

Ninth Circuit Affirms Dismissal of Securities Class Action Against JOYY

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On May 9, 2023, the U.S. Court of Appeals for the Ninth Circuit affirmed the complete dismissal of a putative securities class action filed against Simpson Thacher clients JOYY, Inc. (“JOYY”), a global video-based social media company, and certain of its current and former officers. The lawsuit was filed on November 20, 2020, in the U.S. District Court for the Central District of California. The complaint, relying on a short seller report, asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 based on alleged false and misleading statements in connection with JOYY’s revenue and business model. The decision is believed to be the first federal circuit court decision to address the weight to be given to anonymous short seller allegations. In affirming the dismissal, the Ninth Circuit found that the short seller report at issue lacked “indicia of reliability” and failed to substantiate the allegations of falsity.

On June 28, 2021, the Firm moved to dismiss Plaintiffs’ first amended complaint. On November 5, 2021, Judge Blumenfeld, Jr. found that Plaintiffs failed to plead either falsity or scienter and dismissed the first amended complaint with leave to further amend. On December 6, 2021, Plaintiffs submitted their second amended complaint, which the Firm again moved to dismiss. On March 9, 2022, Judge Blumenfeld, Jr. granted the Firm’s second motion to dismiss, finding that Plaintiffs have yet again failed to adequately plead either falsity or scienter. The case was dismissed in its entirety with prejudice.

The team received a “Shout Out” in *The American Lawyer*’s [“Litigator of the Week”](#) coverage.

The Simpson Thacher team included Steve Blake, Bryan Jin, Ziwei Xiao and Hilary Wong, as well as retired partner Jim Kreissman.

Team and Contacts

Stephen Blake

Partner
sblake@stblaw.com
+1-650-251-5153

Ziwei Xiao

Associate
ziwei.xiao@stblaw.com

Bo Jin

Partner
bryan.jin@stblaw.com
+1-650-251-5068

Hilary Wong

Associate
hilary.wong@stblaw.com

