

CU-14-506670-00CP

Court File No.:

**ONTARIO  
SUPERIOR COURT OF JUSTICE**



**SHERIDAN CHEVROLET CADILLAC LTD.,  
PICKERING AUTO MALL LTD., and FADY SAMAHA**

Plaintiffs

- and -

**HITACHI, LTD., HITACHI AUTOMOTIVE SYSTEMS, LTD., HITACHI AUTOMOTIVE  
SYSTEMS AMERICAS, INC., DENSO CORPORATION, DENSO INTERNATIONAL  
AMERICA INC., DENSO MANUFACTURING CANADA, INC., DENSO SALES CANADA,  
INC., MITSUBISHI ELECTRIC CORPORATION, MITSUBISHI ELECTRIC AUTOMOTIVE  
AMERICA, INC., and MITSUBISHI ELECTRIC SALES CANADA INC.**

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**STATEMENT OF CLAIM  
(Valve Timing Control Devices)**

TO THE DEFENDANTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiffs' lawyers or, where the plaintiffs do not have a lawyer, serve it on the plaintiffs, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: June 18, 2014

Issued by: \_\_\_\_\_

  
Local Registrar

Address of Court Office:  
Superior Court of Justice  
393 University Ave., 10<sup>th</sup> Floor  
Toronto, ON M5G 1E6

TO: **HITACHI, LTD.**  
6-6, Marunouchi 1-chome  
Chiyoda-ku, Tokyo 100-8280, Japan

AND TO: **HITACHI AUTOMOTIVE SYSTEMS, LTD.**  
2-1, Otemachi 2-chom  
Chiyoda-ku, Tokyo 100-0004, Japan

AND TO: **HITACHI AUTOMOTIVE SYSTEMS AMERICAS, INC.**  
955 Warwick Rd.  
Harrodsburg, Kentucky 40330, USA

AND TO: **DENSO CORPORATION**  
1-1, Showacho  
Kariya, Aichi, 448-0029, Japan

AND TO: **DENSO INTERNATIONAL AMERICA, INC.**  
24777 Denso Dr.  
Southfield, Michigan 48033, USA

AND TO: **DENSO MANUFACTURING CANADA, INC.**  
900 Southgate Drive  
Guelph, Ontario, N1L 1K1, Canada

AND TO: **DENSO SALES CANADA, INC.**  
195 Brunel Road  
Mississauga, Ontario, L4Z 1X3, Canada

AND TO: **mitsubishi electric corporation**  
Tokyo Building 2-7-3, Marunouchi  
Chiyoda-ku, Tokyo 100-8310, Japan

AND TO: **mitsubishi electric automotive america, inc.**  
4773 Bethany Road  
Mason, Ohio 45040, USA

AND TO: **mitsubishi electric sales canada inc.**  
4299 14<sup>th</sup> Avenue  
Markham, Ontario L3R 0J2, Canada

**CLAIM**

1. The plaintiffs claim on their own behalf and on behalf of other members of the Proposed Class (as defined in paragraph 7 below):

- (a) A declaration that the defendants conspired and agreed with each other and other unknown co-conspirators to rig bids and fix, raise, maintain, or stabilize the price of Valve Timing Control Devices (as defined in paragraph 2 below) sold in Canada and elsewhere during the Class Period (as defined in paragraph 7 below);
- (b) A declaration that the defendants and their co-conspirators did, by agreement, threat, promise or like means, influence or attempt to influence upwards, or discourage or attempt to discourage the reduction of the price at which Valve Timing Control Devices were sold in Canada and elsewhere during the Class Period;
- (c) Damages or compensation in an amount not exceeding \$50,000,000:
  - (i) for loss and damage suffered as a result of conduct contrary to Part VI of the *Competition Act*, RSC 1985, c C-34 ("*Competition Act*");
  - (ii) for civil conspiracy;
  - (iii) for unjust enrichment; and
  - (iv) for waiver of tort;
- (d) Punitive, exemplary and aggravated damages in the amount of \$5,000,000;
- (e) Pre-judgment interest in accordance with section 128 of the *Courts of Justice Act*, RSO 1990, c C.43 ("*Courts of Justice Act*"), as amended;

- (f) Post-judgment interest in accordance with section 129 of the *Courts of Justice Act*;
- (g) Investigative costs and costs of this proceeding on a full-indemnity basis pursuant to section 36 of the *Competition Act*; and
- (h) Such further and other relief as this Honourable Court deems just.

### **Summary of Claim**

2. This action arises from a conspiracy to fix, raise, maintain or stabilize prices, rig bids and allocate the market and customers in Canada and elsewhere of valve timing control devices used in automobiles and other light-duty vehicles (“**Valve Timing Control Devices**”). Valve Timing Control Devices are parts within the variable valve timing system, which control the timing of the opening and closing of engine valves. The unlawful conduct occurred from at least as early as January 1, 2000 and continued until at least March 1, 2010, and impacted prices for several years thereafter. The unlawful conduct was targeted at the automotive industry, raising prices to all members of the Proposed Class.

3. As a direct result of the unlawful conduct alleged herein, the plaintiffs and other members of the Proposed Class paid artificially inflated prices for Valve Timing Control Devices and/or new vehicles containing Valve Timing Control Devices manufactured, marketed, sold and/or distributed during the Class Period and have thereby suffered losses and damages.

### **The Plaintiffs**

4. The plaintiff, Sheridan Chevrolet Cadillac Ltd. (“**Sheridan**”), was an automotive dealer in Pickering, Ontario pursuant to a Dealer Sales and Service Agreement with General Motors of Canada Limited (“**GMCL**”) from 1977 to 2009.

5. The plaintiff, Pickering Auto Mall Ltd. ("**Pickering**"), was an automotive dealer in Pickering, Ontario pursuant to a Dealer Sales and Service Agreement with GMCL from 1989 to 2009.

6. The plaintiff, Fady Samaha, a resident of Newmarket, Ontario, purchased a new Honda Civic in 2009.

7. The plaintiffs seek to represent the following class (the "**Proposed Class**"):

All persons in Canada that purchased Valve Timing Control Devices and/or a new vehicle containing an Valve Timing Control Devices between January 1, 2000 and March 1, 2010 and/or during the subsequent period during which prices were affected by the alleged conspiracy (the "**Class Period**"). Excluded from the class are the defendants, their parent companies, subsidiaries and affiliates.

### **The Defendants**

#### *Hitachi Defendants*

8. The defendant, Hitachi, Ltd., is a Japanese corporation with its principal place of business in Tokyo, Japan. During the Class Period, Hitachi Ltd. manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries, including the defendants Hitachi Automotive Systems, Ltd. ("**Hitachi Automotive**"), Hitachi Automotive Systems Americas, Inc. ("**Hitachi US**"), as well as the former Hitachi Unisia Automotive, Ltd. and the former Tokico, Ltd. In March 2004, Hitachi, Ltd. announced a merger of Hitachi, Ltd., Hitachi Unisia Automotive, Ltd. and Tokico, Ltd. As part of the merger, Hitachi, Ltd. absorbed Hitachi Unisia Automotive, Ltd. and Tokico, Ltd., and Hitachi Unisia Automotive, Ltd. and Tokico, Ltd. were dissolved thereafter. The merger became effective in October 2004. Prior to the merger, Hitachi, Ltd. held a

23.9% equity interest in Tokico, Ltd. (42.1% including indirect holdings through subsidiaries) and wholly owned Hitachi Unisia Automotive, Ltd.

9. Hitachi Automotive is a Japanese corporation with its principal place of business in Tokyo, Japan. During the Class Period, Hitachi Automotive manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries. Hitachi Automotive is owned and controlled by Hitachi Ltd.

10. Hitachi US is an American corporation with its principal place of business in Farmington Hills, Michigan. During the Class Period, Hitachi US manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries. Hitachi US is owned and controlled by Hitachi Ltd.

11. The business of each of Hitachi Ltd., Hitachi Automotive, and Hitachi US is inextricably interwoven with that of the other and each is the agent of the other for the purposes of the manufacture, market, sale and/or distribution of Valve Timing Control Devices in Canada and for the purposes of the conspiracy described hereinafter. Hitachi Ltd., Hitachi Automotive, and Hitachi US are collectively referred to herein as "**Hitachi.**"

#### *Denso Defendants*

12. The defendant, Denso Corporation, is a Japanese corporation with its principal place of business in Aichi, Japan. During the Class Period, Denso Corporation manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries, including the

defendants Denso International America Inc. (“**Denso US**”), Denso Manufacturing Canada, Inc. (“**Denso Manufacturing Canada**”) and Denso Sales Canada, Inc. (“**Denso Sales Canada**”).

13. Denso US is an American corporation with its principal place of business in Southfield, Michigan. During the Class Period, Denso US manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries. Denso US is owned and controlled by Denso Corporation.

14. Denso Manufacturing Canada is a Canadian corporation with its principal place of business in Guelph, Ontario. During the Class Period, Denso Manufacturing Canada manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries. Denso Manufacturing Canada is owned and controlled by Denso Corporation.

15. Denso Sales Canada is a Canadian corporation with its principal place of business in Mississauga, Ontario. During the Class Period, Denso Sales Canada manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries. Denso Sales Canada is owned and controlled by Denso Corporation.

16. The business of each of Denso Corporation, Denso US, Denso Manufacturing Canada, and Denso Sales Canada is inextricably interwoven with that of the other and each is the agent of the other for the purposes of the manufacture, market, sale and/or distribution of Valve Timing Control Devices in Canada and for the purposes of the conspiracy described hereinafter. Denso Corporation, Denso US, Denso Manufacturing Canada, and Denso Sales Canada are collectively referred to herein as “**Denso.**”



*Mitsubishi Electric Defendants*

17. The defendant, Mitsubishi Electric Corporation, is a Japanese corporation with its principal place of business in Tokyo, Japan. During the Class Period, Mitsubishi Electric Corporation manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries, including the defendants Mitsubishi Electric Automotive America, Inc. (“**Mitsubishi Automotive**”), and Mitsubishi Electric Sales Canada, Inc. (“**Mitsubishi Canada**”).

18. Mitsubishi Automotive is an American corporation with its principal place of business in Mason, Ohio. During the Class Period, Mitsubishi Automotive manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries. Mitsubishi Automotive is owned and controlled by Mitsubishi Electric Corporation.

19. Mitsubishi Canada is a Canadian corporation with its principal place of business in Markham, Ontario. During the Class Period, Mitsubishi Canada manufactured, marketed, sold and/or distributed Valve Timing Control Devices to customers throughout Canada, either directly or indirectly through its predecessors, affiliates and/or subsidiaries. Mitsubishi Canada is owned and controlled by Mitsubishi Electric Corporation.

20. The business of each of Mitsubishi Electric Corporation, Mitsubishi Automotive, and Mitsubishi Canada is inextricably interwoven with that of the other and each is the agent of the other for the purposes of the manufacturing, marketing, sale and/or distribution of Valve Timing Control Devices in Canada and for the purposes of the conspiracy described hereinafter. Mitsubishi Electric Corporation, Mitsubishi Automotive, and Mitsubishi Canada are collectively referred to herein as “**Mitsubishi Electric.**”

### ***Unnamed Co-conspirators***

21. Various persons, partnerships, sole proprietors, firms, corporations and individuals not named as defendants in this lawsuit, the identities of which are not presently known, may have participated as co-conspirators with the defendants in the unlawful conspiracy alleged in this statement of claim, and have performed acts and made statements in furtherance of the unlawful conduct.

### ***Joint and Several Liability***

22. The defendants are jointly and severally liable for the actions of and damages allocable to all co-conspirators.

23. Whenever reference is made herein to any act, deed or transaction of any corporation, the allegation means that the corporation or limited liability entity engaged in the act, deed or transaction by or through its officers, directors, agents, employees or representatives while they were actively engaged in the management, direction, control or transaction of the corporation's business or affairs.

### **The Valve Timing Control Devices Industry**

24. The valves within an internal combustion engine are used to control the flow of the intake and exhaust gases into and out of the combustion chamber. Valves are cylindrical parts where fuel and air typically mix in an internal combustion engine. One end of the valve opens to let in a mixture of air and fuel. When the valve closes, a spark plug ignites the mixture to generate force to drive the pistons that run the engine. These valves have a significant impact on engine performance. A variable valve timing system allows the valve timing to vary depending on the engine speed or condition, which promotes fuel efficiency.

25. Valve Timing Control Devices are parts within the variable valve timing system, which control the timing of the opening and closing of engine valves. Valve Timing Control Devices may include a VTC Actuator and/or solenoid valve.

26. Valve Timing Control Devices are installed by automobile original equipment manufacturers (“OEMs”) in new vehicles as part of the automotive manufacturing process. They are also installed in vehicles to replace worn out, defective or damaged Valve Timing Control Devices.

27. For new vehicles, the OEMs – mostly large automotive manufacturers such as General Motors, Chrysler, Toyota and others – purchase Valve Timing Control Devices directly from the defendants. Valve Timing Control Devices may also be purchased by component manufacturers who then supply such systems to OEMs. These component manufacturers are also called “**Tier I Manufacturers**” in the industry. A Tier I Manufacturer supplies Valve Timing Control Devices directly to an OEM.

28. When purchasing Valve Timing Control Devices, OEMs issue Requests for Quotation (“RFQs”) to automotive parts suppliers on a model-by-model basis for model-specific parts. In at least some circumstances, the RFQ is sought from pre-qualified suppliers of the product. Typically, the RFQ would be made when there has been a major design change on a model-by-model basis. Automotive parts suppliers submit quotations, or bids, to OEMs in response to RFQs. The OEMs usually award the business to the selected automotive parts supplier for a fixed number of years consistent with the estimated production life of the parts program. Typically, the production life of the parts program is between two and five years. Typically, the bidding process begins approximately three years before the start of production of a new model.

OEMs procure parts for North American manufactured vehicles in Japan, the United States, Canada and elsewhere.

29. During the Class Period, the defendants and their unnamed co-conspirators supplied Valve Timing Control Devices to OEMs for installation in vehicles manufactured and sold in Canada and elsewhere. The defendants and their unnamed co-conspirators manufactured Valve Timing Control Devices: (a) in North America for installation in vehicles manufactured in North America and sold in Canada, (b) outside North America for export to North America and installation in vehicles manufactured in North America and sold in Canada, (c) outside North America for installation in vehicles manufactured outside North America for export to and sale in Canada, and (d) as replacement parts.

30. The defendants and their unnamed co-conspirators intended, as a result of their unlawful conspiracy, to inflate the prices for Valve Timing Control Devices and new vehicles containing Valve Timing Control Devices sold in North America and elsewhere.

31. The defendants and their unnamed co-conspirators unlawfully conspired to agree and manipulate prices for Valve Timing Control Devices and conceal their anti-competitive behaviour from OEMs and other industry participants. The defendants and their unnamed co-conspirators knew that their unlawful scheme and conspiracy would unlawfully increase the price at which Valve Timing Control Devices would be sold from the price that would otherwise be charged on a competitive basis. The defendants and their unnamed co-conspirators were aware that, by unlawfully increasing the prices of Valve Timing Control Devices, the prices of new vehicles containing Valve Timing Control Devices would also be artificially inflated. The defendants and their unnamed co-conspirators knew that their unlawful scheme and conspiracy would injure purchasers of Valve Timing Control Devices and purchasers of new vehicles containing Valve

Timing Control Devices. The defendants' conduct impacted not only multiple bids submitted to OEMs, but also the price paid by all other purchasers of Valve Timing Control Devices.

32. By virtue of their market shares, the defendants are the dominant manufacturers and suppliers of Valve Timing Control Devices in Canada and the world. Their customers include Ford, General Motors, Honda, Nissan, Toyota, Chrysler, BMW, Mercedes-Benz, Subaru, Mazda, Mitsubishi, Suzuki, Hyundai and Volvo.

33. The automotive industry in Canada and the United States is an integrated industry. Automobiles manufactured on both sides of the border are sold in Canada. The unlawful conspiracy affected prices of Valve Timing Control Devices in the United States and Canada, including Ontario.

#### **Investigations into International Cartel and Resulting Fines**

34. In the United States, Hitachi Automotive Systems Ltd agreed to plead guilty and pay a fine of US\$195 million in respect of its role in various conspiracies to fix the prices of nine different automotive parts, including Valve Timing Control Devices, sold to automobile manufacturers in the United States and elsewhere from at least as early as January 2000 and continuing until at least February 2010.

35. In the United States, Mitsubishi Electric Corporation agreed to plead guilty and pay a fine of US\$190 million in respect of its role in the alleged conspiracy to fix prices of various automotive parts. As part of its plea agreement, Mitsubishi Electric Corporation is required to provide cooperation regarding the alleged conspiracy to fix prices of variable valve timing devices, which contain Valve Timing Control Devices.

**Plaintiffs Purchased New Vehicles Containing Valve Timing Control Devices**

36. During the Class Period, Sheridan purchased for resale the following brands of vehicles manufactured by GMCL or its affiliates: Chevrolet, Oldsmobile and Cadillac.

37. During the Class Period, Sheridan also purchased for resale vehicles manufactured by the following other automotive manufacturers: Suzuki Canada Inc., CAMI Automotive Inc., GM Daewoo Auto & Technology Company and Daewoo Motor Co.

38. During the Class Period, Pickering purchased for resale the following brands of vehicles manufactured by GMCL or its affiliates: Isuzu, Saab and Saturn.

39. During the Class Period, Pickering also purchased for resale vehicles manufactured by the following other automotive manufacturers: Isuzu Motors Ltd., Adam Opel AG and Subaru Canada Inc.

40. The vehicles purchased by Sheridan and Pickering were manufactured in whole or in part at various times in Ontario or other parts of Canada, the United States, Japan and other parts of the world.

41. Sheridan and Pickering purchased new vehicles containing Valve Timing Control Devices.

42. In 2009, Fady Samaha purchased a new Honda Civic, which contained a Valve Timing Control Device.

**Breaches of Part VI of *Competition Act***

43. From at least as early as January 1, 2000 until at least March 1, 2010, the defendants and their unnamed co-conspirators engaged in a conspiracy to rig bids for and to fix, maintain, increase or control the prices of Valve Timing Control Devices sold to customers in North America and

elsewhere. The defendants and their unnamed co-conspirators conspired to enhance unreasonably the prices of Valve Timing Control Devices and/or to lessen unduly competition in the production, manufacture, sale and/or distribution of Valve Timing Control Devices in North America and elsewhere. The conspiracy was intended to, and did, affect prices of Valve Timing Control Devices and new vehicles containing Valve Timing Control Devices.

44. The defendants and their unnamed co-conspirators carried out the conspiracy by:

- (a) participating in meetings, conversations, and communications in the United States, Japan and elsewhere to discuss the bids (including RFQs) and price quotations to be submitted to OEMs selling automobiles in North America and elsewhere;
- (b) agreeing, during those meetings, conversations, and communications, on bids (including RFQs) and price quotations to be submitted to OEMs in North America and elsewhere (including agreeing that certain defendants or co-conspirators would win the RFQs for certain models);
- (c) agreeing on the prices to be charged and to control discounts for Valve Timing Control Devices in North America and elsewhere and to otherwise fix, increase, maintain or stabilize those prices;
- (d) agreeing, during those meetings, conversations, and communications, to allocate the supply of Valve Timing Control Devices sold to OEMs in North America and elsewhere on a model-by-model basis;
- (e) agreeing, during those meetings, conversations, and communications, to coordinate price adjustments in North America and elsewhere;

- (f) submitting bids (including RFQs), price quotations, and price adjustments to OEMs in North America and elsewhere in accordance with the agreements reached;
- (g) enhancing unreasonably the prices of Valve Timing Control Devices sold in North America and elsewhere;
- (h) selling Valve Timing Control Devices to OEMs in North America and elsewhere for the agreed-upon prices, controlling discounts and otherwise fixing, increasing, maintaining or stabilizing prices for Valve Timing Control Devices in North America and elsewhere;
- (i) allocating the supply of Valve Timing Control Devices sold to OEMs in North America and elsewhere on a model-by-model basis;
- (j) accepting payment for Valve Timing Control Devices sold to OEMs in North America and elsewhere at collusive and supra-competitive prices;
- (k) engaging in meetings, conversations, and communications in the United States, Japan and elsewhere for the purpose of monitoring and enforcing adherence to the agreed-upon bid-rigging and price-fixing scheme;
- (l) actively and deliberately employing steps to keep their conduct secret and to conceal and hide facts, including but not limited to using code names, following security rules to prevent "paper trails," abusing confidences, communicating by telephone, and meeting in locations where they were unlikely to be discovered by other competitors and industry participants; and



(m) preventing or lessening, unduly, competition in the market in North America and elsewhere for the production, manufacture, sale or distribution of Valve Timing Control Devices.

45. As a result of the unlawful conduct alleged herein, the plaintiffs and other members of the Proposed Class paid unreasonably enhanced/supra-competitive prices for Valve Timing Control Devices and/or new vehicles containing Valve Timing Control Devices.

46. The conduct described above constitutes offences under Part VI of the *Competition Act*, in particular, sections 45(1), 46(1) and 47(1) of the *Competition Act*. The plaintiffs claim loss and damage under section 36(1) of the *Competition Act* in respect of such unlawful conduct.

47. Such conduct further constituted an offence under section 61(1) of the *Competition Act* for the period from January 1, 2000 until the repeal of that section on March 12, 2009. The plaintiffs claim damages under section 36(1) of the *Competition Act* in respect of conduct contrary to section 61(1) of the *Competition Act* for the period from January 1, 2000 to March 12, 2009.

### **Civil Conspiracy**

48. The defendants and their unnamed co-conspirators voluntarily entered into agreements with each other to use unlawful means which resulted in loss and damage, including special damages, to the plaintiffs and other members of the Proposed Class. The unlawful means include the following:

(a) entering into agreements to rig bids and fix, maintain, increase or control prices of Valve Timing Control Devices sold to customers in Canada and elsewhere in contravention of sections 45(1), 46(1), 47(1) and (during the period in which it was in force) 61(1) of the *Competition Act*; and

(b) aiding, abetting and counselling the commission of the above offences, contrary to sections 21 and 22 of the *Criminal Code*, RSC 1985, c C-46.

49. In furtherance of the conspiracy, the defendants, their servants, agents and unnamed co-conspirators carried out the acts described in paragraph 44 above.

50. The defendants and their unnamed co-conspirators were motivated to conspire. Their predominant purposes and concerns were to harm the plaintiffs and other members of the Proposed Class by requiring them to pay artificially high prices for Valve Timing Control Devices, and to illegally increase their profits on the sale of Valve Timing Control Devices.

51. The defendants and their unnamed co-conspirators intended to cause economic loss to the plaintiffs and other members of the Proposed Class. In the alternative, the defendants and their unnamed co-conspirators knew, in the circumstances, that their unlawful acts would likely cause injury.

### **Discoverability**

52. Valve Timing Control Devices are not exempt from competition regulation and thus, the plaintiffs reasonably considered the Valve Timing Control Devices industry to be a competitive industry. A reasonable person under the circumstances would not have been alerted to investigate the legitimacy of the defendants' prices for Valve Timing Control Devices.

53. Accordingly, the plaintiffs and other members of the Proposed Class did not discover, and could not discover through the exercise of reasonable diligence, the existence of the alleged conspiracy during the Relevant Period.

**Fraudulent Concealment**

54. The defendants and their co-conspirators actively, intentionally and fraudulently concealed the existence of the combination and conspiracy from the public, including the plaintiffs and other members of the Proposed Class. The defendants and their co-conspirators represented to customers and others that their pricing and bidding activities were unilateral, thereby misleading the plaintiffs. The affirmative acts of the defendants alleged herein, including acts in furtherance of the conspiracy, were fraudulently concealed and carried out in a manner that precluded detection.

55. The defendants' anti-competitive conspiracy was self-concealing. As detailed in paragraph 44 above, the defendants took active, deliberate and wrongful steps to conceal their participation in the alleged conspiracy.

56. Because the defendants' agreements, understandings and conspiracies were kept secret, plaintiffs and other members of the Proposed Class were unaware of the defendants' unlawful conduct during the Relevant Period, and they did not know, at the time, that they were paying supra-competitive prices for Valve Timing Control Devices and/or new vehicles containing Valve Timing Control Devices.

**Unjust Enrichment**

57. As a result of their conduct, the defendants benefited from a significant enhancement of their revenues on the sale of Valve Timing Control Devices. All members of the Proposed Class have suffered a corresponding deprivation as a result of being forced to pay inflated prices for Valve Timing Control Devices and/or new vehicles containing Valve Timing Control Devices. There is no juristic reason or justification for the defendants' enrichment, as such conduct is

tortious, unjustifiable and unlawful under the *Competition Act* and similar laws of other countries in which the unlawful acts took place.

58. It would be inequitable for the defendants to be permitted to retain any of the ill-gotten gains resulting from their unlawful conspiracy.

59. The plaintiffs and other members of the Proposed Class are entitled to the amount of the defendants' ill-gotten gains resulting from their unlawful and inequitable conduct.

### **Waiver of Tort**

60. In the alternative to damages, in all of the circumstances, the plaintiffs plead an entitlement to "waive the tort" of civil conspiracy and claim an accounting or other such restitutionary remedy for disgorgement of the revenues generated by the defendants as a result of their unlawful conspiracy.

61. As a direct, proximate, and foreseeable result of the defendants' wrongful conduct, the plaintiffs and other members of the Proposed Class overpaid for Valve Timing Control Devices. As a result of the unlawful conspiracy, the defendants profited from the sale of Valve Timing Control Devices at artificially inflated prices and were accordingly unjustly enriched. The defendants accepted and retained the unlawful overcharge. It would be unconscionable for the defendants to retain the unlawful overcharge obtained as a result of the alleged conspiracy.

### **Damages**

62. The conspiracy had the following effects, among others:

- (a) price competition has been restrained or eliminated with respect to Valve Timing Control Devices sold directly or indirectly to the plaintiffs and other members of the Proposed Class in Ontario and the rest of Canada;

- (b) the prices of Valve Timing Control Devices sold directly or indirectly to the plaintiffs and other members of the Proposed Class in Ontario and the rest of Canada have been fixed, maintained, increased or controlled at artificially inflated levels; and
- (c) the plaintiffs and other members of the Proposed Class have been deprived of free and open competition for Valve Timing Control Devices in Ontario and the rest of Canada.

63. Valve Timing Control Devices are identifiable, discrete physical products that remain essentially unchanged when incorporated into a vehicle. As a result, Valve Timing Control Devices follow a traceable chain of distribution from the defendants to the OEMs (or alternatively to the Tier I Manufacturers and then to OEMs) and from the OEMs to automotive dealers to consumers or other end-user purchasers. Costs attributable to Valve Timing Control Devices can be traced through the distribution chain.

64. By reason of the wrongful conduct alleged herein, the plaintiffs and the members of the Proposed Class have sustained losses by virtue of having paid higher prices for Valve Timing Control Devices and/or new vehicles containing Valve Timing Control Devices than they would have paid in the absence of the illegal conduct of the defendants and their unnamed co-conspirators. As a result, the plaintiffs and other members of the Proposed Class have suffered loss and damage in an amount not yet known but to be determined. Full particulars of the loss and damage will be provided before trial.

**Punitive, Aggravated and Exemplary Damages**

65. The defendants and their unnamed co-conspirators used their market dominance, illegality and deception in furtherance of a conspiracy to illegally profit from the sale of Valve Timing Control Devices. They were, at all times, aware that their actions would have a significant adverse impact on all members of the Proposed Class. The conduct of the defendants and their unnamed co-conspirators was high-handed, reckless, without care, deliberate, and in disregard of the plaintiffs' and Proposed Class members' rights.

66. Accordingly, the plaintiffs request substantial punitive, exemplary and aggravated damages in favour of each member of the Proposed Class.

**Service of Statement of Claim Outside Ontario**

67. The plaintiffs are entitled to serve this statement of claim outside Ontario without a court order pursuant to the following rules of the *Rules of Civil Procedure*, RRO 1990, Reg 194 because:

- (a) Rule 17.02 (g) – the claim relates to a tort committed in Ontario;
- (b) Rule 17.02 (h) – the claim relates to damage sustained in Ontario arising from a tort; and
- (c) Rule 17.02 (o) – the defendants residing outside of Ontario are necessary and proper parties to this proceeding.

68. The plaintiffs propose that this action be tried at Toronto, Ontario.

Date: June 18, 2014

**SOTOS LLP**

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Lawyers for the Plaintiffs

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

Proceeding under the *Class Proceedings Act, 1992*

**STATEMENT OF CLAIM  
(Valve Timing Control Devices)**

**SOTOS LLP**  
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