' counsel are in fact failing to secure crucial information so that they can have their day with Zuckerberg, "'that is a risk they will bear,'" the tech company told the appellate court.

Zuckerberg is at the center of a district level split, requiring appellate mandamus relief to solve, Meta said.

Apex Doctrine

Some courts say that only Zuckerberg can testify to his own thinking when he made decisions, satisfying two requirements under the apex doctrine—where a high-level executive has unique personal knowledge of the facts at issue, and less intrusive methods of discovery wouldn't get that information.

But other courts say that's insufficient, describing "'state of mind'" depositions as speculative, unsubstantiated and, unpersuasive, Meta argued.

"That a high-level business executive possesses final decisionmaking authority on relevant company policies or actions cannot itself justify an apex deposition," Meta said, saying that the alleged tautology would swallow the point of the apex doctrine.

Meanwhile, plaintiffs' counsel say the company has refused to provide a time and date for its CEO's deposition. They said that in response to that, they unilaterally scheduled the interview for July 7, the day Meta filed its writ for mandamus.

Meta hasn't filed to stay the district court's order to testify, plaintiffs' counsel said. That demand "thus remains in effect and cannot be disregarded," they said.

The plaintiffs are represented by Cohen Milstein Sellers & Toll PLLC, Simmons Hanly Conroy LLP, Terrell Marshall Law Group PLLC, Kiesel Law LLP, and Gibbs Mura LLP. Gibson Dunn & Crutcher LLP and Latham & Watkins LLP represent Meta.

The cases are In re Meta Pixel Healthcare Litig. , N.D. Cal., No. 3:22-cv-03580, administrative motion 7/10/25 and Meta Platforms Inc. v. U.S. Dist. Ct. for the N. Dist. of Calif , 9th Cir., No. 25-4172, mandamus petition 7/7/25 .

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Meta investors, Zuckerberg to square off at $8 billion trial over alleged privacy violations

reuters.com/sustainability/boards-policy-regulation/meta-investors-zuckerberg-square-off-8-billion-trial-over-alleged-privacy-2025-07-14

Tom Hals July 14, 2025

Meta CEO Mark Zuckerberg looks on before the luncheon on the inauguration day of U.S. President Donald Trump's second Presidential term in Washington, U.S., January 20, 2025. REUTERS/Evelyn Hockstein/File Photo Purchase Licensing Rights, opens new tab

- Trial stems from the Cambridge Analytica scandal in 2018 over privacy of Facebook data
- Shareholders are seeking to recoup from Zuckerberg and others around $8 billion that Meta paid in fines
- Defendants include Sheryl Sandberg, Marc Andreessen and Peter Thiel

WILMINGTON, Delaware, July 14 (Reuters) - Mark Zuckerberg is expected to appear as a star witness in an unusual $8 billion trial that kicks off this week at which the Meta CEO is accused of operating Facebook as an illegal enterprise that allowed users' data to be harvested without their consent.

Shareholders of Meta Platforms , the parent company of Facebook, Instagram and WhatsApp, sued Zuckerberg and other current and former company leaders, saying they continually violated a 2012 agreement between Facebook and the Federal Trade Commission to protect users' data.

The case dates back to 2018, after it emerged that data from millions of Facebook users was accessed by Cambridge Analytica, a now-defunct political consulting firm that worked for Donald Trump's successful campaign for U.S. president in 2016.
Shareholders want Zuckerberg and the other defendants to reimburse the company for more than $8 billion in fines and other costs paid by Meta after the Cambridge Analytica scandal came to light, including a record $5 billion fine imposed on Facebook by the FTC in 2019 for violating the 2012 agreement.
Defendants in the case include former Chief Operating Officer Sheryl Sandberg, venture capitalist and board member Marc Andreessen, as well as former board members Peter Thiel, the Palantir Technologies (PLTR.O), opens new tab co-founder, and Reed Hastings, the co-founder of Netflix (NFLX.O), opens new tab.
Zuckerberg and the other defendants, who declined to comment, have dismissed the allegations in court filings as "extreme claims." Meta, which is not a defendant, also declined to comment.

The non-jury trial in Wilmington, Delaware, begins on Wednesday and is scheduled to last eight days. It will mostly focus on decade-old events and board meetings to determine how Facebook leaders implemented the 2012 agreement.

While the trial will cover long-ago policies, it comes as privacy concerns continue to dog Meta, which is under scrutiny for its training of AI models. The company says it has invested billions of dollars since 2019 in its program to safeguard users' privacy.
Jason Kint, the head of Digital Content Next, a trade group for content providers, said the case will fill in details about what the board knew - and when - regarding the data of users, who now total more than 3 billion daily across Meta's platforms. "There's an argument we can't avoid Facebook and Instagram in our lives," he said. "Can we trust Mark Zuckerberg?"

MOST DIFFICULT CLAIMS

Two years ago, the defendants sought to dismiss the case before trial, which the judge declined. "This is a case involving alleged wrongdoing on a truly colossal scale," said Travis Laster, the judge handling the case at the time. The trial in the Court of Chancery will be overseen by Kathaleen McCormick.

Now the plaintiffs, individual investors and union pension funds including California's State Teachers' Retirement System, must prove what is often described as the most difficult claim in corporate law - showing that directors utterly failed in their duty of oversight. Legal experts said it appears to be the first trial on such a claim.

Zuckerberg and Sandberg are alleged to have knowingly caused the company to violate the law. While Delaware law protects directors and officers for bad business decisions, it does not protect them from illegal ones, even if they are profitable.

Defendants said in court filings that plaintiffs cannot deliver the evidence.

The shareholders in pretrial court papers said they can prove that after the 2012 agreement, Facebook continued deceptive privacy practices, at the direction of Zuckerberg. The defendants said the evidence will show that the company built a team to oversee privacy and hired an outside compliance firm and that Facebook was a victim of Cambridge Analytica's "studied deceit."

In addition to the central privacy claims, plaintiffs also allege that when Zuckerberg could see that the Cambridge Analytica scandal was about to break and send company stock lower, he was motivated to offload his stock and reaped at least $1 billion in profit. Defendants said evidence will show he used a stock-trading plan that can protect against insider-trading allegations. They also said the motivation was to benefit his charitable pursuits.

Meta Platforms

Meta trial becomes test of board culpability over corporate scandals

Delaware court to hear testimony from Mark Zuckerberg, executives and directors in rare case that begins this week

Chief Mark Zuckerberg, right, and former chief operating officer Sheryl Sandberg are listed as witnesses in the eight-day trial, which starts on Wednesday © Alex Wheeler/FT montage/AFP/Getty Images

Sujeet Indap in New York and **Hannah Murphy** in San Francisco

Published YESTERDAY

Meta luminaries will publicly testify in a Delaware corporate law court this week over shareholder allegations that board mismanagement was directly responsible for billions in sanctions that the social media group paid over data breaches.

Two of Facebook parent company's best known executives, chief executive Mark Zuckerberg and former chief operating officer Sheryl Sandberg, are listed as witnesses in the eight-day trial, which starts on Wednesday.

Longtime director and investor Marc Andreessen, as well as former board members Jeff Zients, a former top adviser to former US president Joe Biden, are also set to appear. Other director defendants include the investor Peter Thiel, Kenneth Chenault, the former American Express chief executive and Reed Hastings, the Netflix co-founder.

The lawsuit, brought by three tiny minority Meta shareholders, is the first time a complaint over a board's culpability for a corporate scandal has reached a trial in Delaware, where most such lawsuits are quickly dismissed.

In a handful of instances, companies have settled litigation over board oversight charges, most notably the directors of Boeing who agreed to pay $237.5mn over shareholder charges that the highest levels at the aviation titan failed to prevent the 737 Max scandal.

In the lawsuit, the shareholders accuse Meta's directors of knowingly overseeing lax privacy practices, in violation of a 2012 consent decree struck with the US Federal Trade Commission designed to protect users' personal information — claims that the defendants reject.

The FTC later launched an investigation into Facebook's parent triggered in particular by the Cambridge Analytica scandal in which user data was leaked to a political research group through a third-party app.

The suing shareholders have asked for damages stemming from the $5bn settlement struck with the FTC in 2019 following the investigation. According to the plaintiffs, the board "protected" Zuckerberg by approving the price tag without any internal investigation, in return for the FTC agreeing to drop his name as an individual defendant in the case.

Plaintiffs also allege that the founder "unlawfully sold billions of dollars of Meta stock because of the material non-public information ("MNPI") he had regarding the company's illicit, undisclosed data sharing practices".

Meta declined to comment on the case. In court filings, the defendants argue that the social media company's directors did not knowingly violate the 2012 consent order, and that the board's decision-making was prudent and not conflicted.

Meta faces continued regulatory and legal scrutiny over issues including privacy and antitrust. Critics have argued that its aggressive hunt for growth and profits as a younger company led to online harms, with the company accused of amplifying hate speech and misinformation to juice engagement, or having poor data management practices. More recently, it has poured billions of dollars into trying to become a leader in artificial intelligence.

"The allegations are significant in terms of who knew what and when during their largest scandal that they've had as a company," said Jason Kint, a Big Tech critic who leads the Digital Content Next trade group of online publishers. "What's at stake is the trust of the company — not just for the users but for the shareholders."

Shareholder lawsuits alleging poor board oversight have become known as "Caremark" claims, named for the healthcare company whose shareholders alleged corporate law liability over criminal fraud charges in the 1990s at the healthcare company.

Scholars and judges have long been sceptical that wrongdoing stemming from business operations far removed from the boardroom could be pinned on the offending company's directors. Directors can also offer a defence that pushing the boundaries of the law is consistent with maximising shareholder value. In the case of Meta, its market capitalisation has soared to nearly $2tn.

"Increasingly there is a view that other regulators are not robustly doing their job and only corporate law and securities law can bail out victims," said Ann Lipton, a law professor at the University of Colorado.

Meta notes in its court briefs that Delaware judges have previously remarked that a Caremark claim "is possibly the most difficult theory upon which a plaintiff might hope to win a judgment" and that Meta's "evidence will show that Facebook implemented a robust system of privacy controls" after the 2012 FTC consent decree.

The company has, however, already faced setbacks. The core Caremark claim from the plaintiffs has already survived Meta's motion to dismiss.

Separately, the court earlier this year granted sanctions against Sandberg, who left her executive role in 2022 and the Meta board in 2024, for deleting email messages from her Gmail account after being put on notice about the lawsuit.

Last week, venture capital firm Andreessen Horowitz said it would move its incorporation from Delaware to Nevada, citing "recent actions by the [Delaware] Court of Chancery, which have injected an unprecedented level of subjectivity into judicial decisions, undermining the court's reputation for unbiased expertise".

The Financial Times has previously reported that Meta has pondered moving its incorporation out of Delaware, the state that has traditionally dominated incorporations by both public and private companies.

Technology companies have been spooked by the 2024 decision by Delaware Chancellor Kathaleen McCormick to rescind a $55bn pay deal that Tesla had previously struck with its chief executive, Elon Musk. That case will soon be heard on appeal by the Delaware Supreme Court.

Chancellor McCormick is the judge who will now oversee the Facebook trial.

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Argument Preview

Meta Trial Over Cambridge Analytica Scandal Tests Chancery Court

July 14, 2025, 7:00 AM PDT

- ***Caremark*** **claims stem from Cambridge Analytica scandal**
- **Sandberg sanctioned in litigation over deleted emails**

The first trial of oversight liability claims against a public company may prove riskier for Delaware's elite business court and its chief judge than the expected star witness, Meta Platforms Inc. founder Mark Zuckerberg.

He's expected to testify about fallout at Facebook's parent company from the Cambridge Analytica data mining scandal, in a trial starting Wednesday at the state's Chancery Court. Meta settled similar class action claims in a California federal court in 2022.

The company may view the derivative case as good for them, win or lose. The claims at issue are notoriously difficult to prove, and the trial comes as Meta explores other states for its corporate home in the wake of unpopular Chancery rulings blamed for pushing Tesla Inc., Dropbox Inc., and other companies out of Delaware.

"Maybe they think the possible threat of them also leaving is enough to sway the court to rule their way and they don't need to settle anymore," Southern Methodist University law professor Carliss Chatman said. "Or maybe they want a bad decision so they can justify to the shareholders why they're moving."

'Caremark' Claims

The main claims in the trial are named for the 1996 Chancery ruling in *In re Caremark Int'l Inc. Derivative Litig.* , which set parameters for oversight liability under Delaware law.

A group of pension funds allege Zuckerberg and former COO Sheryl Sandberg led Facebook to violate a 2012 Federal Trade Commission consent order regarding data sharing. Facebook's board also failed to monitor the platform's compliance, they say. They also accuse Zuckerberg of insider trading.

The Delaware lawsuit predates the company's $5 billion settlement with the FTC in 2019 over policies that allowed Cambridge Analytica, a UK consulting firm linked to President Donald Trump's 2016 campaign, to acquire data from 87 million Facebook users. The pension funds say the board approved the accord to shield Zuckerberg from personal liability.

The FTC's fine may have been crucial to the court's 2023 decision allowing the claims to survive a motion to dismiss, but Zuckerberg's and Sandberg's high-profile personalities also likely advanced the case, Chatman said.

When corporate leaders' identities become entwined with the branding, "it kind of makes sense that the *Caremark* claims should survive, because they give the public the perception that they are more aware and more involved in the company than a typical CEO," she said. "It feels more like things are their personal decisions."

Facebook thrived after reaching the FTC settlement, according to the defendants. It invested over $8 billion in its privacy program and preserved Zuckerberg's reputation, they said.

"Cambridge Analytica was decidedly a traumatic episode for Facebook and its stockholders," they said. "But it was the product of Cambridge Analytica's studied deceit—not remotely the product of the bad faith inattention of Facebook's fiduciaries."

Evidence and Guidance

Earlier this year, the court sanctioned Sandberg over deleted emails. How the court handles the evidence will be interesting, said Joshua Newcomer of McKool Smith.

"The genesis of *Caremark* is lack of controls, right? So what does it say, if one of the board members is using personal email and the other board members go along with that, about the overall narrative of control?" Corporate attorneys and their clients want to know what remedies the court could impose if it finds the evidence points to a legal violation, he said.

"I really am going to be looking to see whether the Texas courts take any guidance from the Delaware courts regarding the appropriate relief at the end of a *Caremark* trial, particularly where the company has already made some adjustments, and whether that's good evidence or bad evidence for the company," Newcomer said. "And then what it means in terms of any order for remedial oversight requirements at the company, as opposed to just monetary damages."

Other companies shouldn't have anything to worry about so long as their internal controls are implemented in good faith, he said.

Dexit Drama

The trial is being overseen by Chancellor Kathaleen St. Jude McCormick, who took over the case in March without explanation, years into litigation that had been before Vice Chancellor J. Travis Laster.

The two judges have been lauded as “fearless,” but they’ve also weathered personal attacks from Elon Musk and other critics who believe their rulings illustrate a bias toward minority shareholders.

The venture capital firm co-founded by Meta director Marc Andreessen, who’s expected to testify during trial, cited “an unprecedented level of subjectivity” from the Chancery Court in its decision to relocate to Nevada.

Delaware lawmakers rewrote its corporate statutes in the last couple years in response to rulings by McCormick and Laster. Public records showed Meta executives participated in backroom meetings that led to a new law this year that lowered judge-made guardrails around insider deals, narrowed the definition of a “controlling stockholder,” and limited shareholder access to director texts and emails.

Meta might feel confident because of the unusual outside pressure that any judge in McCormick’s situation would have to acknowledge, said Renee Zaytsev of Boies Schiller Flexner LLP.

The tech giant might expect “that a court is going to be wary about putting out another decision against another really big company,” she said.

However McCormick eventually rules—a decision would follow months after post-trial arguments—the stakes are high for Delaware’s attempts to portray itself as balancing the needs of shareholders with those of corporate leaders.

A pro-Meta outcome would send a strong signal that Delaware is pro-company. With a ruling against Meta, however, “I think you’re going to hear renewed discussions about how Delaware remains an unfriendly place for companies,” Zaytsev said.

The case is In re Facebook Inc. Derivative Litig., Del. Ch., No. 2018-0307, trial 7/16/25 .

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Class Action

Subscribe

Onsemi Defeats Investor Suit Over Demand Stability for Now (1)

July 14, 2025, 6:28 AM PDT; Updated: July 14, 2025, 7:13 AM PDT

- **Investor didn't adequately allege misleading statements, judge said**
- **Investor allowed to amend allegations in supply agreement suit**

ON Semiconductor Corp. and two top executives beat allegations they misled shareholders about the enforcement of long-term supply agreements meant to stabilize demand, a federal judge ruled.

The lead investor failed to allege any actionable misstatements or an inference of intent to defraud, said Judge Susan M. Brnovich while dismissing the suit in the US District Court for the District of Arizona.

CEO Hassane El-Khoury touting the agreements' predictability and "ironclad" nature amounts to inactionable puffery and his speaking about the LTSAs putting Onsemi in a "much better spot" wasn't objectively verifiable, Brnovich said in her July 11 order. And, lead plaintiff Jeffery S. Lew didn't plausibly allege chief financial officer Thad Trent's comment about creating a "win-win" through amending an agreement was misleading, she said.

Lew didn't sufficiently allege an inference of intent or reckless disregard by the executives to deceive investors about the LTSAs before revealing a large cancellation in October 2023, Brnovich said. Siding with Lew would be supporting an inference "entirely based on speculation about what a 'win' constitutes and if the automotive customer was permitted to cancel its orders without Onsemi recognizing some benefit."

Brnovich allowed Lew to file an amended complaint within 30 days of her order.

Onsemi started requiring LTSAs in 2021 to help with supply chain predictability after chip shortage and demand volatility issues during the Covid-19 pandemic, according to Lew's most recent complaint. But the investor claimed that company benefits were overhyped and agreements weren't enforced as touted.

The company said one automotive customer's cancellation would cause it to lower its 2023 silicon carbide revenue target by $200 million on Oct. 30, 2023, Lew said. Onsemi admitted while announcing third fiscal quarter results that day it renegotiated the agreements on a case-by-case basis, Lew alleged.

Share prices plummeted almost 22% that day to close at $65.34—then the stock's biggest drop across one trading day since March 2020, according to data compiled by Bloomberg.

Levi & Korsinsky LLP is lead counsel for the proposed class, which would include those who got Onsemi stock from May 1, 2023, through Oct. 27, 2023. Skadden, Arps, Slate, Meagher & Flom LLP and Osborn Maledon PA represent Onsemi, El-Khoury, and Trent. None of these law firms nor Onsemi immediately responded to emails seeking comment.

The case is Lew v. ON Semiconductor Corp. , D. Ariz., No. 2:24-cv-00594, 7/11/25 .

(Updates with additional reporting throughout the story.)

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Class Action

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Morgan Stanley, Goldman to Settle Lawsuit Over Archegos Trades

July 14, 2025, 7:22 AM PDT

ViacomCBS Inc. investors who sued Morgan Stanley, Goldman Sachs Group Inc. and Wells Fargo & Co. for dumping the media company's shares amid the collapse of Archegos Capital Management asked a judge for final approval of a $120 million settlement with the banks.

The trio were among the prime brokers that helped Archegos, **Bill Hwang**'s $36 billion family office, place massive bets on stocks. They also acted as underwriters for Viacom, now known as Paramount Global, in a March 2021 secondary offering. The company was one of Hwang's biggest swap positions, and a tepid response to the offering led to a meltdown that eventually wiped out his firm.

The investors, led by Frank Capital Partners , sued months after Archegos' collapse, claiming the banks failed to disclose conflicts of interest in their dealings with both Hwang and Viacom. Lawyers for the shareholders asked a New York state judge on July 1 to approve a deal with the banks reached earlier this year. A hearing was scheduled for Aug. 5.

As part of the proposed settlement, the banks continue to deny wrongdoing but say they want to avoid the distraction and expense of continued litigation. Spokespeople for Morgan Stanley, Goldman and Wells Fargo declined to comment, as did a lawyer for the shareholders.

The parties agreed not to disclose how much each bank will pay.

According to Securities and Exchange Commission filings, Morgan Stanley was the lead underwriter, accounting for almost 45% of the Viacom offering. Goldman had 3.2% and Wells Fargo less than 2%.

The investors initially sued dozens of banks, brokerages and individuals claiming fraud on a class of Viacom shareholders who lost money. The other defendants were dismissed and the case focused on Morgan Stanley, Goldman and Wells Fargo.

Hwang and the firm's former chief financial officer, **Patrick Halligan**, were both convicted last year of defrauding their bank counterparties. The pair were found to have misled the banks into providing them with billions of dollars in trading capacity, which Hwang then used to artificially inflate the prices of a highly concentrated group of stocks, including Viacom.

When Archegos collapsed, its trading partners lost nearly $10 billion. The losses contributed to the demise of one of the biggest names in finance, Credit Suisse Group AG, and caused significant losses at Morgan Stanley, UBS Group AG, Nomura Holdings and others.

Hwang was sentenced to 18 years in prison and Halligan eight. Both remain free on bail while they appeal their convictions.

In their suit against the bank, the Viacom investors received more than 1.5 million pages of documents from the banks and took testimony from 37 witnesses. Both sides eventually hired Layn Phillips, a former federal judge, to mediate the case. Phillips recommended the $120 million price tag to which both sides agreed.

The case is Camelot Event Driven Fund v. Morgan Stanley & Co., No. 654959/2021, New York State Supreme Court, New York Co. (Manhattan).

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Securities Law News

Vanguard Faces Fraud Claims for First-Ever Corporate Acquisition

July 11, 2025, 10:39 AM PDT

- **COURTS:** Del. Ch.; Del. Super. Ct.
- **TRACK DOCKETS:** Nos. 2025-0768 and N24C-06-146

Vanguard Group Inc. duped the founders of Just Invest—the indexing giant's first-ever corporate acquisition—into accepting deferred deal payments it never planned to make, they said in a legal filing.

The three co-founders and other ex-shareholders are suing the mutual-fund behemoth in two courts over the transaction, which handed Vanguard control of Just Index and its Kaleidoscope platform for helping financial advisers build tailored portfolios. Their lawsuit made public Thursday added a misrepresentation count to earlier-filed fraud claims.

The 2021 deal—marking a controversial pivot for Vanguard—was part of a wave of similar purchases by major asset managers looking to expand into higher-fee areas with more personalized offerings. BlackRock Inc. and Morgan Stanley were among the financial firms making similar forays during the same period.

The allegations echo a recurring theme in Delaware's Chancery Court, the leading US forum for corporate cases, where startup founders often accuse acquirers of tricking them into a deferred-payment deal structure or sabotaging sales to sidestep "earnout" payments tied to post-transaction milestones.

Vanguard representatives, aware of competing bids that included a higher upfront price, assured Just Invest's leaders they would easily hit those targets, according to the court complaint. But the fund manager later "effectively conceded its intention to delay and otherwise undermine the business" with the aim of dodging the payments, the suit says.

Vanguard didn't immediately have a comment Friday.

First Filed

The dispute got its start in Delaware's trial court of general jurisdiction, where the former investors initially brought contract, fraud, and negligent misrepresentation claims through a shareholder services firm.

But they refiled the misrepresentation count based on legal precedents stating that only the elite business court has jurisdiction to hear it. They're now seeking to have the case specially cross-assigned back to the same Delaware Superior Court judge, Eric M. Davis, who serves in the complex commercial litigation division.

According to the partly redacted lawsuit, originally filed under seal July 3, Vanguard's representatives told Just Invest's that it would easily hit the milestones triggering additional payments. But they concealed the risk that pressure from certain clients would lead to operating restrictions, making those thresholds unreachable, the court complaint says. Those details are blacked out.

"The securityholders later learned that the Vanguard deal team was acutely aware of the risk," according to the legal filing. "These and other actions were taken in bad faith, for the primary intention of further reducing the performance payments."

The former Just Index holders are represented by Heyman Enerio Gattuso & Hirzel LLP and Nixon Peabody LLP. Vanguard, which hasn't yet made an appearance in the new case, is represented in Delaware Superior Court by Morgan, Lewis & Bockius LLP.

The cases are S'holder Rep. Servs. LLC v. Raisonnable Inc. , Del. Ch., No. 2025-0768, complaint unsealed 7/10/25 and S'holder Rep. Servs. LLC v. Raisonnable Inc. , Del. Super. Ct., No. N24C-06-146 .

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75,000 Zantac cases dealt huge blow after experts DQ'd

legalnewsline.com/state-ags-and-supreme-courts/75-000-zantac-cases-dealt-huge-blow-after-experts-dq-d/article_6fcad03e-189d-4ca5-bf0b-99247ee1f303.html

John O'Brien July 14, 2025

LeGrow
https://courts.delaware.gov/

DOVER, Del. - A Delaware judge was wrong to allow expert testimony claiming Zantac causes cancer, the state Supreme Court has ruled in a decision that jeopardizes tens of thousands of lawsuits.

Judge Vivian Medinilla said last year it was up to jurors to sift through opposing opinions concerning a shaky theory that ranitidine in the heartburn medicine can turn into cancer-causing NDMA. Those claims were kickstarted by an independent lab later criticized by the federal Food and Drug Administration.

On July 10, the Supreme Court, in an opinion written by Justice Abigail LeGrow, wrote Delaware's gatekeeping rules for judges mirror federal standards that led a Florida federal judge to toss about 50,000 lawsuits in 2022.

Once that happened, Delaware became a hot spot for lawyers who had initiated an advertising blitz to find clients. The Supreme Court's ruling is a major setback for them, finding the experts did not rely on scientifically accepted research.

"The Superior Court did not address these gaps nor discuss why it was appropriate for the experts to opine that ranitidine causes cancer when the research on which these experts relied did not examine NDMA exposure from ranitidine or establish that the exposure to NDMA in the occupational and dietary studies could be scientifically linked to the exposure to NDMA caused by ingesting ranitidine," LeGrow wrote.

"Further, none of the experts explained their reliance on non-ranitidine studies rather than the ranitidine studies, which showed no increased cancer risk."

Valisure LLC created headlines and lawsuits in 2019 when it claimed its testing showed the Zantac and its generic equivalents contained ranitidine that changed to NDMA. Lawyers cited its study in ensuing litigation, calling Valisure an "independent" lab.

Valisure had brought its findings in a citizen petition to the FDA, which ordered a short-lived recall. The FDA said Valisure's methods were unreliable, saying the lab's "artificial stomach" was heated to 260 degrees and subjected to lethal levels of salt to create NDMA from Zantac.

Valisure detected no NDMA in the drug when testing it under normal human conditions. That didn't stop lawyers who, after the Florida ruling tossing their experts, found more favorable courts in Delaware and California.

In Los Angeles, a Zantac case against Boehringer Ingelheim ended in mistrial. In Chicago, both a trial judge and appeals court have ruled against a woman blaming Zantac for her cancer.

Lawyers at Wisner Baum and other firms had higher hopes for Delaware, where some 75,000 cases are consolidated. But Judge Medinilla was wrong in her analysis of their experts, the Supreme Court decided, especially on the issue of causation.

"The court concluded that the experts could base their conclusions on studies regarding the alleged disease-causing agent rather than the product at issue in the case, without establishing a reliable bridge between the product at issue and the scientific data regarding the toxic agent," LeGrow wrote.

"In so holding, the trial court failed to require the experts to apply a reliable scientific methodology to reach their conclusion that the exposure to the toxic agent in the studies on which the experts relied was comparable to the exposure to the toxic agent caused by the product. That holding was inconsistent with Delaware law."

GSK settled 80,000 cases for $2.2 billion last year while denying all claims against it. Last month, plaintiff lawyers representing company investors sued the company over its Zantac disclosures, citing Valisure's study.

Other defendants include Pfizer and Sanofi-Aventis. Wisner Baum and the other plaintiffs firm had employed 10 new experts that weren't a part of the Florida case to show ranitidine cause 10 types of cancer.

The findings of Emery Pharma, a lab similar to Valisure, were introduced and relied on by some of the new experts, but defendants say the results were bought-and-paid-for. The lab made $2.2 million from plaintiff lawyers and was motivated to find results that would push litigation that could lead to millions in attorneys fees, the companies said.

Actors May Continue Lawsuit Against Lovo Over AI Voice 'Clones,' Judge Rules

law.com/nationallawjournal/2025/07/11/actors-may-continue-lawsuit-against-lovo-over-ai-voice-clones-judge-rules

Emily Saul July 11, 2025

News Artificial Intelligence

J. Paul Oetken, during his nomination hearing to be U.S. district judge for the Southern District of New York, March 16, 2011. Photo by Diego M. Radzinschi/ALM

The 60-page decision from U.S. District Judge J. Paul Oetken of the Southern District of New York found plaintiffs Paul Skye Lehrman and Linnea Sage adequately stated claims under consumer protection law and for breach of contract, yet failed to forward cognizable claims under federal trademark and copyright law.

“This case involves a number of difficult questions, some of first impression,” Oetken wrote. “It also carries potentially weighty consequences not only for voice actors, but also for the burgeoning AI industry, other holders and users of intellectual property, and ordinary citizens who may fear the loss of dominion over their own identities.”

While he did dismiss certain actions, Oetken said plaintiffs are not without remedy.

“Claims for misappropriation of a voice, like the ones here, may be properly asserted under Sections 50 and 51 of the New York Civil Rights Law, which, unlike copyright and trademark law, are tailored to balance the unique interests at stake,” the judge wrote.

Lehrman and Sage filed suit last year, alleging they were contacted in 2020 and 2019 by Lovo employees over the freelance marketplace Fiverr. They were paid for voiceover work, but only after they were assured their voices would not be used for voiceovers, but for a “research project” or “test scripts for radio ads.”

The duo then discovered their cloned voices, named Kyle Snow and Sally Coleman, were being marketed to Lovo’s subscribers, which offers a “text-to-speech” service that allows users to create voiceover narrations “at a fraction of the cost of the traditional model.”

They sued in May 2024 and Lovo moved to dismiss the case in January, contending that the plaintiffs were not well-known enough to make such claims. The action is one of many lawsuits seeking to challenge tech companies’ use of books, articles and other media to train generative AI.

Plaintiffs are represented by Steve Cohen and Anna Menkova of Pollock Cohen.

In a statement, Cohen called Oetken's decision a "spectacular victory."

"We're confident that a jury will come to the same conclusions as Judge Oetken and hold big tech accountable," he said. "This decision is not just a victory for the named plaintiffs and the potential class, but for society which is understandably outraged by the excesses of tech companies which abuse the rights of individuals."

Counsel for Lovo and a company spokesperson did not immediately return requests for comment.

In the motion to dismiss, Lovo accused plaintiffs of "game-playing" and "vague and shifting arguments."

Lovo alleges the lawsuit tries to "raise broad societal concerns (not at issue), all in a desperate attempt to have some claims survive and to transform a minor potential contract action into something more significant."

Oetken agreed that certain claims could not stand, including action alleging unfair competition, false affiliation, and false advertising under the Lanham Act.

The jurist examined celebrity endorsement cases, but finds they "sit uneasily" in this context.

"Unlike the celebrity endorsement cases, though, plaintiffs here use their voices in ways that are clearly separable from their identities and personalities," the judge wrote. "Their clients pay them to produce recordings of themselves narrating scripts, which the clients then own and use to produce content, as authorized by their contracts with Plaintiffs."

Oetken finds the claims more resemble "run-of-the-mill" claims for "trade dress" infringement and that plaintiffs must articulate "'a precise expression of the character and scope of the claimed trade dress' to receive protection," under *Yurman Design v. PAJ.*

Plaintiffs can only obtain trade dress protection if they can demonstrate a secondary or acquired meaning, the judge stated. But the complaint failed to do so.

“Plaintiffs have not alleged that their voices are primarily significant as brands rather than as services to which brands might be attached,” Oetken said. “To be clear, plaintiffs are not out of luck here because they are not famous enough. To the contrary, even extremely famous celebrities are barred from asserting Section 43(a)(1) claims based on the use of their likenesses as products rather than as source-identifying marks.”

“Whether Plaintiffs’ voices are also recognizable is immaterial,” he added.

Lovo is represented by David Case and Michael Lazaroff of Rimon Law.

Bloomberg Law

NCAA Settlement Attorneys Get $515 Million, With More On the Way

July 11, 2025, 2:55 PM PDT

- **Federal judge also approved $40 million in related case**
- **NCAA settlement faces numerous appeals from objectors**

A federal judge on Friday awarded $515 million in fees to the attorneys representing athlete plaintiffs in the $2.8 billion NCAA antitrust settlement, with the potential for millions more over the next decade.

The approval comes as the NCAA settlement itself faces appeals from objectors over Title IX and other issues. The historic deal, approved last month, puts to rest claims by athletes who say they weren't compensated for use of their names, images, and likenesses, and it allows colleges to pay players directly for the first time.

Judge Claudia A. Wilken for the US District Court for the Northern District of California approved $455.2 million in attorney fees—20% of the NIL settlement fund and 10% of the "additional compensation" fund—in the *House v. NCAA* case, as well as more than $9 million to reimburse litigation costs. Wilken also approved a $20 million "injunctive fee."

Wilken also permitted class counsel to apply annually for 0.75% to 1.25% of the amounts that Division I institutions spend on student-athlete benefits and compensation. Class counsel estimated that legal fees would amount to an additional $250 million over 10 years.

The court found it reasonable to permit class counsel to apply each year for 0.75% to 1.25% of the amounts that Division I institutions spend on student-athlete benefits "because such fees will represent a very small percentage of the amounts that Division I institutions are expected to spend on student-athlete compensation and benefits under the pool," she said.

Wilken also approved $40 million in attorneys' fees in *Hubbard v. NCAA*, which was consolidated into the main case, as well as nearly $339,000 in litigation costs.

She approved service awards for the cases' named plaintiffs, including $125,000 each for Grant House and Sedona Prince. In the Hubbard case, she awarded class representatives Chuba Hubbard—now an NFL running back for the Carolina Panthers—and Keira McCarrell service awards of $50,000 each.

Steve Berman, managing partner for plaintiffs attorney firm Hagens Berman Sobol Shapiro LLP, said in a statement that he is pleased to see this "monumental case take another step in its final stages after 20 years of litigation for college athletes."

The plaintiffs are also represented by Winston & Strawn LLP. The NCAA is represented by Wilkinson Stekloff LLP.

The case is In re College Athlete NIL Litig. , N.D. Cal., No. 4:20-cv-03919, 7/11/25 .

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US judge rejects lawyers' $94 million fee bid in auto parts pricing case

reuters.com/legal/litigation/us-judge-rejects-lawyers-94-million-fee-bid-auto-parts-pricing-case-2025-07-14

Mike Scarcella July 14, 2025

U.S. dollar banknotes are seen in this illustration taken March 19, 2025. REUTERS/Dado Ruvic/Illustration Purchase Licensing Rights , opens new tab

July 14 (Reuters) - A U.S. judge has declined to approve $94 million in additional legal fees for a group of attorneys who already collected more than $269 million in fees for securing $1.2 billion in settlements with auto parts makers.

Chief U.S. District Judge Sean Cox in Detroit called the plaintiffs' fee request "excessive" in a ruling , opens new tab on Friday.

Cox said the attorneys from law firms Susman Godfrey; Cotchett Pitre; and Robins Kaplan were owed more compensation for their latest and fifth settlement rounds. But the judge said the amount should be "far less" than $94 million and asked the lawyers to refile their request closer to the end of the settlement claims process.

The law firms represent consumer and commercial auto parts buyers who accused auto parts makers of conspiring to fix prices.

Companies including Denso; Hitachi Automotive; and Mitsubishi Electric were among dozens of defendants that settled with the plaintiffs in recent years. They all denied any wrongdoing. The litigation began in 2012, following a U.S. Justice Department probe of some manufacturers.

The plaintiffs' lawyers in May asked Cox to approve , opens new tab the additional fee award, covering legal work from 2019.
Several companies that are members of the class of parts buyers, including car rental dealers Hertz (HTZ.O) , opens new tab and Avis (CAR.O) , opens new tab, objected , opens new tab to the $94 million fee request, arguing that the lawyers had already been amply compensated.
Lawyers requesting the fees at Susman Godfrey; Cotchett Pitre; and Robins Kaplan did not immediately respond to requests for comment. Hertz and Avis did not immediately respond to similar requests.

In a court filing, the plaintiffs' lawyers said the $1.2 billion settlement was "believed to be the largest amount ever obtained on behalf of indirect purchasers in the history of U.S. antitrust litigation."

The case is In re Automotive Parts Antitrust Litigation, U.S. District Court for the Eastern District of Michigan, No. 2:12-md-02311.

Read more:

US judge admonishes Amazon over disclosures in FTC lawsuit over Prime service
Lawyers defend $205 million legal fee in US auto class action settlement
Class action administrators, banks accused of kickback scheme in new lawsuits
More lawyers join the $3,000-an-hour club, as other firms close in

Summer Associate's Naughty Toddler Impression Gets Her Bounced From Biglaw

abovethelaw.com/2025/07/summer-associates-naughty-toddler-impression-gets-her-bounced-from-biglaw

Kathryn Rubino July 11, 2025

Vampire or Biglaw summer associate? You be the judge.

This is a story you're really going to chew on for a while. A Sidley summer associate in the New York office who we'll refer to as Biglaw Biter (for reasons that will soon be apparent) was let go after a series of incidents with other employees. What happened you ask? *She bit other people at work*. You are not reading this incorrectly: a Biglaw summer associate bit people at the firm — with her teeth.

(For the record, before settling on the alliterative Biglaw Biter as the summer's code name, we did consider Sidley Masticator, Scrumptious Summer, Champion Chomper, Mike Tyson of Biglaw, and the close runner-up, Associate Lecter.)

According to insiders at the firm, pretty much from the start of the summer, the Biglaw Biter started chomping away at other employees at Sidley Gnaw-stin — not in an aggressive, "we're beefing" way, but more of a faux-quirky manic pixie dream girl crossed with the Donner party vibe. But like, you're in NYC for the summer — if you want to get your kicks by biting people, there are more consensual ways to do it.

The final chomp-count is thought to be in the double digits — which is an awfully long time for the nibbling to continue. (Though I've seen pics of the results post-Biglaw Biter, and "nibble" is probably too tame a word. No one should have marks on their person after an interaction with a co-worker in Biglaw — emotional and psychological scars only!) It's unclear why so many people let this go before reporting the Biglaw Biter, but the rumor is she's otherwise personable and there was some reluctance to elevate the matter.

It's just wild that this happened in Biglaw. A single bite is enough to get a toddler written up in an incident report from daycare. And if the biting goes on 10+ times? That'll get you kicked out of daycare.

And Biglaw too, as it happens.

Not since the aughts have I heard a tale of such out-of-pocket summer associate behavior. There were strip club visits (Opens in a new window) and expense accounts gone wild (Opens in a new window), but obviously, the classic of the genre is Aquagirl (Opens in a new window). Above the Law has long referred to her exploits as the bar for summer associate behavior (though the Biglaw Biter just might take the crown). For those that were in their preschool biting phase back in 2006, Aquagirl (Opens in a new window) was a Cleary summer associate who drunkenly stripped down to her underwear at an event at Chelsea Piers and jumped into the Hudson River. Ultimately she had to be rescued in a boat — but still ended the summer with an offer.

Kathryn Rubino is a Senior Editor at Above the Law, host of The Jabot podcast (Opens in a new window), and co-host of Thinking Like A Lawyer (Opens in a new window). AtL tipsters are the best, so please connect with her. Feel free to email her (Opens in a new window) with any tips, questions, or comments and follow her on Twitter @Kathryn1 (Opens in a new window) or Mastodon @Kathryn1@mastodon.social. (Opens in a new window)

News | Court Administration

Backlogged and Struggling, Courts Are Resisting AI

July 10, 2025 | By Charles Toutant

What You Need to Know

- Court administrators are slow to take advantage of AI to save labor.
- Many courts are short-handed and their judges and administrators put in long hours.
- Using AI for ministerial tasks is advancing faster than using it for tasks directly involving judges and law clerks.

Credit: Twinsterphoto/Shutterstock

Are state courts missing an opportunity to become more efficient at processing their caseload? New data suggests state courts are reluctant to use generative artificial intelligence, even while staffing shortages are becoming more pronounced.

State courts across the nation face significant staffing shortages and operational inefficiencies, with many court professionals working long hours, yet struggling to manage their workloads, according to a survey of state, county and municipal judges and court professionals by the Thomson Reuters Institute and the National Center for State Courts AI Policy Consortium on Law and Courts.

Caseloads and complexity of issues are increasing, while addressing court delays and continuances are top priorities for courts, the Thomson Reuters report said. Staffing shortages are widespread and expected to continue over the next year, particularly in court clerk and clerk staff roles. And judges and court staff tend to work long hours, but that doesn't necessarily make them feel that they have enough time to carry out their duties, according to the report, which was unveiled Thursday.

"Despite the potential for significant efficiency improvements and time savings, courts have generally been slow to adopt AI and Generative AI," the Thomson Reuters report said.

The survey was conducted via an online questionnaire with judges and court professionals to better understand challenges in the in the judicial system, specifically around hearings, evidence, caseload and technology as it quickly evolves. This year's survey was conducted with 443 state, county and municipal court judges and court professionals, between March 26 and April 15.

Respondents were almost evenly split on whether they have enough time to achieve everything they would like to in their role: 52% said yes and 48% said no. Judges were more likely than court operations and administrative workers to say that they have enough time. And state court respondents were slightly more likely than county and municipal court respondents to report having enough time.

However, longer hours at work do not necessarily translate into keeping up with workloads, the study said. Those working fewer hours are more likely to feel that they have enough time, while those working longer hours are less likely to feel that they have enough time to achieve everything that they would like to.

Of those working 40-45 hours per week, 67% say they have enough time. But only 32% of those working 46 to 50 hours feel that way.

"Respondents who work fewer hours may be working in courts that have lower caseloads and/or have highly automated workflows for greater efficiency. Conversely, longer hours could be a reflection of courts that are more prone to delays, errors and other inefficiencies," the report states.

The report said only 17% of respondents said their court was using generative AI, while another 17% said their court was going to adopt it in the next year.

The Thomson Reuters report said courts will face increasing struggles with workloads, staffing, backlogs and delays if they are not able to successfully deal with the transformational changes they face.

"Courts are facing an unprecedented convergence of major waves of change: the far-reaching impacts of both GenAI and generational shifts in workforce and leadership populations. It is essential that courts look beyond the challenges of managing day-to-day operations, and plan strategies for dealing with these sweeping changes. In a time of budget growth that is limited at best, resource allocation must be strategically balanced between current operations and investments in technology," the report said.

In New Jersey, judges and law clerks are using artificial intelligence on a limited basis.

“While AI should never be used to replace the autonomy of judges, it can serve as a tool to improve effectiveness and consistency in court services. The New Jersey Judiciary permits judges and their staff to use AI for select purposes, such as for preliminary gathering and organization of information. Judiciary policy requires AI technologies be used in ways that maintain confidentiality and safeguard the security of Judiciary data," said Judge Michael Blee, acting administrative director of the courts.

Judge Michael J. Blee. Courtesy photo

In Fort Lauderdale, Florida, Chief Judge Carol-Lisa Phillips of the 17th Judicial District said her court uses AI for ministerial tasks like composing scheduling emails sent to litigants. Phillips said some litigators have embraced AI for preparation of pleadings, but that creates an additional burden for judges and law clerks, who must ensure that their filings are citing cases accurately and protecting the confidentiality of clients.

"The more tweaked AI becomes, and the better it becomes over time, and correct in its statements of law and providing cases that actually exist with the correct statement of what those cases stand for, I think it would fantastic, but right now, we're in a position where it may even be taking us additional time, because we've got to go back and do our due diligence and make sure each of those cases exist," Phillips said.

Broward Circuit Judge Carol-Lisa Phillips. Courtesy photo

The slow pace of adoption of AI in court operations is likely a combination of scarce resources and fear of the unknown, said David Slayton, who is the executive officer and clerk of the court at Los Angeles Superior Court.

"I think people don't understand exactly how AI might be helpful. And of course, we operate in a space where we can't make mistakes. We're dealing with people's lives and livelihoods. We want to make sure we get it right. And so jumping into something without understanding it fully can be, can be a scary thing. It's kind of a fear or fear of the unknown," Slayton said.

He added that developing AI tools is not an inexpensive task, and many courts struggle to fulfill their basic functions and the idea of diverting resources is challenging.

"Many courts out there don't have their own technology staff. They rely upon the county or the city or the state or someone else to provide their technology. And so, you know, many times that means that courts are not at the forefront of technology. And then, of course, many of the courts rely upon vendors, and the speed at which vendors are deploying AI impact the ability of the courts to use it," Slayton said.

In Los Angeles Superior Court, AI is used in an online chat function to interact with individuals who are summoned for jury duty but contact the court for rescheduling or other concerns, said Slayton. The court summons 2.3 million people for jury duty each year, so any means to reduce the workload on staff who respond to questions from jurors is helpful, Slayton said.

In addition, the county has a generative AI search bar on its website that answers questions like how a litigant files an answer in a case. And the court is working on another AI function that will receive and summarize certain documents and prepare a bench memo, Slayton said.

Other applications that would help judges and their staffs are in discussion, Slayton said.

"For those of us that work in court administration, it would just be malpractice for us not to take a look at those things," he said. "We really are evaluating the effectiveness of them and making sure that they can provide a benefit, rather than being sort of a new shiny tool."

https://www.wsj.com/tech/elon-musk-tesla-x-xai-executives-leave-fcdc6795

TECHNOLOGY | TIM HIGGINS

Elon Musk Is Back at Work and Burning Through Executives

Renewed executive churn marks the billionaire's return to business

By Tim Higgins Follow

July 13, 2025 5:30 am ET

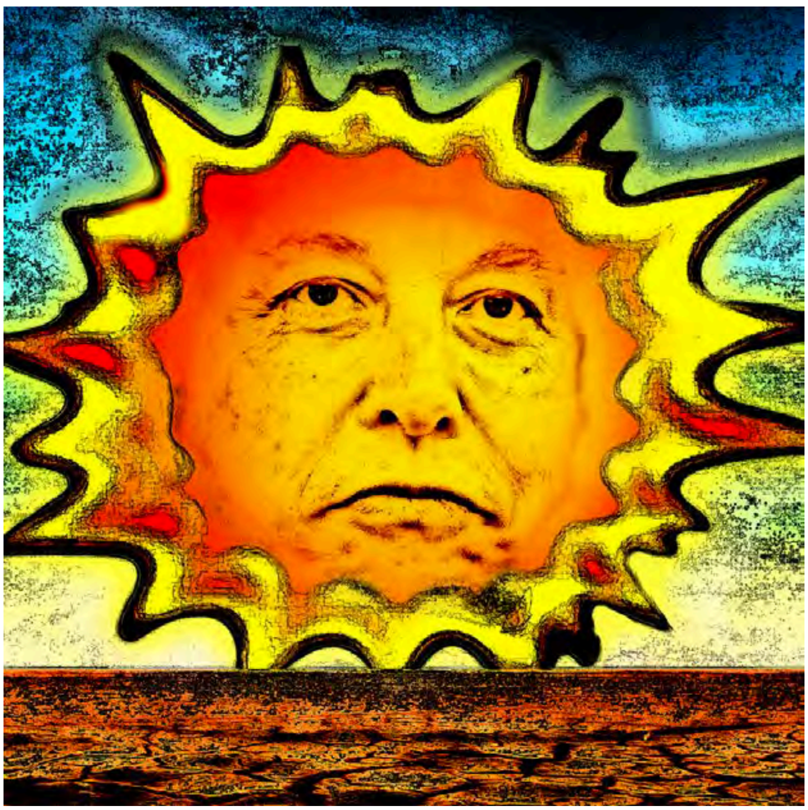

ILLUSTRATION: ALEXANDRA CITRIN-SAFADI/WSJ

The sun is shining bright again in the Elon Musk business empire. Don't get burned.

The billionaire entrepreneur may still be pining for a political revolution with talk of starting his own third party to punish spendthrift Republicans, but recent high-profile departures at his companies underscore that the Boss is back.

"Thank you for your contributions," Musk—who has a way with goodbyes—told his outgoing chief executive at X, Linda Yaccarino, on Wednesday.

She announced her departure after two years on the hot seat, running the billionaire's social-media platform. Yaccarino's role was largely about trying to revive advertising for a guy who seems allergic to the art of the sale. Just days earlier, it was revealed that Omead Afshar, who was heading sales and manufacturing for Tesla in North America and Europe, had left Musk's electric-car company.

Both departures reflect an old saying among Musk alum: to survive with the mercurial leader is to avoid flying too close to the sun. Musk being the sun.

Finding shade was easier when his Department of Government Efficiency effort was churning 120 hours a week for the Trump administration. That came to an end for him in late May. Now Musk is burning hot (if not always 100% focused).

The latest executive departures also underscore Musk's complicated relationship with the sales functions at his companies. He's the ultimate salesman of the future vision. But he tends to churn through sales leaders responsible for moving today's inventories—whether that's ad spots or electric sedans.

And, these days, Musk is acting like the AI chatbots and cars will sell themselves.

That Yaccarino stayed as long as she did beat the guesses of some Madison Avenue insiders. They had privately speculated she wouldn't last long under Musk. She surprised the industry by leaving her cushy gig at NBCUniversal in 2023.

Together, she and Musk were seen as a real-life Odd Couple.

Musk has long shown disdain for traditional sales methods, arguing over the years that quality products should sell themselves. Meanwhile, Yaccarino was Ms. Sales—whether it was her polished image or pitch that Twitter-turned-X was a safe place for brands.

That last part could be hard to swallow. Musk's own actions could promote contentious content on the platform and his "Go F— Yourself" ways could be off-putting to big brands worried about negative associations.

This past week, "MechaHitler" trended on X after Musk's chatbot, Grok, generated antisemitic content. That only renewed concerns about safeguards.

When Musk took over Twitter, he said he didn't want to be CEO. It was a common refrain from him over the years, something he has said about Tesla where he has led the company since taking the reins in 2008 during financial difficulties.

He has often complained that the company can't find somebody to run things for him, unlike at his rocket company, SpaceX. There, he has long had a strong No. 2 to handle the parts of the business that interest him less—like sales.

Despite his objections to being X CEO, he clearly wanted to be the Boss. This point was driven home when his xAI startup acquired X earlier this year. Yaccarino's role was largely diminished as part of a company more broadly aiming to use Grok to compete against AI rivals such as OpenAI and Alphabet.

Over the years, I've often heard insiders talk about how it has grown increasingly hard to recruit seasoned business leaders to work for Musk because of his reputation for burning through people.

During one stretch at Tesla, the company saw more than 50 vice presidents or higher depart in a relatively short period. In some cases, a high-profile hire would join only to quietly leave a few weeks later. Some of the churn was natural attrition as options vested. Some of it was Musk growing tired of people. Some of it was employees growing tired of his grueling pace.

In 2023, amid investor concerns that Musk was too distracted from Tesla's day-to-day with his then-recent purchase of Twitter, he presided over an unusual investor meeting. Sixteen executives flanked him on stage to discuss their areas of the car company.

It was as if Musk was trying to show that Tesla was more than just him. "We obviously got significant bench strength here," Musk said at the time.

Flash forward two years, many are gone. That includes the then-CFO, who was seen as a potential replacement for Musk if the board needed it.

These days, it's rare for Tesla to highlight its bench far beyond Musk. And again, Tesla, and now X, are down key deputies when Musk faces major challenges across his companies. Tesla recently launched a limited robotaxi service amid a car-sales slump.

A few weeks ago, Musk was in a three-hour-plus meeting that ran well past midnight at his brain-implant startup, Neuralink, when his SpaceX rocket blew up, according to biographer Ashlee Vance, who was with him. "Meeting ended," Vance posted on X. "I assume that's when he learned about it. And then ... he went back to work."

Hours after Yaccarino's departure announcement Wednesday, Musk was leaning into the wonky side of AI to sell xAI's newest model, Grok 4. During a near hourlong reveal streamed online, Musk talked about the AI's advanced book smarts and practical applications. One demonstration included a voice AI with an English accent being asked to write and sing an opera about Diet Coke, Musk's preferred beverage:

"Oh, Diet Coke

Thou elixir divine

With bubbles that dance

In a sparkling line

Thy crisp, cool kiss

On lips so fine ..."

As Musk sat on the dark stage flanked by young xAI employees dressed in black T-shirts, he wound things down, asking: "Anything you guys want to say?"

One engineer, near Musk, quickly applied a sort of sunscreen, blurting out: "It's a good model, sir."

The UV index is high.

Write to Tim Higgins at tim.higgins@wsj.com

Appeared in the July 14, 2025, print edition as 'Musk Burns Through Executives Again'.

Videos

https://www.wsj.com/tech/elon-musk-floats-a-new-source-of-funding-for-xai-tesla-47eec67e

TECHNOLOGY

Elon Musk Floats a New Source of Funding for xAI: Tesla

The turn inward for investment comes as Musk's artificial-intelligence business plays catch-up

By Eliot Brown Follow

July 14, 2025 7:25 am ET

While Tesla's sales have fallen, it still has plenty of money. PHOTO: TORU HANAI/BLOOMBERG NEWS

Elon Musk said Tesla TSLA **0.33%** ▲ shareholders would vote on investing in xAI, the latest move by the billionaire entrepreneur to tap his own companies to help fund his artificial-intelligence startup.

"If it was up to me, Tesla would have invested in xAI long ago," Musk said Sunday evening in a post on X, his social-media platform. "We will have a shareholder vote on the matter."

Musk's comments come after The Wall Street Journal reported Saturday that his rocket company SpaceX had committed $2 billion toward a recent fundraising round for xAI.

xAI requires billions of dollars to power servers as it tries to play catch-up in the global AI race, which has fast become one of the most costly endeavors of modern technology.

OpenAI and other startups in the sector are rapidly burning through unprecedented levels of new funding as they develop and run large language models that need extensive training.

But revenue is lagging well behind expenses—and sources of the funding may be limited. While OpenAI has had success raising tens of billions of dollars from SoftBank and Microsoft, xAI has lagged behind. The Musk-led company recently raised $5 billion of debt and $5 billion of equity—including the SpaceX money.

As the needs for funding have grown, Musk's image has taken a hit.

Musk no longer wields vast influence over the federal government and his once-close relationship with President Trump has imploded into an open battle over his criticism of the debt-heavy federal funding bill.

Earlier this month, Musk said he would form the America Party, a third party in the next election. He has also indicated that he would target members of Congress who campaigned on reducing government spending and then voted for Trump's bill.

While Tesla's sales have fallen—its first-quarter revenue was down 9% from a year earlier—it still has plenty of money. The company reported $16 billion in cash as of March 31.

Deals in which a CEO directs money to a related business with different shareholders are often controversial in America. By turning to SpaceX, Musk is effectively using cash from shareholders betting on his space and satellite company to fund his ambitions in AI.

Musk previously faced extensive legal challenges to his successful bid to merge his Solar City solar-power company with Tesla.

He has previously combined revenue and operations at his companies. Before he merged xAI and X, the artificial-intelligence company turned to the social-media business for data. Last week, he said that Grok, xAI's chatbot, would soon be available in Tesla vehicles.

Write to Eliot Brown at Eliot.Brown@wsj.com

Musk suggests Tesla investor vote on xAI investment, rules out merger

reuters.com/business/autos-transportation/musk-says-he-does-not-support-merger-between-tesla-xai-2025-07-14

Deborah Sophia July 14, 2025

Tesla CEO and X owner Elon Musk listens as US President-elect Donald Trump speaks during a meeting with House Republicans at the Hyatt Regency hotel in Washington, DC, U.S. on November 13, 2024. ALLISON ROBBERT/Pool via REUTERS/File Photo Purchase Licensing Rights, opens new tab

- Shareholders to vote if Tesla can invest in xAI, Musk says
- Musk deepens Tesla-xAI ties, but does not support merger
- Tesla sets annual shareholder meeting for November 6

July 14 (Reuters) - Elon Musk ruled out a merger between Tesla and xAI but said he plans to hold a shareholder vote on investment in the artificial intelligence startup by the automaker, in the latest step to deepen integration across his business empire.

His comments followed a Wall Street Journal report on Saturday that SpaceX, Musk's rocket firm, will invest $2 billion in xAI as part of a $5 billion funding round aimed at keeping pace with rivals in the capital-intensive AI race.

Musk, Tesla and xAI did not respond to Reuters requests for comment.

The billionaire's companies already share close ties. XAI's Grok chatbot is rolling out to the automaker's vehicles, and Tesla engineers assisted Musk after his 2022 buyout of Twitter, the social media platform now known as X.

Responding to a user post on X asking Tesla investors if they supported a merger between the two companies, Musk on Monday replied "No." He had said on Sunday he would ask Tesla shareholders to vote on whether the automaker can invest in xAI.

"If it was up to me, Tesla would have invested in xAI long ago," Musk had said on X.

D.A. Davidson analyst Gil Luria said Tesla already has access to xAI's advanced models but could benefit from the startup's rising value if it becomes a winner in AI.

Integrating technology, talent and financial backing is a theme that runs across Musk's empire of companies. Earlier this year, xAI acquired Musk's X in a $33 billion deal that valued the combined group at $80 billion at the time.
That deal meant the X platform would come in handy to further distribute xAI products, while also providing a real-time feed of users' posts and massive amounts of other data.

Investments into xAI would help Grok better compete with OpenAI's ChatGPT by increasing capital toward research and development.

"xAI will require tens of billions of dollars of investment in order to continue on its current path... With a board that has been very supportive of Mr. Musk in the past, we would expect that Tesla capital to be available to xAI," Luria said.

xAI recently launched Grok 4, its latest flagship AI model. While Musk has touted it as "the smartest AI in the world," Grok usage still lags ChatGPT.

Tesla had last week said it would hold its annual shareholder meeting on November 6.
Reporting by Deborah Sophia and Gnaneshwar Rajan in Bengaluru; Editing by Mrigank Dhaniwala and Arun Koyyur

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Two-thirds of the DOJ unit defending Trump policies in court have quit

reuters.com/legal/litigation/two-thirds-doj-unit-defending-trump-policies-court-have-quit-2025-07-14

Andrew Goudsward July 14, 2025

Item 1 of 5 A member of the media records U.S. President Donald Trump speaking during a press conference, after the U.S. Supreme Court dealt a blow to the power of federal judges by restricting their ability to grant broad legal relief in cases as the justices acted in a legal fight over President Donald Trump's bid to limit birthright citizenship, in the Press Briefing Room at the White House in Washington D.C., June 27, 2025. REUTERS/Ken Cedeno/File Photo

[1/5]A member of the media records U.S. President Donald Trump speaking during a press conference, after the U.S. Supreme Court dealt a blow to the power of federal judges by restricting their ability to grant broad legal relief in cases as the justices acted in a legal fight over President Donald... Purchase Licensing Rights, opens new tab Read more

- Federal Programs Branch loses nearly two-thirds of staff since Trump's election
- Exodus strains unit defending Trump's policies amid legal challenges
- Political appointees fill vacancies

WASHINGTON, July 14 (Reuters) - The U.S. Justice Department unit charged with defending against legal challenges to signature Trump administration policies - such as restricting birthright citizenship and slashing funding to Harvard University - has lost nearly two-thirds of its staff, according to a list seen by Reuters.
Sixty-nine of the roughly 110 lawyers in the Federal Programs Branch have voluntarily left the unit since President Donald Trump's election in November or have announced plans to leave, according to the list compiled by former Justice Department lawyers and reviewed by Reuters.

The tally has not been previously reported. Using court records and LinkedIn accounts, Reuters was able to verify the departure of all but four names on the list.

Reuters spoke to four former lawyers in the unit and three other people familiar with the departures who said some staffers had grown demoralized and exhausted defending an onslaught of lawsuits against Trump's administration.

"Many of these people came to work at Federal Programs to defend aspects of our constitutional system," said one lawyer who left the unit during Trump's second term. "How could they participate in the project of tearing it down?"

Critics have accused the Trump administration of flouting the law in its aggressive use of executive power, including by retaliating against perceived enemies and dismantling agencies created by Congress.

The Trump administration has broadly defended its actions as within the legal bounds of presidential power and has won several early victories at the Supreme Court. A White House spokesperson told Reuters that Trump's actions were legal, and declined to comment on the departures.

"Any sanctimonious career bureaucrat expressing faux outrage over the President's policies while sitting idly by during the rank weaponization by the previous administration has no grounds to stand on," White House spokesperson Harrison Fields said in a statement.

The seven lawyers who spoke with Reuters cited a punishing workload and the need to defend policies that some felt were not legally justifiable among the key reasons for the wave of departures.

Three of them said some career lawyers feared they would be pressured to misrepresent facts or legal issues in court, a violation of ethics rules that could lead to professional sanctions.

All spoke on the condition of anonymity to discuss internal dynamics and avoid retaliation.

A Justice Department spokesperson said lawyers in the unit are fighting an "unprecedented number of lawsuits" against Trump's agenda.

"The Department has defeated many of these lawsuits all the way up to the Supreme Court and will continue to defend the President's agenda to keep Americans safe," the spokesperson said. The Justice Department did not comment on the departures of career lawyers or morale in the section.

Some turnover in the Federal Programs Branch is common between presidential administrations, but the seven sources described the number of people quitting as highly unusual.

Reuters was unable to find comparative figures for previous administrations. However, two former attorneys in the unit and two others familiar with its work said the scale of departures is far greater than during Trump's first term and Joe Biden's administration.

HEADING FOR THE EXIT

The exits include at least 10 of the section's 23 supervisors, experienced litigators who in many cases served across presidential administrations, according to two of the lawyers.

A spokesperson said the Justice Department is hiring to keep pace with staffing levels during the Biden Administration. They did not provide further details.

In its broad overhaul of the Justice Department, the Trump administration has fired or sidelined dozens of lawyers who specialize in prosecuting national security and corruption cases and publicly encouraged departures from the Civil Rights Division.
But the Federal Programs Branch, which defends challenges to White House and federal agency policies in federal trial courts, remains critical to its agenda.

The unit is fighting to sustain actions of the cost-cutting Department of Government Efficiency formerly overseen by Elon Musk; Trump's order restricting birthright citizenship and his attempt to freeze $2.5 billion in funding to Harvard University.
"We've never had an administration pushing the legal envelope so quickly, so aggressively and across such a broad range of government policies and programs," said Peter Keisler, who led the Justice Department's Civil Division under Republican President George W. Bush.

"The demands are intensifying at the same time that the ranks of lawyers there to defend these cases are dramatically thinning."

The departures have left the Justice Department scrambling to fill vacancies. More than a dozen lawyers have been temporarily reassigned to the section from other parts of the DOJ and it has been exempted from the federal government hiring freeze, according to two former lawyers in the unit.

A Justice Department spokesperson did not comment on the personnel moves.

Justice Department leadership has also brought in about 15 political appointees to help defend civil cases, an unusually high number.

The new attorneys, many of whom have a record defending conservative causes, have been more comfortable pressing legal boundaries, according to two former lawyers in the unit.

"They have to be willing to advocate on behalf of their clients and not fear the political fallout," said Mike Davis, the head of the Article III Project, a pro-Trump legal advocacy group, referring to the role of DOJ lawyers in defending the administration's policies.

People who have worked in the section expect the Federal Programs Branch to play an important role in the Trump administration's attempts to capitalize on a Supreme Court ruling limiting the ability of judges to block its policies nationwide.

Its lawyers are expected to seek to narrow prior court rulings and also defend against an anticipated rise in class action lawsuits challenging government policies.

Lawyers in the unit are opposing two attempts by advocacy organizations to establish a nationwide class of people to challenge Trump's order on birthright citizenship. A judge granted one request on Thursday.

FACING PRESSURE

Four former Justice Department lawyers told Reuters some attorneys in the Federal Programs Branch left over policy differences with Trump, but many had served in the first Trump administration and viewed their role as defending the government regardless of the party in power.

The four lawyers who left said they feared Trump administration policies to dismantle certain federal agencies and claw back funding appeared to violate the U.S. Constitution or were enacted without following processes that were more defensible in court.

Government lawyers often walked into court with little information from the White House and federal agencies about the actions they were defending, the four lawyers said.

The White House and DOJ did not comment when asked about communications on cases.

Attorney General Pam Bondi in February threatened disciplinary action against government lawyers who did not vigorously advocate for Trump's agenda. The memo to Justice Department employees warned career lawyers they could not "substitute personal political views or judgments for those that prevailed in the election."
Four of the lawyers Reuters spoke with said there was a widespread concern that attorneys would be forced to make arguments that could violate attorney ethics rules, or refuse assignments and risk being fired.

Those fears grew when Justice Department leadership fired a former supervisor in the Office of Immigration Litigation, a separate Civil Division unit, accusing him of failing to forcefully defend the administration's position in the case of Kilmar Abrego, the man wrongly deported to El Salvador.
The supervisor, Erez Reuveni, filed a whistleblower complaint, made public last month, alleging he faced pressure from administration officials to make unsupported legal arguments and adopt strained interpretations of rulings in three immigration cases.
Justice Department officials have publicly disputed the claims, casting him as disgruntled. A senior official, Emil Bove, told a Senate panel that he never advised defying courts.
Career lawyers were also uncomfortable defending Trump's executive orders targeting law firms, according to two former Justice Department lawyers and a third person familiar with the matter.
A longtime ally of Bondi who defended all four law firm cases argued they were a lawful exercise of presidential power. Judges ultimately struck down all four as violating the

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Exclusive
Bondi Fires Her Personal Ethics Chief as DOJ Purge Continues (2)
July 13, 2025, 3:02 PM PDT; Updated: July 14, 2025, 7:19 AM PDT

- **Career official Tirrell terminated without explanation**
- **He advised Bondi, Patel, and other senior officials on conflicts**

Attorney General Pam Bondi has fired her personal ethics adviser, removing the Justice Department's top official responsible for counseling the most senior political appointees, according to two people familiar with the move.

Joseph Tirrell, a career attorney who'd spent nearly 20 years at the department, received a termination letter from Bondi July 11 that didn't state a reason for his immediate removal from federal service. Similar to notices the Trump administration has sent to dozens of other DOJ civil servants, Bondi cited Article II of the Constitution, which concerns presidential powers, the sources said.

Tirrell headed the DOJ's ethics office. His portfolio included reviewing and approving financial disclosures, recusals, waivers to conflicts of interest, and advice on travel and gifts for Bondi, Deputy Attorney General Todd Blanche, FBI Director Kash Patel, and other DOJ leaders.

He also oversaw a team of ethics staffers that provide guidance to employees in all the department's litigating offices, law enforcement agencies, and other branches.

Reached by email Sunday, Tirrell declined to comment. He posted the termination letter – in which his first name is misspelled as "JOSPEH" – on LinkedIn on Monday morning.

A DOJ spokesman declined to comment.

Tirrell's removal is separate—but potentially related—to the roughly 20 employees involved in Special Counsel Jack Smith's investigations, according to numerous media reports, were also fired July 11.

Tirrell advised Smith's office on ethics matters during his criminal prosecutions of President Donald Trump, said the sources, who spoke on condition of anonymity to share a sensitive personnel matter. That includes Tirrell approving Smith's receipt of $140,000 in pro bono legal fees from Covington & Burling that he disclosed upon concluding his investigation.

Tirrell served six years as an officer in the US Navy before graduating law school from Michigan State University. He joined the FBI in 2006 before transferring to the Justice Department in 2018.

"I look forward to finding ways to continue in my personal calling of service to my country," Tirrell said in his LinkedIn post Monday. "I encouraged anyone who is reading this to do the same."

His ouster comes several months after Bondi removed or reassigned other career DOJ officials in charge of internal checks on the conduct of the department's workforce. That includes, Bradley Weinsheimer, an associate deputy attorney general who made final calls on Tirrell's ethics decisions—and Jeffrey Ragsdale, who led the professional responsibility office that investigated attorney misconduct.

The departure last month of DOJ's longtime Inspector General Michael Horowitz also raised concerns about internal oversight going forward.

Trump dismissed in February the head of the Office of Government Ethics, an independent agency that would regularly consult with Tirrell's team on conflicts and disclosures of political appointees.

Critics have said Bondi has politicized DOJ to advance White House priorities without regard for law enforcement standards.

(Updates to note misspelling of Tirrell's name in termination letter.)

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AbbVie Defeats Investor Class Suit Alleging Humira Kickbacks

By **Rae Ann Varona**

Law360 (July 11, 2025, 9:51 PM EDT) -- AbbVie on Thursday defeated a certified securities class action that accused it of giving healthcare providers unlawful kickbacks in exchange for prescribing its flagship arthritis drug Humira when an Illinois federal judge ruled that AbbVie provided legitimate services that were "integrally tied" to the drug itself.

U.S. District Judge John J. Tharp Jr. granted AbbVie Inc.'s bid for a summary judgment win, rejecting AbbVie stockholders' contention that the Chicago-based biotech company falsely certified compliance with the federal Anti-Kickback Statute and misled investors by not specifically flagging liability risks associated with two Humira-support programs or by omitting certain details regarding the programs.

Judge Tharp said the programs were "far from constituting unlawful kickbacks."

"The record compels the finding that AbbVie adhered to the Anti-Kickback Statute and accurately represented its marketing programs, warranting summary judgment in favor of the defendants," Judge Tharp stated.

AbbVie, its former CEO Richard Gonzalez and former CFO William Chase moved for summary judgment last summer, seeking to end a yearslong **lawsuit** that accused the company of making false or misleading statements concerning its strategy to market Humira.

An operative consolidated class action complaint filed in 2019 claimed that between 2013 and 2018, AbbVie and the executives made several statements regarding Humira's growth and success that, in reality, were false or misleading in light of an illegal kickback scheme to "bribe and influence medical professionals to prescribe Humira in return for the provision of goods and services."

AbbVie was accused of offering healthcare providers classic kickbacks like cash, meals, drinks, trips and gifts, according to the lawsuit.

It also offered more sophisticated kickbacks, including a nurse ambassador program that educates patients on how to self-inject or answers questions, including on the drug or on how to navigate insurance coverage, the lawsuit stated.

Investors said the market became aware of the scheme when the California Department of Insurance filed a lawsuit in September 2018, which has since been voluntarily dismissed. Investors said AbbVie's stock price dropped roughly 5% in a matter of days on the news.

The court granted **class certification** in September 2021.

AbbVie and its former executives said in the August 2024 summary judgment motion that the ambassador program and another "HLink" program investors claimed was a kickback midway through discovery were "lawful under case law precedent and guidance from regulators."

HLink is an electronic platform that offers insurance coverage support for Humira patients

AbbVie said it also advertised the programs on its public websites, disclosed them to investors, funded peer-reviewed and published academic research on the programs' benefits, and "affirmatively raised them with the insurers that pay for Humira and would be the victims of the supposed kickback scheme."

It noted that the company and the California Department of Insurance also agreed to a settlement, in which the department dismissed the case with prejudice and without any requirement that AbbVie stop or change the two programs in any significant way.

In granting summary judgment to Humira, Judge Tharp said that when it came to the alleged classic kickbacks, the investors — despite having "ample time" to do so — didn't identify any evidence indicating AbbVie offered tangible goods to healthcare providers to induce prescriptions, whether it be financial documents, witness testimony or otherwise.

As for HLink and the ambassador program, Judge Tharp said they don't qualify as "remuneration" within the meaning of the Anti-Kickback Statute.

Citing guidance from the U.S. Department of Health and Human Services' Office of Inspector General, Judge Tharp said providing free items and services that are "integrally related" to an offering provider's services would have no independent value to the recipient aside from the provided services and thus wouldn't implicate the Anti-Kickback Statute.

He noted that the ambassador program was "integrally tied" to Humira because the program's services are limited to facilitating access to and use of the drug and because patients without a Humira prescription can't participate in the program.

AbbVie also bars ambassadors from discussing, engaging or assisting with unrelated ailments, products and treatments, he said.

"Consistent with that prohibition, the record contains no evidence that a nurse ambassador provided a service unrelated to Humira," Judge Tharp said.

He added that the same could be said for the HLink initiative, noting that HLink couldn't be used to prescribe any other drug during the applicable class period.

"Fully restricted to Humira prescriptions, HLink was a quintessential example of an integrated product feature," Judge Tharp said.

Moreover, because HLink and the ambassador program only applied to Humira, they lacked "independent value" and thus couldn't be considered unlawful remuneration.

"HLink and the Ambassador Program are more like integrated features of Humira than freestanding physician-support services," the judge stated. "As such, they do not run afoul of the Anti-Kickback Statute."

Judge Tharp said there were two other additional reasons for granting summary judgment.

Even if AbbVie had misled investors, he said, no reasonable jury could conclude that the company did so with deliberate or reckless intent.

And even if there was such an intent, investors would establish that the alleged deception "caused" their financial loss, Judge Tharp said.

Counsel for the parties did not immediately respond to requests for comment late Friday.

The investors are represented by Gregg S. Levin, Lance V. Oliver, Max N. Gruetzmacher, Christopher F. Moriarty and Neli Traykova Hines of Motley Rice LLC, Lucas F. Olts, Kevin A. Lavelle, James E. Barz and Frank A. Richter of Robbins Geller Rudman & Dowd LLP, and Anthony F. Fata of Kirby McInerney LLP.

AbbVie is represented by Robert J. Kopecky, Brenton A. Rogers, Christopher Hinojosa, K. Ross Powell and Shainee S. Shah of Kirkland & Ellis LLP.

The case is Mayuko Holwill v. AbbVie Inc. et al., case number 1:18-cv-06790, in the U.S. District

Court for the Northern District of Illinois.

--Editing by Kristen Becker.

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Slack Investor Wants 2nd Shot Before High Court

By **Jessica Corso**

Law360 (July 11, 2025, 8:56 PM EDT) -- An investor leading a proposed class action against Slack Technologies LLC is asking the U.S. Supreme Court to finish what it started, petitioning the justices to clarify a point they declined to rule on two years ago when they limited investors' ability to sue newly public companies.

Fiyyaz Pirani is hoping to be heard by the Supreme Court for the second time in two years. He has petitioned the justices to revive a case accusing Slack of failing to warn prospective investors about the possible financial ramifications of service outages that occurred in the weeks after it listed on the New York Stock Exchange.

The Ninth Circuit threw out the case **in February**, saying the Supreme Court's 2023 ruling made it impossible to salvage. Pirani's petition, filed with the court Thursday, hadn't posted to the docket at the time of publication but was shared with Law360 on Friday.

In it, Pirani asks the Supreme Court to return to the case not only to resolve a question left open by the last ruling, but also to address an issue he says "is a question of surpassing practical importance to the administration of the nation's securities laws."

In a unanimous decision, the justices **ruled in 2023** that Section 11 of the Securities Act of 1933 requires suing shareholders to "trace" their shares in newly public companies to the company's registration statement.

The justices declined to issue a ruling on a separate provision of the securities laws known as Section 12 because it said the Ninth Circuit had failed to distinguish between the provisions in its first ruling of the case.

The Ninth Circuit on remand said Section 12, like Section 11, contains a tracing element. Both provisions seek to hold a company liable for misstatements or omissions made in the offering of new securities.

Due to the unique way Slack went public, the tracing requirement meant Pirani's suit couldn't move forward, the circuit court said.

Although a typical initial public offering includes a lockup period under which early investors are prevented from trading their shares on the market for a set period of time, that is not true in the case of direct listings such as the one in which Slack participated.

Slack allowed early investors, such as employees, to trade their shares on the day the market opened, and those shares are not "traceable" to the company itself or its allegedly-false pre-IPO statements, the Ninth Circuit said. The court said it wasn't possible for Pirani to prove which type of shares — registered or unregistered — he had purchased, which defeated his lawsuit.

But the circuit court "badly erred" in treating Sections 11 and Sections 12 alike, Pirani told the high court, and also in not adopting a burden shifting test that requires the corporation to prove the shares weren't registered.

That's because "such information is generally inaccessible to plaintiffs without resort to discovery," which they are not allowed to conduct prior to the motion to dismiss stage in shareholder class actions, Pirani said.

"Sections 11 and 12 are the pillars of the Securities Act, intended to restore investor confidence in the aftermath of the market crash that precipitated the Great Depression and essential to maintaining investor confidence in our capital markets today," he told the court.

"Yet the combination of the Ninth Circuit's construction of Section 12 and its refusal to allow a reasonable burden shifting regime risks allowing issuers to opt out of both protections," according to Pirani, who urged the court to take up both the Section 12 and burden shifting questions.

Attorneys for Slack didn't immediately respond to a request for comment Friday.

Pirani is represented by Kevin K. Russell of Russell & Woofter LLC and Lawrence P. Eagel, Melissa A. Fortunato and Marion C. Passmore of Bragar Eagel & Squire PC.

Slack is represented by Thomas G. Hungar, Jacob T. Spencer, Matthew Stewart Kahn, Michael J. Kahn, Theodore J. Boutrous, Matt Aidan Getz, Daniel R. Adler and Michael D. Celio of Gibson Dunn & Crutcher LLP.

The case is Pirani v. Slack Technologies LLC before the U.S. Supreme Court. A case number wasn't immediately available Friday.

--Editing by Stephen Berg.

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Meta Asks 9th Circ. To Bar Zuckerberg Depo In Privacy Suit

By **Lauren Berg**

Law360 (July 11, 2025, 11:18 PM EDT) -- Meta Platforms CEO Mark Zuckerberg is turning to the Ninth Circuit to free him from having to give a limited deposition in privacy litigation over a Facebook tool's alleged collection of patient health information, arguing that district courts are "deeply divided" on how to decide whether to allow executive depositions.

In a July 7 **petition**, Meta Platforms Inc. asks the Ninth Circuit to vacate orders requiring Zuckerberg to sit for a limited deposition in litigation that centers on Meta's Pixel tool, saying the appellate court needs to set the record straight for how to properly apply the so-called "apex doctrine" in deciding whether to allow depositions of high-level business executives.

"District courts in this circuit are deeply divided on the issue, which will evade appellate review unless this court intervenes on mandamus," Meta says.

The goal of the apex doctrine is to guard against "abuse" by prohibiting depositions of high-level executives, unless they have "'unique firsthand, non-repetitive knowledge' of relevant facts" and "'less intrusive discovery methods'" have already been exhausted without success, according to the brief.

"But how to apply the doctrine properly is unsettled, as district courts disagree about whether an executive's status as a final decisionmaker on pertinent company policies or actions itself justifies an apex deposition," Meta says.

The petition comes after U.S. Magistrate Judge Virginia K. DeMarchi in May **refused to rethink** her earlier order forcing Zuckerberg to sit for a deposition after she found he probably has "at least some unique first-hand knowledge of facts relevant to a claim or defense" in the litigation. She also cited his role "as a decision maker regarding certain privacy-related matters at issue in this case."

She pointed out that Zuckerberg hasn't denied that he has that knowledge, and that neither of the other executives made available to give depositions — Vice President of Product Development Fred Leach and Deputy Chief Privacy Officer Robert Sherman — claim to be the "final decision maker regarding the specific matters plaintiffs identify."

However, the judge did acknowledge that the deposition "presents an opportunity for abuse or harassment."

"That is one of the reasons the court imposed limitations on both the subject matter and duration of his deposition," she said.

According to the plaintiffs, the Pixel tool captures data about patient portal logins and the online scheduling of medical appointments by tracking when a patient clicks buttons on healthcare websites. The plaintiffs claim that Meta, which owns Facebook, isn't allowed to have that information under state and federal law as well as under its own terms of service.

In its appellate petition Monday, Meta says the district court's order relies on Zuckerberg's role as a "'decision maker regarding certain privacy-related matters at issue,'" but points out that other district courts — some in cases also involving the Meta CEO — have "explicitly and correctly rejected this reasoning as tautological, since any apex executive, by definition, is a final decisionmaker."

"Under the reasoning adopted by the district court here, the very status that triggers the apex doctrine in the first place — being a high-level executive who exercises final decisionmaking authority — itself overcomes the doctrine's protections," the company says, arguing this "reasoning 'eviscerates the apex doctrine' and leaves executives like Mr. Zuckerberg exposed to abuse and harassment in nearly every case brought against their companies."

Meta's petition asks the Ninth Circuit to "restore the doctrine's vital protections."

Representatives for the parties did not immediately respond to requests for comment Friday evening.

In the underlying litigation, the patients claim they've **uncovered more than 600** healthcare web properties "from which Meta collected sensitive information and believe thousands of additional healthcare web properties will be included." The suit zeroes in on Meta's health marketing division and the filter the company uses to screen out sensitive health data.

U.S. District Judge William H. Orrick **last year denied** Meta's motion to dismiss the suit, in particular rejecting Meta's argument that the patients' privacy claims are foreclosed at this stage in the litigation just because their communications with their healthcare providers may have been conducted via publicly available webpages.

Meta is represented by Andrew Clubok, Gary Feinerman, Melanie M. Blunschi and Nicholas Rosellini of Latham & Watkins LLP, and Lauren Goldman of Gibson Dunn & Crutcher LLP.

The plaintiffs are represented by Geoffrey Graber of Cohen Milstein Sellers & Toll PLLC, Jason "Jay" Barnes of Simmons Hanly Conroy LLP, Jeffrey A. Koncius of Kiesel Law LLP, Beth E. Terrell of Terrell Marshall Law Group PLLC and Andre M. Mura of Gibbs Mura LLP.

The appeal is Meta Platforms Inc. v. U.S. District Court for the Northern District of California, case number 25-4172, in the U.S. Court of Appeals for the Ninth Circuit.

The underlying case is In Re: Meta Pixel Healthcare Litigation, case number 3:22-cv-03580, in the U.S. District Court for the Northern District of California.

--Additional reporting by Hailey Konnath. Editing by Kristen Becker.

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Drugmaker Fights Claims Over 'Misleading' IPO Statements

By **Emilie Ruscoe**

Law360 (July 11, 2025, 12:29 PM EDT) -- Investors in biopharmaceutical company BioAge Labs Inc. mischaracterized certain statements the company made in an effort to allege securities fraud after the company hit the brakes on a clinical trial for its lead product candidate, the company has argued.

In its **Wednesday dismissal bid**, BioAge and some of its executives and directors told U.S. District Judge Richard Seeborg that the investor suit they face is "an opportunistic action premised entirely on hindsight allegations that blatantly misstate the historic data" undergirding the company's December 2024 decision to stop a second phase clinical trial of its obesity drug candidate azelaprag.

By "mischaracterizing results from two predecessor studies," the investor leading the proposed class action had attempted to allege securities fraud when in fact the company had simply faced risks inherent to being a publicly traded pharmaceutical company.

Specifically, the company said, the **investor suit** said one of the predecessor studies showed a certain "serious" side effect when the company's report on the study had described that particular side effect as "nonserious."

The complaint also pointed to a study of mice finding that mice on a high-fat diet treated with azelaprag had elevated liver enzymes — but BioAge pointed out Wednesday the study of mice had shown that all mice on the high-fat diet had elevated liver enzymes, and the mice on azelaprag had lower liver enzyme levels than the mice who didn't take receive the drug candidate.

In the latest version of the complaint, institutional investor Southeastern Pennsylvania Transportation Authority, named lead plaintiff in April, claimed investors were damaged after the company announced it would halt the second phase trial only nine weeks after it raised **$198 million** in its initial public offering.

On Thursday, counsel for the company declined to comment, and representatives for the investors did not immediately respond to requests for comment.

The investors are represented by Stephen R. Basser, Samuel M. Ward, Jeffrey A. Barrack, Danielle M. Weiss and Andrew J. Heo of Barrack Rodos & Bacine.

BioAge and the individual defendants are represented by Bruce G. Vanyo, Christina L. Costley and Paul S. Yong of Katten Muchin Rosenman LLP.

The case is Soto v. BioAge Labs Inc. et al., case number 3:25-cv-00196, in the U.S. District Court for the Northern District of California.

--Additional reporting by Tom Zanki. Editing by Lakshna Mehta.

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Better Therapeutics Settles SPAC Suit In Del. For $1M

By **Emily Lever**

Law360 (July 11, 2025, 4:39 PM EDT) -- Defunct telehealth provider Better Therapeutics Inc. has reached a roughly $1 million settlement with a shareholder to end a Delaware Chancery Court suit challenging its take-public merger, according to court filings.

According to a stipulation filed Thursday, the prescription digital therapeutics platform agreed to pay $1,050,000 to settle a proposed class action from lead plaintiff John Solak, a shareholder of a special purpose acquisition company that merged with Better Therapeutics in 2021. A SPAC is a shell vehicle that raises money through an initial public offering in order to acquire a private business.

Under the terms of the settlement, Better Therapeutics will admit no wrongdoing and plaintiffs in the suit will relinquish all other litigation against the company, according to the stipulation. The parties agreed to certify the proposed class strictly for purposes of the settlement.

Solak sued the sponsors of SPAC Mountain Crest Acquisition Corp. in 2023, saying the sponsors and directors pushed the merger through even though they knew it would be a detriment to public stockholders.

The SPAC's backer, Mountain Crest Capital, merged with Better Therapeutics in October 2021, and the business combination created a company that kept the Better Therapeutics name and traded on the Nasdaq under the ticker symbol "BTTX."

Mountain Crest Acquisition Corp., also known as MCAD, misrepresented the amount of cash it had per share to invest in the merger, saying the SPAC's shares were worth $10 each while having only $7.50 per share in cash to contribute to the deal, Solak said. The shareholder said the omission of the net cash value was highly material to stockholders' redemption decisions.

Solak says after the merger was completed, the market "quickly revealed" it was a losing transaction for MCAD's public stockholders.

MCAD public stockholders initially saw their shares increase in price to $10.97 apiece in October 2021, but by January 2022, the share price had dropped to $3.68, the complaint said. According to the complaint, since the merger, MCAD stockholders had lost more than 87% on their initial investments of $10 per share as of 2023.

Mountain Crest Capital and its top brass, however, have seen a "windfall," the complaint said, making a positive return of more than 28% on their initial investment. According to Solak, the defendants' shares are still worth roughly $1.86 million.

Solak sought damages, disgorgement and an equitable reopening of the redemption window for class members who had the right to seek redemption and still hold their shares.

In March 2024, Better Therapeutics announced that it had terminated all its employees and was exploring strategic alternatives, including an assignment for the benefit of creditors or a wind-down of the company.

Counsel for Solak declined to comment Friday. Counsel for the defendants didn't immediately respond to requests for comment.

Solak is represented by Blake A. Bennett of Cooch & Taylor PA and Jeffrey M. Norton and Benjamin D.

Baker of Newman Ferrara LLP.

The defendants are represented by Andrew H. Sauder, Daniel S. Atlas and Ryan J. Levan of Dailey LLP.

The case is John Solak v. Mountain Crest Capital LLC et al., case number 2023-0469, in the Court of Chancery of the State of Delaware.

--Additional reporting by Rose Krebs and Katryna Perera. Editing by Stephen Berg.

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2 Firms Tapped To Lead Regeneron Investor Suit

By **Sydney Price**

Law360 (July 11, 2025, 2:36 PM EDT) -- Labaton Keller Sucharow LLP and Motley Rice LLC have been named lead counsel in a proposed securities class action accusing Regeneron Pharmaceuticals Inc. and its executives of misleading investors about its revenue prospects for its vision loss drug and inflating reimbursements.

The order signed Thursday by U.S. District Judge Mary Kay Vyskocil also appointed City Pension Fund for Firefighters and Police Officers in the City of Tampa as the suit's lead plaintiff. The pension fund claims to have suffered approximately $4.2 million in losses during the proposed class period, according to the order.

In appointing the lead plaintiff and its counsel, Judge Vykocil denied a competing motion by plaintiff Nora Bakshandeh, who is represented by Hagens Berman Sobol Shapiro LLP.

According to the complaint filed by Jeffrey Radtke in January, Regeneron revealed "lagging sales" for its lead product candidate Eylea in October 2024. Eylea is an injection to treat age-related macular degeneration and one of Regeneron's primary products, the suit states.

Several months prior, Regeneron failed to disclose that it paid credit card fees that subsidized the prices that customers paid when using credit cards to purchase Eylea, the suit alleges. Regeneron offered a price concession that lowered Eylea's selling price, which misleadingly boosted Eylea's reported sales, according to the complaint.

"[B]y failing to report its payment of credit card fees as price concessions, Regeneron overstated the [average selling price] reported to federal agencies, thereby violating the False Claims Act," the suit alleges.

In April 2024, shares of Regeneron fell over 3% when the U.S. Department of Justice announced it had filed a complaint against Regeneron under the False Claims Act, according to the suit.

The DOJ had alleged Eylea's average selling price was inflated, which inappropriately increased Medicare reimbursements, according to the suit.

When Regeneron reported its third-quarter 2024 earnings in October 2024, shares of Regeneron dropped over 9% when the company allegedly revealed that quarterly sales of Eylea products had missed consensus estimates, according to the complaint.

In addition to Regeneron, its CEO Leonard S. Schleifer, Chief Financial Officer Christopher Fenimore, and former CFO Robert E. Landry are individual defendants in the suit. All are accused of violating the Exchange Act.

Counsel for the parties did not immediately respond to requests for comment Friday.

City Pension Fund for Firefighters and Police Officers in the City of Tampa is represented by Francis Paul McConville, Connor C. Boehme and Hui Min Chang of Labaton Keller Sucharow LLP and Serena P. Hallowell of Motley Rice LLC.

Regeneron and the individual defendants are represented by Audra Jan Soloway and H. Christopher Boehning of Paul Weiss Rifkind Wharton & Garrison LLP.

The case is Radtke v. Regeneron Pharmaceuticals Inc. et al., case number 1:25-cv-00145, in the New York Southern District Court.

--Editing by Alyssa Miller.

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3rd Circ. Revives Benicar MDL Fees Suit Against NJ Law Firm

By **Carla Baranauckas**

Law360 (July 11, 2025, 7:45 PM EDT) -- The Third Circuit on Friday revived a proposed class action against Mazie Slater Katz & Freeman LLC attorneys that claims they took excessive fees from plaintiffs' settlements in multidistrict litigation over the blood pressure drug Benicar, remanding the dispute for the district court to determine whether it has jurisdiction over the case.

The precedential **opinion**, authored by U.S. Circuit Judge Thomas Hardiman, addressed a complex procedural fight stemming from the long-running MDL over the blood pressure drug Olmesartan. The dispute pits 21 former plaintiffs in the MDL against their former lawyers — David A. Mazie, Adam M. Slater and their firm — alleging improper attorney fee collection in violation of New Jersey court rules.

"We will vacate the district court's judgment, its order denying the motion to remand, and its order dismissing the motions for sanctions as moot," Judge Hardiman wrote. "We remand for further proceedings consistent with this opinion."

The underlying MDL, which consolidated hundreds of product liability cases over Olmesartan, resulted in a settlement exceeding $300 million. The Mazie Slater firm collected contingency fees directly from client recoveries and received common-benefit fees from the MDL's centralized fund.

Following that settlement, Anthony Martino, a former client, filed a putative class action in New Jersey state court challenging the attorneys' fee practices. That case was removed to federal court and ultimately dismissed. A Third Circuit panel affirmed the dismissal in 2023.

Shortly thereafter, a new group of 21 former clients filed a similar complaint in New Jersey state court. The firm again removed the case to federal court before being served, this time citing federal-question, diversity and ancillary enforcement jurisdiction.

Based on the dismissal of the prior case, U.S. District Judge Robert B. Kugler in May 2024 dismissed with prejudice the matter at hand, **ruling the suit** alleged identical claims to the other suit that had been dismissed. The judge previously concluded he had "ancillary enforcement jurisdiction over the matter because plaintiffs challenged attorney's fees awarded from the MDL settlement," according to the circuit opinion.

But the Third Circuit on Friday questioned whether the case was properly removed to federal court in the first place.

The circuit panel rejected the defendants' argument that ancillary enforcement jurisdiction allows for removal, relying heavily on the U.S. Supreme Court's 2002 decision in Syngenta Crop Protection, Inc. v. Henson . As the court explained, removal is permitted only if the federal court has original jurisdiction over the action, and ancillary jurisdiction, by definition, is not original.

"Even if the district court were correct" about the relevance of ancillary enforcement, Judge Hardiman wrote, "ancillary enforcement jurisdiction does not confer the original jurisdiction required to remove a case from state court."

The court's ruling underscores that federal courts cannot bypass the statutory requirements of removal jurisdiction, regardless of a case's prior connection to federal proceedings.

The court further held that federal-question jurisdiction was lacking because the plaintiffs' claims — legal malpractice, unjust enrichment and conversion — arose entirely under state law. Though the conduct challenged relates to federal MDL proceedings, the court found that no federal issue was "necessarily raised" or "substantial" under the standards set forth in the U.S. Supreme Court's 2005 ruling in Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing and its 2013 decision in Gunn v. Minton .

As for diversity jurisdiction, the Third Circuit said the record was incomplete. While the parties were completely diverse, the court said it could not determine whether the $75,000 amount-in-controversy threshold was satisfied for any individual plaintiff. It remanded that issue to the district court for further factual development.

In addition, the Third Circuit ruled that the district court erred by dismissing multiple motions for sanctions as moot after granting judgment for the defendants. Both sides had sought sanctions under Rule 11 and related state provisions stemming from an affidavit of merit and aggressive litigation tactics.

Citing the U.S. Supreme Court's 1992 opinion in Willy v. Coastal Corp. and its 1990 ruling in Cooter & Gell v. Hartmarx Corp. , the court reaffirmed that courts retain jurisdiction to decide sanctions even if they ultimately lack subject-matter jurisdiction over the underlying case. The Third Circuit ordered the district court to rule on the pending motions.

U.S. Circuit Judges Thomas Hardiman, David James Porter and Dennis Michael Fisher sat on the panel for the Third Circuit.

Representatives for the parties did not immediately respond to requests for comment Friday.

The plaintiffs are represented by Bruce H. Nagel and Robert H. Solomon of Nagel Rice LLP.

The defendants are represented by David A. Mazie and Adam M. Slater of Mazie Slater Katz & Freeman LLC.

The case is Eric Johnson et al. v. David Mazie et al., case numbers 24-1946 and 24-2056, in the U.S. Court of Appeals for the Third Circuit.

--Editing by Rich Mills.

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NCAA's $2.8B NIL Deal Nets Athletes' Firms Over $455M In Fees

By **Craig Clough**

Law360 (July 11, 2025, 10:35 PM EDT) -- A California federal judge Friday approved approximately $455 million in attorney fees for class counsel in the NCAA's $2.78 billion class action settlement that, for the first time, will provide for revenue sharing with college athletes, with additional fees set to roll in annually for 10 years.

Attorneys for a class of former college athletes will receive $455 million in fees following a $2.78 billion settlement with the NCAA over athlete compensation. (AP Photo/Keith Srakocic)

The blockbuster **settlement**, which received final approval in June, will reimburse previously withheld name, image and likeness compensation to the class of about 184,000 former athletes, led by former Arizona State University swimmer Grant House. It also creates a system for NCAA's Division I institutions to share billions of dollars in revenue with athletes over the next 10 years.

The order from U.S. District Judge Claudia Wilken approved the fees for class counsel at Hagens Berman Sobol Shapiro LLP, Winston & Strawn LLP and Spector Roseman & Kodroff PC, with the firms set to receive for 20% of the $1.976 billion NIL settlement fund, $395.2 million, and 10% of the $600 million additional compensation settlement fund, $60 million, in fees.

The judge also approved class counsel to apply for a percentage of the total amount Division I institutions spend on student-athlete benefits and compensation each year that the settlement is in effect, which will range from .75% to 1.25%, and a $20 million upfront injunctive fee that will to be paid by the defendants once the judgment in the case is final.

"The court finds that the fees just described are fair and reasonable, because each of them represents a percentage of the fund from which it will be paid that is well below the 25% benchmark in the Ninth Circuit," the judge said.

"The reasonableness of the fees at issue is confirmed by the fact that such fees are commensurate with the extraordinary results that class counsel achieved for settlement class members, the risks and costs of continued litigation, the skill and experience of class counsel, and the fact that class counsel committed substantial resources on a contingency basis for the benefit of settlement class members," the judge said.

The judge added that annual percentage "will represent a very small percentage of the amounts that Division I institutions are expected to spend on student-athlete compensation and benefits under the pool," and said the plaintiffs' damages expert, Daniel Rascher, expects the amount spent by the defendants will exceed $19 billion.

The proposed settlement provided for college athletes to begin receiving revenue in the coming 2025-2026 academic year. It brings to an end the decades-long ban by the NCAA on athletes receiving payments from revenue for their sports — primarily the billions generated by the media rights for college football and men's and women's basketball — or for their own NIL rights. The NCAA fought off attempts to overturn those bans in court for years and still faces suits challenging its policies and enforcement, which a settlement would not resolve.

The House class action was first filed in 2020, naming as defendants the NCAA and the then-Power Five major college athletic conferences: the Southeastern Conference, Big Ten, Big 12, Atlantic Coast Conference and Pac-12.

Judge Wilken certified the class in September 2023, and additional classes were consolidated into the House class in November 2023. The NCAA and the conferences **announced** the settlement in May 2024.

"We are pleased to see this monumental case take another step in its final stages after 20 years of litigation for college athletes," Steve Berman, Hagens Berman's managing partner and co-founder, said in a statement Friday.

The order, among other things, also approved $9,081,356.70 in costs and service awards of $125,000 for plaintiffs House, Sedona Prince and Tymir Oliver, $10,000 for Dewayne Carter and Nya Harrison, and $5,000 for Nicholas Solomon.

In a second order Friday, the judge also rejected fee requests from objectors, finding it was filed too late.

The NCAA did not immediately respond to requests for comment.

The athletes are represented by Steve W. Berman, Emilee N. Sisco, Stephanie Verdoia, Meredith Simons and Benjamin J. Siegel of Hagens Berman Sobol Shapiro LLP, Jeffrey L. Kessler, David G. Feher, David L. Greenspan, Adam I. Dale, Neha Vyas and Jeanifer E. Parsigian of Winston & Strawn LLP and Jeffrey L. Kodroff and Eugene A. Spector of Spector Roseman & Kodroff PC.

The NCAA is represented by Rakesh N. Kilaru, Beth A. Wilkinson, Kieran Gostin, Calanthe Arat and Matthew R. Skanchy of Wilkinson Stekloff LLP and Jacob K. Danziger of ArentFox Schiff LLP.

The Pac-12 is represented by Whitty Somvichian, Kathleen R. Hartnett, Ashley Kemper Corkery, Mark Lambert and Deepti Bansal of Cooley LLP.

The Big Ten is represented by Britt Marie Miller, Christopher John Kelly and Daniel T. Fenske of Mayer Brown LLP.

The Big 12 is represented by David L. Anderson, Angela C. Zambrano, Natali Wyson and Chelsea A. Priest of Sidley Austin LLP.

The ACC is represented by David Erik Albright, Gregory G. Holland and Jonathan P. Heyl of Fox Rothschild LLP and Christopher S. Yates, Aaron T. Chiu and Anna N. Rathbun of Latham & Watkins LLP.

The SEC is represented by Amanda Pickens Nitto, Lawrence C. Moore III, Travis S. Hinman, Patrick H. Hill and Robert Walker Fuller III of Robinson Bradshaw & Hinson PA, Kathryn Reilly and Michael Williams of Wheeler Trigg O'Donnell LLP and Mark J. Seifert of Seifert Zuromski LLP.

The case is In re: College Athlete NIL Litigation, case number 4:20-cv-03919, in the U.S. District Court for the Northern District of California.

--Additional reporting by David Steele. Editing by Drashti Mehta.

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Stanley Mug Maker Seeks To Dodge Class Suit Over Lid Recall

By **Rachel Riley**

Law360 (July 11, 2025, 6:11 PM EDT) -- The Seattle-based company behind the popular Stanley-brand tumbler is urging a Washington federal judge to throw out a proposed class action from consumers who alleged the company's travel mug is defective, criticizing the plaintiffs' counsel for "sprinting to the courthouse" even though the manufacturer offered replacement lids during a voluntary recall.

PMI WW Brands LLC filed a dismissal **bid** Thursday in the proposed class suit over lids the consumers described as faulty, arguing that those customers never claimed they took advantage of the quick fix the company offered for the potential issue. According to the motion, the company announced the voluntary recall in December of all Switchback and Trigger Action travel mugs sold in the U.S. and offered free redesigned lids, "based on the remote possibility that the mugs' lid threads can shrink when exposed to heat and torque, allowing the lid to detach."

While the consumers' lawsuit criticizes the remedy offered as deficient, none of the plaintiffs alleged they made recall submissions or even called customer service about the issue, the drinkware manufacturer said.

"Plaintiffs do not allege that the recall did not, in fact, solve the alleged defect, and they cannot since they have not obtained or used the replacement lid," according to the filing. "Plaintiffs should have done so and evaluated the result before the lawyers began sprinting to the courthouse."

New York resident Danielle Scherzi **launched** the putative class suit Dec. 27, accusing PMI of denying refunds to customers whose purchases were covered by the recall. In her complaint, she said she purchased a 12-ounce Stanley travel mug from a Target store in Rochester, New York, but can no longer use the cup for its intended purpose because the defect twice caused coffee to spill on her. The U.S. Consumer Product Safety Commission warned consumers to immediately stop using the recalled travel mugs Dec. 12, citing 91 reports worldwide of faulty lids and 38 burn injuries, including 11 that required medical attention, according to initial complaint.

The suit has since been consolidated with similar cases, with the latest complaint naming additional plaintiffs Leah Babiarz of Illinois and Mark Munoz of California. The individual consumers seek to represent a nationwide class and state subclasses of travel mug purchasers on claims including breach of implied warranty, unjust enrichment and negligent misrepresentation.

But PMI argued in its dismissal bid that the claims aren't ripe for litigation because the plaintiffs didn't participate in the recall they alleged was insufficient. The consumers haven't shown the manufacturer hid the defect from consumers at the time of sale, and have instead merely offered "conclusory, boilerplate allegations," according to the company's filing.

"This is not a case where consumers were duped into buying a dangerous product — the CPSC recall announcement noted just two U.S. reports of injury out of 2.6 million mugs," PMI said. "It is a case where a company worked hand-in-hand with the CPSC to recall products out of an abundance of caution and provide free, redesigned lids, only to have lawyers rush to file suit based on nothing more than the mere fact of the recall announcement."

Representatives of the parties did not immediately respond to requests for comment Friday.

Scherzi is represented by Todd Wyatt of Wyatt Gronski PLLC, Yeremey O. Krivoshey, Joel D. Smith and Aleksandr "Sasha" Litvinov of Smith Krivoshey PC, Mason A. Barney and Leslie Pescia of Siri Glimstad LLP, and Kevin Laukaitis and Daniel Tomascik of Laukaitis Law LLC.

PMI is represented by Hunter K. Ahern, Amir Nassihi, Alycia A. Degen and Daniel E. Cummings of Shook Hardy & Bacon LLP.

The case is Scherzi v. Pacific Market International LLC, case number 2:24-cv-02151, in the U.S. District Court for the Western District of Washington.

--Editing by Covey Son.

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6th Circ. Tosses Arbitration Denial In FCA Minivan Fire MDL

By **Jonathan Capriel**

Law360 (July 11, 2025, 10:11 PM EDT) -- A Michigan federal judge flubbed it when he denied Fiat Chrysler's bid to push into arbitration some of the plug-in hybrid minivan drivers who claim in multidistrict litigation that their vehicles could spontaneously explode, the Sixth Circuit ruled Thursday, saying the judge tipped the scales against the automaker by raising arguments the drivers hadn't mentioned.

U.S. District Judge David M. Lawson had determined that FCA US LLC had waived its right to arbitrate because it had filed a motion to dismiss the drivers' claims before attempting to seek arbitration, but a three-judge appellate panel said this had a "fundamental problem."

That problem was that it was Judge Lawson, and not the drivers, who raised the argument of waiver on his own, the panel said, and by doing so "violated the principle of party presentation."

The panel reversed the district court's decision but barred reconsideration of waiver on the current record due to the procedural error. "We decline to give the district court another opportunity to decide the issue," the panel said.

The underlying MDL involves drivers who claim that the batteries in certain 2017-18 Chrysler Pacifica plug-in hybrid minivans are prone to spontaneously catching fire because of defects in design or problems in the manufacturing process. The batteries sometimes ignite on their own even when the engines are off, the drivers contend.

Of the 69 lead plaintiffs, 18 had signed agreements with the third-party dealerships that require them to arbitrate claims, according to the opinion. FCA obtained the agreements through subpoenas during discovery and moved in May 2023 to compel these drivers to take their claims into arbitration. Judge Lawson denied the motion, saying FCA waived its right to arbitrate by taking actions that were "entirely inconsistent" with a party that would want to do so.

But the Sixth Circuit said that FCA could only waive arbitration if it knew about the existence of the contracts, pointing to circuit precedent American Locomotive v. Chemical Research . The panel said FCA likely didn't know about the arbitration clauses when filing its motion to dismiss.

The case would "normally" be sent back to the trial court for more fact finding, but the panel said it couldn't do that in this case because the trial judge brought up the waiver on its own. This put FCA at a disadvantage, as it never had the opportunity to dispute it had waived arbitration.

"Because the district court raised this issue completely on its own and without any notice to the parties, FCA never had a chance to offer any evidence to the contrary," the panel said. "So if we would have to defer to factual findings made without any evidence or argument from the parties then it is impossible to see how procedures like these do not prejudice FCA."

Neither party immediately respond to a request for comment Friday.

The drivers are represented by E. Powell Miller, Dennis A. Lienhardt Jr. and Dana E. Fraser of The Miller Law Firm PC, Steven W. Berman of Hagens Berman Sobol Shapiro LLP, Stephen R. Basser and Samuel M. Ward of Barrack Rodos & Bacine, Niall McCarthy and Karin Swope of Cotchett Pitre & McCarthy LLP and Gayle Blatt and P. Camille Guerra of Casey Gerry Schenk Francavilla Blatt &

Penfield LLP.

FCA is represented by Stephen A. D'Aunoy, Thomas L. Azar Jr., Scott H. Morgan, Fred J. Fresard, Ian K. Edwards and Brandon L. Boxler of Klein Thomas Lee & Fresard.

The case is Berzanskis et al. v. FCA US LLC, case number 24-1137, in the U.S. Court of Appeals for the Sixth Circuit.

--Additional reporting by Carolina Bolado. Editing by Brian Baresch.

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Ill. Judge Gives OK To $12.1M Speedway Privacy Settlement

By **Tom Lotshaw**

Law360 (July 11, 2025, 9:12 PM EDT) -- An Illinois federal judge gave preliminary approval for a $12.1 million class action settlement in a biometric privacy law dispute between Speedway LLC and nearly 7,700 current and former gas station employees after ordering a lower redistribution trigger for initial payments that aren't cashed.

U.S. District Judge Edmond E. Chang on Thursday approved a **proposed settlement** put forward in mid-June, but took issue with a dollar threshold for the distribution of initial payments that are not cashed.

"As currently proposed, the amount is $350,000 or more to trigger a second round, which could lead to a very substantial amount of funds left undistributed and going to a cy pres instead," the judge said in a case docket entry, referring to a potential court-approved recipient for unclaimed funds.

In a **supplement** filed Thursday, the class, led by Christopher Howe, told the court the parties agreed to reduce the threshold to $74,000.

According to the filing, if 99% of the class members cash their initial settlement payments, a redistribution of the checks not cashed would send about another $8 to each class member who cashed their initial payment.

"Given the 77 uncashed checks, each of those 7,620 class members would be entitled to a second round of distribution from the approximately $74,823.11 in residual funds, assuming the requested attorneys' fees, expenses and incentive award are approved," the plaintiffs told the court.

According to the proposed agreement, which is set for possible final approval in October, each class member would be entitled to an equal pro rata share of the settlement fund, minus administrative expenses, a $10,000 incentive award for the class representative, and a class counsel fee award, without having to submit a claim. The payments would remain valid for 120 days after they are issued.

The class includes Speedway employees in Illinois who used a finger scanner on a time clock between Sept. 1, 2012, and Nov. 1, 2017.

Howe hit Speedway with a proposed class action complaint in 2017, alleging it required him and other employees to **scan their fingerprints** to clock in and out of work without ever explaining that biometric data was being collected or obtaining their informed consent, in violation of Illinois' Biometric Information Privacy Act.

Last September, Judge Chang **denied** two summary judgment motions Speedway filed and granted a class certification motion, teeing the case up for a potential trial.

Speedway and the plaintiffs subsequently engaged in settlement negotiations and agreed to participate in private mediation in March, according to the proposed settlement. Per the settlement, Speedway denies any liability, wrongdoing or legal violations.

Representatives for the parties did not immediately respond to requests for comment Friday.

The class is represented by Stephan Zouras LLC, and Edelson PC.

Speedway is represented by Shook Hardy & Bacon LLP.

The case is Howe et al. v. Speedway LLC, case number 1:19-cv-01374, in the U.S. District Court for the Northern District of Illinois.

--Editing by Adam LoBelia.

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Meta's Alleged Book Piracy Is Next Phase Of Authors' IP Suit

By **Ivan Moreno**

Law360 (July 11, 2025, 7:02 PM EDT) -- A California federal judge said Friday that a group of bestselling authors' claims that Meta Platforms infringed their copyrights by downloading and allegedly distributing their works through peer-to-peer networks will proceed to summary judgment.

The decision from U.S. District Judge Vince Chhabria came two weeks after he ruled that it was **fair use** for the major tech company to take millions of copyrighted works without permission to train its Llama large language platform. The plan moving forward suggests the plaintiffs are not appealing that summary judgment finding for the time being.

Before finalizing the plan during a case management conference, Judge Chhabria said he wanted to be clear that the briefing regarding Meta's use of torrenting — or peer-to-peer networks — would not "involve revisiting the ruling that was already issued."

"We're not asking to revisit the court's findings," said Jesse Panuccio of Boies Schiller Flexner LLP, one of the firms representing the plaintiffs, which include Ta-Nehisi Coates, Sarah Silverman and Andrew Sean Greer.

Before Friday's conference, Meta had suggested that the court enter judgment on fair use and stay proceedings pending possible appeals for efficiency's sake, avoiding a do-over if the fair use finding is reversed.

"I've never heard somebody who received a favorable ruling from me make a suggestion that I should certify it for appeal and stay the rest of the case," Judge Chhabria said with a grin during the hearing.

The next phase of the litigation is not entirely surprising however, since the judge said in the fair use ruling that the piracy claims against Meta were still alive. In a separate federal complaint against AI developer Anthropic, U.S. District Judge William Alsup also found that it was **fair** for the company to use copyrighted material to train its LLM, but ruled that there would need to be a trial on allegations that it illegally downloaded some of those works.

The authors suing Meta claim that in the process of downloading millions of books through peer-to-peer networks, it also distributed those books online.

"There are reproductions that occur within that, and so you could have a violation of the right of reproduction," Panuccio said.

Counsel for Meta, Bobby Ghajar of Cooley LLP, said during the conference that the company disputes that "distribution of the plaintiffs' works occurred." He also objected to the plaintiffs' request to supplement their expert's report on their piracy claims.

"We've already had four expert reports on torrenting, four days of expert depositions from three different experts — we would say enough is enough," Ghajar said.

When it was clear Judge Chhabria wanted to allow the plaintiffs to supplement their expert report, Ghajar asked that the additions be limited to the torrenting evidence that was obtained over the last year "and not some new theory of distribution." He also asked that Meta have the chance to file a rebuttal.

The judge agreed to those terms, and the plaintiffs are expected to file their supplemental expert report, with Meta's report due a month later, followed by depositions and summary judgment briefing.

The complaint is a proposed class action, but Judge Chhabria once again said he would have "a number of concerns" about certifying the class, including because of the "adequacy of representation." He made similar comments during a status hearing in September before the plaintiffs added Boies Schiller.

The authors are represented by Joseph R. Saveri, Cadio Zirpoli, Christopher K.L. Young, Holden Benon and Aaron Cera of Joseph Saveri Law Firm LLP, David Boies, Joshua Irwin Schiller, Maxwell V. Pritt, Jay Schuffenhauer, Joshua M. Stein, Margaux Poueymirou, David L. Simons and Jesse Panuccio of Boies Schiller Flexner LLP, Elizabeth J. Cabraser, Daniel M. Hutchinson, Reilly T. Stoler, Rachel Geman, Kenneth S. Byrd and Betsy A. Sugar of Lieff Cabraser Heimann & Bernstein LLP, Bryan L. Clobes, Mohammed A. Rathur and Alexander J. Sweatman of Cafferty Clobes Meriwether & Sprengel LLP, Nada Djordjevic, Amy E. Keller, David A. Straite and James A. Ulwick of DiCello Levitt, Scott J. Sholder and CeCe M. Cole of Cowan DeBaets Abrahams & Sheppard LLP, and Matthew Butterick.

Meta is represented by Bobby Ghajar, Mark Weinstein, Kathleen Hartnett, Judd Lauter, Elizabeth L. Stameshkin and Colette Ghazarian of Cooley LLP, Angela L. Dunning of Cleary Gottlieb Steen & Hamilton LLP, and William Thomas Marks, Anna Manchester Stapleton and Kannon K. Shanmugam of Paul Weiss Rifkind Wharton & Garrison LLP.

The case is Kadrey et al. v. Meta Platforms Inc. et al., case number 3:23-cv-03417, in the U.S. District Court for the Northern District of California.

--Editing by Adam LoBelia.
