

THE RECORDER

Orrick Secures Dismissal of Class Action Against PayPal Over Subsidiary's Marketing Claims

By Kat Black

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Orrick, Herrington & Sutcliffe notched its fourth defense win for global fintech giant PayPal Holdings Inc. and its subsidiary, Honey Science LLC, after a California federal judge dismissed a class action accusing the defendants of falsely claiming that the Honey browser extension finds the “best” available discounts for online shoppers.

This marks the third time that District Judge P. Casey Pitts, presiding in the U.S. District Court for the Northern District of California, has granted the defendants’ motions to dismiss the false advertising class action, captioned *Campbell v. Honey Science*. Pitts dismissed the plaintiffs’ third amended complaint, which brought a new invasion of privacy claim alleging that Honey unlawfully tracked plaintiffs’ browsing data, with prejudice and without further leave to amend on June 15.

The class action, backed by the Law Offices of David J. Gallo in Del Mar, California, was originally filed on Feb. 20, 2025, in Santa Clara County Superior Court on behalf of United Kingdom residents—estimated to number in the millions—who downloaded the Honey browser extension in the United Kingdom and used it any time after Jan. 1, 2020.

Pitts held that the plaintiffs did not succeed in stating claims under California’s Unfair



Competition Law or for unjust enrichment because they “received some benefit from the purchase” and “fail to connect their proposed remedy—‘restitution’ of the commission—to what they actually lost.” The court also ruled that plaintiffs failed to state claims for injunctive relief because they “did not allege that they were currently using the product or planned to do so in the future.”

In addition, Pitts dismissed the plaintiffs’ privacy allegation, finding that “[t]he collection of browsing data, without more detail on why collecting that data could be intrusive, does not involve conduct that can be deemed ‘highly offensive’ for the purposes of an invasion of privacy claim.”

PayPal faces an ongoing similar consumer class action captioned *White v. PayPal Holdings*,

which was originally filed by Aylstock, Witkin, Kreis & Overholtz in January 2025 in Florida federal court, but is now being overseen by Judge Pitts in the Northern District of California. Orrick also represents PayPal in the *White* case.

Honey, acquired by PayPal in a \$4 billion deal in 2020, operates an online shopping browser extension that purports to scour the internet for the best coupon codes and most cost effective deals available for online products during the checkout process. Honey was partnered with approximately 30,000 online merchants at the time of its acquisition by PayPal, according to a news release on the PayPal website.

According to the complaint, Honey deliberately used buzzwords on its website such as “best discount codes” and “the biggest savings” to dupe customers into believing its browser extension searches for the lowest publicly available prices on e-commerce websites—despite language in its agreements with vendors suggesting that, in reality, partnered businesses retain total control over which discount codes—which may not include the best deals—to add to or remove from the Honey platform.

Honey’s FAQ page for vendors, it said, “appears to state that the ‘Partner’ vendors input codes to the Honey business which need not be the lowest prices available.”

The case was removed to federal court on March 26, 2025. After Judge Pitts granted the defendants’ motion to dismiss the original complaint, plaintiffs filed a second amended complaint in September 2025, which was dismissed in December 2025. Plaintiffs filed a third amended complaint on Jan. 26.

In a previous interview with Law.com, plaintiffs counsel David J. Gallo said that his firm was only alerted to the problem after a viral YouTube exposé titled “The Honey Influencer Scam,” posted by New Zealand content creator

MegaLag in December 2024, accused Honey of stealing commissions from online influencers and diverting them to PayPal through a step called “last click attribution,” replacing affiliate links crediting influencers for promoting products with its own pop-ups at online checkout. Three law firms subsequently filed a class action against PayPal, captioned *Wendover Productions v. PayPal*, on Dec. 29, 2024 in the Northern District of California.

The video triggered a landslide of class actions targeting PayPal and other companies operating in the fintech and online retail industries—including Capital One, Microsoft, Rakuten and Klarna—over their alleged use of shopping browser extensions to illegally pocket marketing commissions. In September 2025, Capital One reached a settlement with plaintiffs in a proposed class action in the Eastern District of Virginia after District Judge Anthony Trenga ruled their claims, including unjust enrichment and violation of the Computer Fraud and Abuse Act, could proceed in court.

On Nov. 21, 2025, Orrick secured the dismissal of *Wendover* after District Judge Beth Labson Freeman granted PayPal’s motion to dismiss the first amended complaint in the case without prejudice on Nov. 21, holding that plaintiffs had failed to plead claims of tortious interference, unjust enrichment or violations of the Computer Fraud and Abuse Act and state consumer protection laws. A second amended complaint in the case was filed on Jan. 5.

The Orrick team representing PayPal and Honey included Rich Jacobsen, Marc Shapiro, Jennifer Keighley, Sarah Ungeheuer and Shalani Maline.

The attorneys declined to comment on the development, and PayPal did not respond to a request for comment.

Plaintiffs’ counsel Gallo did not respond to requests for comment.