

**PIERCE BAINBRIDGE BECK
PRICE & HECHT LLP**

YAVAR BATHAEE (CA 282388)

yavar@piercebainbridge.com

MICHAEL POMERANTZ (NY 2920932) (*pro hac vice* forthcoming)

mpomerantz@piercebainbridge.com

DAVID L. HECHT (NY 4695961) (*pro hac vice* forthcoming)

dhecht@piercebainbridge.com

ADAM C. LUDEMANN (NY 5352323) (*pro hac vice* forthcoming)

aludemann@piercebainbridge.com

277 Park Ave. 45th Floor

New York, NY 10172

(212) 484-9866

BRIAN J. DUNNE (CA 275689)

bdunne@piercebainbridge.com

355 S. Grand Ave. 44th Floor

Los Angeles, CA 90071

(213) 262-9333

Attorneys for Plaintiffs

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

REVEAL CHAT HOLDCO LLC, a
Delaware limited liability company, USA
TECHNOLOGY AND MANAGEMENT
SERVICES, INC. (d/b/a Lenddo USA), a
Delaware corporation, CIR.CL, INC., a
dissolved Delaware corporation, and
BEEHIVE BIOMETRIC, INC., a
dissolved Delaware corporation,

Plaintiffs,

v.

FACEBOOK, INC., a Delaware
corporation,

Defendant.

Case No. 3:20-cv-363

CLASS ACTION COMPLAINT

Jury Trial Demanded

TABLE OF CONTENTS

1

2 INTRODUCTION 1

3 PARTIES 5

4 I. PLAINTIFFS 5

5 II. DEFENDANT 7

6 JURISDICTION AND VENUE 8

7 FACTS 9

8 I. FACEBOOK EMERGES AS THE DOMINANT SOCIAL NETWORK 9

9 A. The Last Social Network Standing 9

10 B. A New Market of Its Own Creation 11

11 C. The Social Data Barrier to Entry 14

12 D. Google’s Failed Entry into the Social Data Market 16

13 II. A THREAT TO FACEBOOK’S MONOPOLY:
14 THE RISE OF SMART PHONES AND MOBILE APPS 19

15 A. The Mobile App Revolution 19

16 B. Facebook Recognizes the Looming Threat Presented by
17 Mobile Applications..... 23

18 C. The Facebook Platform 25

19 D. The Profitable Open Graph Platform and Mobile Install Business 27

20 III. FACEBOOK WEAPONIZES ITS PLATFORM TO
21 DESTROY COMPETITION 30

22 A. Facebook Makes Plans to Remove Vital Friends and News Feed APIs and
23 Refuses to Sell Social Data to Competing Application Developers 30

24 B. Facebook’s Social-Data Heist 32

25 C. Facebook Targets Its Competitors for Reciprocity or Denial of API Access 37

26 D. The Decision to Remove Developer Access to the Friends, News
27 Feed and Other Crucial APIs Lacked Any Legitimate Justification 41

28

TABLE OF CONTENTS

(continued)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

E. Facebook Prepares to Announce Removal of the APIs 46

F. The Announcement at F8 50

IV. THE WHITELIST AND DATA SHARING AGREEMENTS 51

V. THE SURVEILLANCE AND ACQUISITION OF COMPETITIVE THREATS..... 55

A. Facebook Relies on Onavo’s Surveillance of Facebook’s Competitors, and Acquires and Uses Onavo’s Assets 56

B. Facebook Identifies Instagram as a Threat and Acquires the Company 60

C. Facebook Acquires WhatsApp 66

VI. FACEBOOK’S INTEGRATION OF INSTAGRAM AND WHATSAPP WITH ITS FACEBOOK PRODUCT 71

VII. THE RELEVANT MARKETS..... 77

A. The Social Data Market 77

B. The Social Advertising Market 83

C. Barriers to Entry 85

D. Relevant Geographic Markets..... 87

VIII. HARM TO COMPETITION AND ANTITRUST INJURY 88

CONCEALMENT AND TOLLING 94

CLASS ACTION ALLEGATIONS 94

CLAIMS FOR RELIEF 99

PRAYER FOR RELIEF 106

JURY DEMAND 107

1 allowed Facebook to fend off a frontal assault by Google’s polished social network, Google+.
2 Google, with its massive resources and user base, failed to penetrate the SDBE, and Google
3 abandoned the project after it was clear that users were not engaging on its platform.

4 6. Smartphones, however, were different. Significant advances in mobile technology
5 allowed users to access the internet from any location, on user interfaces controlled by touch,
6 providing a distinct experience from desktop or laptop computers. Special-purpose apps designed
7 specifically for smart phones could not only access the Internet, but also users’ address books—a
8 ready-made social network from which apps could draw.

9 7. These apps had become direct competitors to Facebook, providing overlapping
10 functionality such as messaging, photo sharing, dating, check-ins, and payments. Facebook failed
11 to create its own viable mobile app, and by 2011, found its dominance threatened. Zuckerberg
12 told *Fortune*, “[i]t was probably one of the biggest mistakes we’ve ever made.” Facebook’s own
13 mobile app was buggy and slow, garnering one-star ratings in the Apple App Store and crashing
14 more often than it worked.

15 8. This existential threat to Facebook’s monopoly in social data and social advertising
16 came as the company was barreling towards an initial public offering (“IPO”) worth billions.
17 Facebook had successfully built a developer platform upon which third-party developers could
18 build social applications, driving engagement on Facebook’s Platform and thereby Facebook’s
19 revenue. It was clear, however, that the very same Platform was providing Facebook’s competitors
20 with access to Facebook’s network of users. Third-party developers began using Facebook’s
21 Platform in more novel and creative ways than Facebook itself was doing. Facebook found itself
22 lagging behind these third-party social applications in the mobile arena.

23 9. With its market dominance in imminent danger, Facebook moved to extinguish the
24 mobile threat, to obtain a sustaining foothold in the Social Data and Social Advertising Markets,²

25
26
27 ² Defined terms are set forth elsewhere in the body of the Complaint.

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.