

SUPERIOR COURT OF WASHINGTON IN AND FOR KING COUNTY

In re EXPEDIA HOTEL TAXES AND FEES LITIGATION

Master File No. 05-02060-1 SEA

NOTICE OF CERTIFICATION OF CLASS ACTION

If you have booked a hotel stay through Expedia and paid “Tax Recovery Charges” and “Service Fees,” a class action lawsuit may affect your rights.

- Consumers of hotel stays through Expedia (“Plaintiffs”) have filed a lawsuit against Expedia challenging the bundled “Tax Recovery Charges” and “Service Fees” consumers pay when they book hotel stays through Expedia’s website or telephone operators.
• The Court has allowed the lawsuit to proceed as a nationwide class action on behalf of all consumers who booked hotel stays through Expedia from January 10, 2001 through June 11, 2008 and paid a “Tax Recovery Charge” and a “Service Fee” (the “Class”).
• Expedia denies all of the Plaintiffs’ claims, and the Court has not decided whether Expedia did anything wrong. There is no money available now and no guarantee there will be. However, if you are a member of the Class as described above and in Section 3, your legal rights are affected, and you have a choice to make now:

Table with 2 columns: Option (DO NOTHING, ASK TO BE EXCLUDED) and Description of legal rights and outcomes.

- Your options are explained in this Notice. To be excluded, you must return a completed “Opt-Out Form” as discussed below with a postmark of no later than January 15, 2009.
• In order to obtain any recovery from Expedia, lawyers for the Class must prove their claims against Expedia either on summary judgment or at a trial set to start in July of 2009, or they must obtain a settlement of the claims of the Class. If money or benefits are obtained from Expedia, you will be notified.
• If you are not a member of the Class, this Notice does not apply to you.
• Any questions? Read on.

## 1. WHY DID I GET MAILED OR EMAILED NOTICE?

If you received a shorter mailed or emailed Notice of this litigation, that is because Expedia's records show that you have booked one or more hotel reservations through Expedia during the Class period, and have paid a "Tax Recovery Charge" and a "Service Fee" in connection with that purchase. This Notice explains that the Court has allowed, or "certified," a class action lawsuit that may affect you. The trial court and/or a jury will decide whether or not the claims being made against Expedia, on your behalf, have merit. Judge Monica J. Benton of the Superior Court of Washington in and for King County is overseeing this Class Action. The lawsuit is known as *In re Expedia Hotel Taxes and Fees Litigation*, Master File No. 05-2-02060-1 SEA.

## 2. HISTORY OF THE CASE

In 2005, consumers who booked hotel stays through Expedia filed a nationwide class action against Expedia alleging breach of contract and violations of the Washington Consumer Protection Act ("CPA") arising from Expedia's assessment of bundled "Tax Recovery Charges" and "Service Fees." Expedia collects these charges each time a consumer books a hotel room, regardless of whether the room is booked through Expedia's website or through its telephone operators.

Plaintiffs' Complaint alleges that, from January 1, 2003 to the present, Expedia has breached its contractual obligations by charging excessive amounts in its bundled "Tax Recovery Charge" and "Service Fees" charge that it collects every time a consumer books a hotel room through Expedia. This is known as the "breach of contract claim," and it applies to *every* consumer who booked a hotel stay through Expedia and paid a "Tax Recovery Charge" and a "Service Fee" during the period from January 1, 2003 to June 11, 2008.

The Complaint also alleges that, from January 10, 2001 to the present, Expedia has violated the Washington CPA by deceptively bundling its "Tax Recovery Charges" and "Service Fees" in a single charge in order to make it impossible for consumers to learn the true nature and amount of either the "fees" or "taxes" they are charged. This is known as the "CPA claim." Unlike the breach of contract claim, the CPA claim applies only to consumers who booked a hotel stay that was *not* part of a "package" including airfare and/or a car rental, and paid a bundled "Tax Recovery Charge" and "Service Fee." In other words, the CPA claim applies only to "standalone" purchasers of hotel reservations, and it applies to "standalone" hotel reservations booked between January 10, 2001 through June 11, 2008.

On May 7, 2008, Judge Benton issued an order granting Plaintiffs' motion for certification of a nationwide class against Expedia. The Court's certification Order is available at [www.hbsslaw.com](http://www.hbsslaw.com).

Defendant denies Plaintiffs' allegations, and the Court has made no determination as to who is right.

The next step is for the parties to engage in additional discovery. Ultimately, the Court and/or a jury will decide whether or not Expedia has breached its contractual obligations and/or committed deceptive acts or practices in violation of the CPA, and, if so, whether the Class is entitled to damages as a result. Trial has been scheduled for July of 2009. See “The Trial,” Section 6.

### **3. ABOUT CLASS ACTIONS, MEMBERS OF THE CLASS, & CLASS CLAIMS**

#### **A. Nature of Class Actions**

Class actions are lawsuits in which the claims and rights of many people are decided in a single court proceeding brought by representative plaintiffs (the “Class Representatives”). This avoids the necessity for hundreds, thousands, or even millions of people to file similar individual lawsuits, enables the court system to resolve these claims in a more efficient and economical way, and seeks to assure that people with similar claims are treated similarly. In a class action, the court has a responsibility to assure that prosecution and resolution of the class claims by the Class Representatives and class counsel is fair. Class members are NOT individually responsible for the costs or fees of class counsel, which are subject to court award, if plaintiffs prevail.

#### **B. Who Is A Member of The Class?**

You may be part of the nationwide Class if:

- You made a “standalone” hotel reservation through Expedia between January 10, 2001 and June 11, 2008 and paid a bundled “Tax Recovery Charge” and “Service Fee” in connection with that booking and/or you made *any* hotel reservation (either “standalone,” or as part of a “package” including airfare and/or car rental) through Expedia between January 1, 2003 and June 11, 2008 and paid a “Tax Recovery Charge” and “Service Fee” charge in connection with that booking.

You are NOT a part of the nationwide Class if:

- The *only* hotel booking you made through Expedia was a “standalone” booking between December 20, 2002 and December 27, 2002, as that period is excluded from the Class period in this case;
- You made *only* “package” bookings, and all of them were prior to January 1, 2003; or
- You are an employee or agent of Expedia, or you are a state or other governmental entity, and/or you were not assessed a “Tax Recovery Charge” and “Service Fee” charge in connection with your booking of any hotel reservations through Expedia.

**C. What Does This Lawsuit Complain About?**

In the lawsuit, the Plaintiffs complain about Expedia's practice of assessing bundled "Tax Recovery Charges" and "Service Fees" when consumers book hotel stays through Expedia's website or through its telephone operators. Class Members bring two claims: the **Breach of Contract Claim** and the **CPA Claim**.

**Breach of Contract Claim.** Plaintiffs allege that, from January 1, 2003 to the present, Expedia has breached its contractual obligations by charging excessive amounts in its "Tax Recovery Charges" and "Service Fees" that it collects every time a consumer books a hotel room through Expedia. This is known as the "breach of contract claim," and it applies to *every* consumer who booked a hotel stay through Expedia and paid a "Tax Recovery Charge" and a "Service Fee" during the period from January 1, 2003 to June 11, 2008.

**CPA Claim.** Plaintiffs also allege that, from January 10, 2001 to the present, Expedia has violated the Washington Consumer Protection Act (the CPA) by deceptively bundling its "Tax Recovery Charge" and "Service Fee" into a single charge in order to make it impossible for consumers to learn the true nature and amount of either the "fees" or "taxes" they are charged. This is known as the "CPA claim." Unlike the breach of contract claim, the CPA claim applies only to consumers who booked a hotel stay that was *not* part of a "package" including airfare and/or a car rental. In other words, the CPA claim applies only to "standalone" purchasers of hotel reservations, and it applies to "standalone" hotel reservations booked between January 10, 2001 through June 11, 2008 where consumers paid a bundled "Tax Recovery Charge" and "Service Fee."

**E. How did Expedia Answer the Complaint?**

Expedia denies that it did anything wrong and asserts that its practices about which Plaintiffs complain are reasonably required to maintain and preserve Expedia's business of facilitating hotel reservations for the benefit of consumers. Expedia also asserts that consumers are not entitled to recover damages where they paid only the amounts that Expedia disclosed to them before they finalized their booking of a hotel stay through Expedia with full knowledge of the amounts they would pay to do so.

**F. Has the Court Decided Who Is Right?**

The Court has not decided whether Plaintiffs are correct or whether Expedia is correct. By establishing the Class and issuing this Notice, the Court is not suggesting that the Plaintiffs will win or lose this case. The Plaintiffs must prove their claims.

**G. Is There Money Available Now?**

No money or benefits are available now because the Court has not yet decided whether Expedia has done anything wrong, or whether the Class is entitled to any remedy. If any monetary or other benefits are ultimately awarded, you will be notified.

F. **Please Keep In Mind the Following Important Date**

The following are important dates and deadlines regarding this Class Action:

<b>Opt-Out Form Postmark Deadline</b>	<b>January 15, 2009</b>
<b>Trial</b>	July, 2009

**4. SHOULD I EXCLUDE MYSELF FROM THE CLASS ACTION?**

A. **Effects of Remaining in this Class**

If you are a Class Member, you do not need to do anything to remain in the Class. If the case is successful either after trial or settlement, the Court will issue another Notice informing all Class Members of the remedies.

As a Class Member, you will be bound by all proceedings, orders, and judgments entered in connection with the Class Action, whether favorable or unfavorable, and will be represented by Plaintiffs and Lead Class Counsel for purposes of the Class Action. By doing nothing, you keep open the possibility of getting money or benefits from this lawsuit. If you stay in and the Plaintiffs obtain money and benefits, either as a result of trial or settlement, you will be notified.

If you are a Class Member and you do not exclude yourself from this Class Action, you may, if you wish, appear in this Class Action through your own attorney at your own expense. You do not, however, need to appear in this Class Action.

B. **Effects of Excluding Yourself From This Class Action**

If you opt-out of this Class Action you will NOT be eligible to receive any benefits under the Class Action, and you will not be bound by any further orders or judgments, whether favorable or unfavorable to the Class. You WILL retain any rights you may have to file or pursue individually, at your own expense, any claims and lawsuits against Expedia arising out of its assessment of "Tax Recovery Charges" and "Service Fees" you paid when booking hotel stays through Expedia. State laws may limit the time within which any suits must be filed. You will not be permitted to use the existence of terms of this Notice as evidence of any admission by Expedia regarding fault, liability, level of damages, or any similar issues.

C. **Procedure If You Elect to Opt-Out**

If you do NOT want to remain a Class Member, you must complete and mail an "Opt-Out Form" to Lead Class Counsel at the address below. If you choose not to opt out, do not fill out and return an Opt-Out Form.

The Opt-Out Form must be postmarked on or before **January 15, 2009**. The date of the postmark on the return-mailing envelope shall be the exclusive means used to determine whether a request for exclusion has been timely submitted.

*You may download an Opt-Out Form at the website [www.hbsslaw.com/expedia](http://www.hbsslaw.com/expedia).  
Alternatively, you may obtain an Opt-Out Form by writing to the address provided below.*

## **5. WHO REPRESENTS THE CLASS?**

### **A. Lead Class Counsel**

The Court has appointed the following law firm as Lead Class Counsel:

Steve W. Berman  
Andrew M. Volk  
HAGENS BERMAN SOBOL SHAPIRO LLP  
1301 Fifth Avenue, Suite 2900  
Seattle, WA 98101  
866-428-1785

Lead Class Counsel has experience in class actions and is authorized to vigorously prosecute this action on behalf of the Class. More information on this Class Action is available at the website [www.hbsslaw.com/expedia](http://www.hbsslaw.com/expedia)

### **B. How Will The Lawyers Be Paid?**

If the Class receives money or benefits, then Lead Class Counsel may ask the Court to award them attorneys' fees and expenses. You will not be responsible for paying these fees and expenses. If the Court grants Lead Class Counsel's request, the fees and expenses would either be deducted from any money obtained for the Class or paid separately by Expedia.

### **C. Class Representatives**

The Class Representatives in this action are Jose Alba and Michelle Huggins.

## **6. THE TRIAL**

If the case is not resolved by settlement or otherwise, Lead Class Counsel will have to prove Plaintiffs' claims at trial. The trial is scheduled to start in July of 2009, in the Superior Court of Washington in and for King County, located at 516 Third Ave., Seattle, Washington. During the trial, the Judge and jury will hear all of the evidence to help them reach a decision about whether the Plaintiffs or the Defendant are right about the claims in the lawsuit.

You do not need to attend the trial, but you are welcome to come at your own expense.

*Please note that the schedule in this case is subject to change without Notice.* You can keep apprised of any changes in the schedule, or any major developments in the case, through the website [www.hbsslaw.com/expedia](http://www.hbsslaw.com/expedia).

There is no guarantee that Plaintiffs will win at trial, or that they will obtain any money or benefits for the Class. Since the Court cannot predict the monetary amount of any judgment, the Court cannot predict how much any individual would receive if Plaintiffs prevail at trial. Generally speaking, however, a judgment award could be some percentage of the amounts the Class has paid in the bundled “Tax Recovery Charge” and “Service Fees” charges assessed by Expedia.

If Plaintiffs obtain money or benefits as a result of the trial or a settlement, you will be notified about how to participate. The Court does not know how long this process will take.

## **7. HOW DO I OBTAIN ADDITIONAL INFORMATION?**

Visit the website, [www.hbsslaw.com/expedia](http://www.hbsslaw.com/expedia), where you will find the Court’s Order Certifying the Class, Plaintiffs’ Fourth Amended Complaint, Expedia’s Answer to the Complaint, and the Opt-Out Form.

**PLEASE DO NOT CONTACT THE COURT**

BY ORDER OF THE SUPERIOR COURT  
IN AND FOR KING COUNTY,  
The Honorable Monica J. Benton