1 2 3 4 5 6 7 8 9		County of Santa Clara 24CV442210 Reviewed By: M. Bui OF THE STATE OF CALIFORNIA
11	IN AND FOR THE COUNTY OF SANTA CLARA	
12	CALIFORNIA CIVIL RIGHTS	Case No. 24CV442210
13	DEPARTMENT, an agency of the State of California,	Dept:
14	Plaintiff,	Hon.
15	v.	CIVIL RIGHTS COMPLAINT FOR
16	MICROSOFT CORPORATION,	INJUNCTIVE RELIEF AND DAMAGES
17	Defendant.	JURY TRIAL DEMANDED
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	Cal. Civil Rights Dept. v. Microsoft Corp.	

INTRODUCTION

- 1. Plaintiff California Civil Rights Department ("CRD"), ¹ an agency of the State of California, brings this action in its own name against Defendant Microsoft Corporation ("Microsoft") to remedy violations of the California Fair Employment and Housing Act ("FEHA"), Government Code section 12900 *et seq.*; the California Family Rights Act ("CFRA"), Government Code, § 12945.1 *et seq.*; the California Pregnancy Disability Leave Law ("PDLL"), Government Code, § 12954; Title VII of the 1964 Civil Rights Act ("Title VII"), 42 U.S.C. § 2000e *et seq.*; and the Americans with Disabilities Act ("ADA"), 42 U.S.C. § 12101 *et seq.*
- Microsoft is a global corporation that provides software and hardware services headquartered in Seattle, Washington. Microsoft has approximately 221,000 employees worldwide, with approximately 6,700 employees in California.
- 3. Microsoft's compensation policies and practices have the effect of disadvantaging workers who take employment leave that is protected under California and federal law—including but not limited to disability, pregnancy parental, and other family caretaking leave. Because Microsoft workers who use or will use protected leave are disproportionately women and people with disabilities, Microsoft's challenged policies and practices also have a discriminatory adverse impact based on sex and disability that Microsoft cannot justify based on business necessity.
- 4. CRD therefore brings this action to obtain relief in the public interest and for a group of Microsoft workers in California who used or will use protected leave between May 13, 2017, and the present. Pursuant to CRD's statutory authority to enforce FEHA, CFRA, the PDLL, Title VII, and the ADA, CRD seeks to remedy, prevent, and deter discrimination based on sex and disability, the exercise of rights protected by these laws, and retaliation.

PARTIES

5. Plaintiff CRD is a state agency tasked with investigating and prosecuting civil rights actions. (Gov. Code, § 12930, subd. (f)(1)-(5)). Government Code section 12930 confers on CRD authority to bring litigation on behalf of itself in the public interest pursuant to the prohibitions on

¹ CRD was formerly named the California Department of Fair Employment and Housing (or "DFEH") and is referred to as such in record documents and case law dated earlier than July 1, 2022.

employment discrimination under FEHA, CFRA, the PDLL, Title VII, and the ADA. (*Id.*, § 12930, subd (h).)

- 6. California's legislature exercised its police power in enacting FEHA and investing authority in CRD "to protect and safeguard the right and opportunity of all persons to seek, obtain, and hold employment without discrimination . . ." (*Id.*, § 12920; see also *Dept. Fair Empl. & Hous. v. Cathy's Creations, Inc.* (2020) 54 Cal.App.5th 404, 410 ["CRD's task is to represent the interests of the state and to effectuate the declared public policy of the state to protect and safeguard the rights and opportunities of all persons from unlawful discrimination."].) In furtherance of these goals, CRD has authority to initiate, conciliate, and prosecute complaints on behalf of itself in the public interest and persons alleged to be aggrieved by discriminatory employment practices. (Gov. Code, §§ 12930, 12965). When a challenged practice harms a group or class of people in a similar manner, CRD's director has discretion to determine that CRD may investigate, conciliate, and, if necessary, prosecute the matter as a civil action on behalf of the group or class. (*Id.*, §§ 12961, subd. (b)(2); 12965, subd. (a).)
- 7. Defendant Microsoft is now and was, at all times relevant to this complaint, a corporation formed under the laws of the State of Washington, headquartered in Redmond, Washington. It maintains places of business in the State of California, including in Santa Clara County. At all times relevant to this complaint, Microsoft has employed five or more people in California and is and has been an "employer" subject to FEHA and all other applicable statutes.

JURISDICTION AND VENUE

- 8. This Court has jurisdiction under Article VI, section 10 of the California Constitution and California Code of Civil Procedure section 410.10.
- 9. CRD's Director, in their discretion, may file an administrative complaint on behalf of a group or class. (Gov. Code, § 12961; Cal. Code Regs., tit. 2, § 10013.) Pursuant to this authority, on May 13, 2020, CRD's Director filed and served on Microsoft a Notice of Group or Class Investigation (CRD Case No. 201905-06046307), which was initiated by the prior filing of an individual administrative complaint pursuant to Government Code section 12960, subdivision (c).
- 10. From May 13, 2020, through November 17, 2023, CRD conducted a group or class investigation pursuant to Government Code sections 12961, subdivision (b)(1) and 12963 *et seq*.

- 11. At the conclusion of CRD's investigation, the parties engaged in mediation with a mediator.
- 12. All administrative procedures precedent to the initiation of this lawsuit in Government Code sections 12963.7 and 12965, subdivision (a), have been fulfilled.
- 13. The amount of damages sought by this complaint exceeds the minimum jurisdictional limits of this Court pursuant to Code of Civil Procedure section 116.221, subdivision (a).
- 14. The Court also has jurisdiction over this unlimited civil case because CRD seeks injunctive and declaratory relief. (Civ. Proc. Code, §§ 86, subd. (a), 88.)
- 15. Pursuant to the parties' tolling agreements, this Complaint is timely filed prior to the expiration of the parties' most recent and operative tolling agreement.
- 16. Venue is proper in Santa Clara County under Government Code section 12965, subdivision (a)(4) because Microsoft maintains an office in this County. Government Code section 12965, subdivision (a)(4) further establishes venue in any county in the State where, as here, CRD brings a civil action that includes class or group allegations on behalf of CRD.

GOVERNMENT ENFORCEMENT ACTION ALLEGATIONS

- 17. Pursuant to Government Code sections 12961 and 12965, CRD brings this government enforcement action on behalf of itself in the public interest and for the benefit of a group of Microsoft workers in California who used or will use protected leaves of absence during or from their employment with Microsoft between May 13, 2017, and the present (the "Group"). Within the Group is a subgroup of women who work or worked for Microsoft in California and used or will use protected leave ("Women Subgroup") and a subgroup of workers with disabilities who work or worked for Microsoft in California and used or will use protected disability leave ("Workers with Disabilities Subgroup").
- 18. In bringing this litigation as a group or class action pursuant to Government Code sections 12961 and 12965, CRD seeks to remedy, prevent, and deter unlawful employment discrimination based on the exercise of rights protected under FEHA, CFRA, the PDLL, Title VII, and the ADA.
- 19. CRD brings this representative enforcement action in its capacity as a state agency and the authority vested in CRD by FEHA, which does not require class certification under Code of Civil Procedure sections 378 and 382. Thus, CRD brings this government enforcement action on behalf of itself

and the Group.

- 20. Microsoft's challenged actions are ongoing and will continue to harm the Group unless they are enjoined pursuant to the police power granted by Government Code sections 12920, 12920.5, and 12965, subdivision (c), from failing or refusing to comply with the mandates of the FEHA, CFRA, the PDLL, Title VII, and the ADA. Without an injunction, the Group will continue to suffer harm from Microsoft's ongoing challenged policies and practices.
- 21. As a result of Microsoft's challenged policies and practices, members of the Group have suffered and continue to suffer economic injuries, including but not limited to lost earnings, lost benefits, lost future employment opportunities, and other financial loss as well as non-economic damages.
- 22. By reason of the continuous nature of Microsoft's conduct, the continuing violations doctrine is applicable to all violations alleged herein.

FACTUAL ALLEGATIONS

- 23. Workers at Microsoft in California suffer disadvantages, including in compensation and promotion opportunities, when they use forms of employment leave that are protected under California and federal law, including but not limited to parental, family caretaking, pregnancy, and disability leave.
- 24. Women and people with disabilities are over-represented among the group of Microsoft workers who use protected forms of leave such as parental leave, family care-taking leave, pregnancy leave, and disability leave.
- 25. Microsoft uses annual Rewards to recognize and reward worker contributions over the course of a fiscal year.
- 26. Microsoft employees must meet certain requirements to be eligible for annual Rewards, which include annual bonuses, annual stock awards, and merit increases.
- 27. Microsoft bases determinations of annual Rewards on a variety of factors, including a worker's "impact," performance assessment, and other factors.
- 28. "Impact" is considered for each of the annual Reward types. Managers determine their supervisees' "impact" based on a variety of considerations and metrics, including the employee's own accomplishments, collaboration, and effect on other employees' performance. Metrics for "impact" determinations include input from individual meetings, an online tool for worker self-reflection and

manager feedback, informal and formal feedback, and managers' observations.

- 29. Microsoft's policies and practices do not effectively prevent managers from considering a worker's use of protected leave in determining "impact." Likewise, inadequate training and subjective latitude in performance assessments fail to prevent managers from considering protected leave.
- 30. Annual bonus is determined based on a combination of a worker's "impact" and their Bonus Eligible Salary ("BES"). BES is the total base pay that a worker accumulates in a fiscal year for the time they are "actively working." Microsoft does not consider an employee to be actively working while on protected leave. By contrast, Microsoft considers an employee to be "actively working" when they are on other forms of leave.
- 31. Microsoft also considers "impact," along with other factors, in making decisions regarding other types of annual Rewards, including stock awards and merit increases, as well as promotions. A worker who has no Rewards or low "impact" is not eligible for a promotion in the subsequent fiscal year.
- 32. Managers have commented negatively on employees' use of protected leave. Combined with the compensation and promotion disadvantages that inure to the detriment of workers who use protected leave, Microsoft's workplace culture discourages employees from using protected leave.
- 33. By virtue of policies and practices that disadvantage workers who used protected forms of leave, Microsoft has denied reasonable accommodations to Group members who have used or requested to use protected leave as an accommodation for a disability.
- 34. Microsoft workers who take protected leave have reported concerns with retaliation after requesting or taking protected leave.

FIRST CAUSE OF ACTION – CFRA

Discrimination Based on the Exercise of Rights under CFRA Gov. Code, § 12945.2, subd. (k)
On Behalf of the Group

- 35. CRD incorporates and realleges all previous allegations as if fully set forth herein.
- 36. CFRA prohibits employers from discriminating against a person's "exercise of the right to family care and medical leave" (Gov. Code, § 12945.2, subd. (k)(1).)
- 37. Microsoft's challenged policies and practices have harmed and continue to harm members of the Group by discriminating in compensation and promotion opportunities because Group members

of the Group by discriminating in compensation and promotion opportunities because Group members

used, or will in the future use, protected PDLL leave.

- 48. Microsoft's challenged policies and practices therefore have interfered with and will continue to interfere with the exercise of PDLL rights by members of the Group in violation of Government Code section 12945, subdivision (a)(4).
 - 49. Plaintiff CRD requests relief as described herein.

FOURTH CAUSE OF ACTION - FEHA

Employment Discrimination Based on Sex Gov. Code, § 12940, subd. (a) On Behalf of the Women Subgroup

- 50. CRD incorporates and realleges all previous allegations as if fully set forth herein.
- 51. FEHA prohibits discrimination based on sex "in compensation or in terms, conditions, or privileges of employment." (Gov. Code, § 12940, subd. (a).)
- 52. Under FEHA, sex encompasses discrimination based on pregnancy, childbirth, and breastfeeding. (*Id.* at § 12926, subd. (r)(1).)
- 53. Within Microsoft's workforce, women are over-represented in the population of workers who use protected leave.
- 54. Microsoft's challenged policies and practices disadvantage workers who use protected leave by discriminating in compensation and promotion opportunities because Group members used, or will in the future use, protected leave. These challenged policies and practices have a disproportionately adverse impact on women.
- 55. Microsoft has not justified and cannot justify this disproportionately adverse effect on women with any legitimate business necessity.
- 56. Alternatively, there are less discriminatory alternatives that would meet any legitimate business necessity.
- 57. Accordingly, Microsoft's challenged policies and practices have discriminated against and will continue to discriminate against members of the Women Subgroup, in violation of Government Code section 12940, subdivision (a).
 - 58. Plaintiff CRD requests relief as described herein.

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leave, Microsoft has denied and will continue to deny reasonable accommodations to Group members who have used or requested to use protected leave as an accommodation for a disability, including pregnancy, in violation of Government Code sections 12940, subdivision (m) and 12945, subdivision (a)(3).

70. Plaintiff CRD requests relief as described herein.

SEVENTH CAUSE OF ACTION – FEHA

Retaliation Gov. Code, § 12940, subd. (h) On Behalf of the Group

- 71. CRD incorporates and realleges all previous allegations as if fully set forth herein.
- 72. FEHA prohibits employers from taking adverse action against a worker who has "opposed any practices forbidden under [FEHA] or because the person has filed a complaint, testified, or assisted in any proceeding under [FEHA]." (Gov. Code, § 12940, subd. (h).)
- 73. Microsoft has retaliated against and will continue to retaliate against Group members who have engaged in protected activities, such as requesting or taking protected leave or complaining to human resources or their supervisors, through actions such as denying professional opportunities, providing negative performance reviews, and decreasing or denying performance-based compensation or promotions, in violation of Government Code section 12940, subdivision (h).
 - 74. Plaintiff CRD requests relief as described herein.

EIGHTH CAUSE OF ACTION – FEHA

Failure to Prevent Unlawful Employment Practices Gov. Code, § 12940 subd. (k) On Behalf of the Group

- 75. CRD incorporates and realleges all previous allegations as if fully set forth herein.
- 76. California employers, including Microsoft, are required "to take all reasonable steps necessary to prevent discrimination and harassment . . . from occurring." (Gov. Code, § 12940, subd. (k).)
- 77. By engaging in the challenged policies and practices alleged herein, Microsoft has allowed discrimination based on sex and disability to occur in its workplace in California despite having notice of complaints, and Microsoft has failed to adequately train its supervisors and managers on the prevention of discrimination relating to the use or intended use of protected leave by women and people with

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TWELFTH CAUSE OF ACTION – ADA

Employment Discrimination Because of Disability 42 U.S.C. § 12112

On Behalf of the Workers with Disabilities Subgroup

- 98. CRD incorporates and realleges all previous allegations as if fully set forth herein.
- 99. The ADA prohibits discrimination against qualified individuals based on disability in, interalia, advancement, employee compensation, and other terms, conditions, and privileges of employment (42 U.S.C. § 12112(a).)
- 100. Microsoft's challenged policies and procedures, as alleged above, adversely affect the opportunities or status of, deny equal jobs and benefits to, and deny reasonable accommodations to workers with disabilities who use disability leave.
- 101. Accordingly, Microsoft's challenged policies and practices have discriminated against and will continue to discriminate against people with disabilities, in violation of 42 U.S.C. §§ 12112(a), (b)(1), and (b)(5).
 - 102. Plaintiff CRD requests relief as alleged herein.

THIRTEENTH CAUSE OF ACTION – ADA

Retaliation and/or Interference 42 U.S.C. § 12203 On Behalf of the Workers with Disabilities Subgroup

- 103. CRD incorporates and realleges all previous allegations as if fully set forth herein.
- 104. The ADA makes it unlawful for an employer to discriminate against an employee because the employee has opposed a practice made unlawful under the ADA or has made a charge, testified, assisted, or participated in any ADA proceeding. The ADA also makes it unlawful for an employer to coerce, intimidate, threaten, or interfere with any individual on account of their having exercised and/or enjoyed their rights under the ADA. (42 U.S.C. § 12203(a)–(b).)
- and will continue to interfere with members of the Workers with Disabilities Subgroup on the ground that they have opposed leave-taking practices that are unlawful under the ADA because of their unjustified disparate impact on people with disabilities and/or have exercised leave-taking rights protected by the ADA, in violation of 42 U.S.C. § 12203.
 - 106. Plaintiff CRD requests relief as described herein.

1 **PRAYER FOR RELIEF** WHEREFORE, CRD prays that this Court issues judgment in favor of CRD, and against 2 3 Microsoft, ordering: A. Compensatory damages, including but not limited to, front pay, pay adjustments, back 5 pay, lost wages and benefits, in an amount to be proved at trial; В. Other compensatory damages, including but not limited to, damages for emotional 6 distress; C. Equitable relief, including but not limited to, reinstatement; 8 Injunctive relief; 9 D. 10 E. Declaratory relief; 11 F. Prejudgment interest, as required by law; 12 G. Attorneys' fees and costs to the Civil Rights Department; and 13 H. Other relief the Court deems to be just and proper. 14 DATED: July 1, 2024 CALIFORNIA CIVIL RIGHTS DEPARTMENT 15 16 SIRI THANASOMBAT, Associate Chief Counsel 17 18 19 20 21 22 23 24 25 26 27 28

DEMAND FOR JURY TRIAL

Plaintiff CRD hereby demands a trial by jury on all claims.

DATED: July 1, 2024 CALIFORNIA CIVIL RIGHTS DEPARTMENT

SIRI THANASOMBAT, Associate Chief Counsel