

1 Abby L. Dennis, DC Bar No. 994476
 Peggy Bayer Femenella, DC Bar No. 472770
 2 Joshua Goodman, NY Bar (No Number)
 Jeanine Balbach, MD Bar (No Number)
 3 Michael Barnett, TX Bar No. 24006801
 E. Eric Elmore, NY Bar (No Number)
 4 Justin Epner, DC Bar No. 1028431
 Sean D. Hughto, DC Bar No. 421224
 5 Frances Anne Johnson, MD Bar (No Number)
 Andrew Lowdon, DC Bar No. 230095
 6 Kristian Rogers, MA Bar No. 675951
 Anthony R. Saunders, NJ Bar No. 008032001
 7 Timothy Singer, DC Bar No. 1048769
 Federal Trade Commission
 8 600 Pennsylvania Avenue, NW
 Washington, DC 20580
 9 Tel: (202) 326-2381
adennis@ftc.gov; pbayer@ftc.gov;
 10 *jgoodman@ftc.gov; jbalbach@ftc.gov;*
mbarnett@ftc.gov; eelmore@ftc.gov;
 11 *jepner@ftc.gov; shughto@ftc.gov;*
fjohnson@ftc.gov; alowdon@ftc.gov;
 12 *krogers@ftc.gov; asaunders@ftc.gov;*
tsinger@ftc.gov

13 Erika Wodinsky, CA Bar No. 091700
 14 90 7th Street, Suite 14-300
 San Francisco, CA 94103
 15 Tel: (415) 848-5190
ewodinsky@ftc.gov

16 Attorneys for Plaintiff Federal Trade Commission

17 **UNITED STATES DISTRICT COURT**
 18 **NORTHERN DISTRICT OF CALIFORNIA**
 19 **SAN FRANCISCO DIVISION**

20 **FEDERAL TRADE COMMISSION,**

21 Plaintiff,

22 v.

23 **META PLATFORMS, INC.,**

24 **MARK ZUCKERBERG,**

25 and

26 **WITHIN UNLIMITED, INC.,**

27 Defendants.

Case No. _____

**COMPLAINT FOR A TEMPORARY
 RESTRAINING ORDER
 AND PRELIMINARY INJUNCTION
 PURSUANT TO SECTION 13(B)
 OF THE FEDERAL TRADE
 COMMISSION ACT**

**REDACTED VERSION OF DOCUMENT
 SOUGHT TO BE SEALED**

1 Plaintiff, the Federal Trade Commission (“FTC” or “Commission”), by its designated
2 attorneys, petitions this Court for a temporary restraining order and preliminary injunction
3 enjoining Defendants Meta Platforms, Inc., its subsidiaries (collectively “Meta”), and its
4 controlling shareholder Mark Zuckerberg from consummating its proposed acquisition (the
5 “Acquisition”) of Within Unlimited, Inc. (“Within”). The Commission seeks this relief pursuant
6 to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b). Absent
7 such relief, Meta, Mr. Zuckerberg, and Within (collectively, “Defendants”) have represented
8 that they would be free to consummate the Acquisition after 11:59 p.m. Eastern Time (or 8:59
9 p.m. Pacific Time) on July 31, 2022.

10 Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), authorizes the Commission, whenever
11 it has reason to believe that a proposed merger is unlawful, to seek preliminary injunctive relief
12 to prevent consummation of a merger until the Commission has had an opportunity to issue an
13 administrative complaint, and if such complaint is issued, adjudicate the merger’s legality in an
14 administrative proceeding. The Commission therefore seeks this preliminary relief “pending the
15 issuance of a[n administrative] complaint by the Commission and until such complaint is
16 dismissed by the Commission or set aside by the court on review, or until the order of the
17 Commission made thereon has become final.” 15 U.S.C. § 53(b)(2). Pursuant to 15 U.S.C. §
18 53(b)(2), such an administrative complaint must be filed no later than 20 days after this Court
19 grants a temporary restraining order.

20 A temporary restraining order enjoining the Acquisition is necessary to preserve this
21 Court’s ability to provide full and effective relief after considering the Commission’s motion for
22 a preliminary injunction. Preliminary injunctive relief is imperative to preserve the *status quo*
23 and to protect competition “pending the issuance of a[n administrative] complaint by the
24 Commission,” and if such complaint is issued, while the Commission adjudicates whether the
25 Acquisition is unlawful. Allowing the Acquisition to proceed would harm competition and
26 consumers and undermine the Commission’s ability to remedy the anticompetitive effects of the
27
28

1 Acquisition if the Commission issues an administrative complaint and the Acquisition is found
2 unlawful after a full administrative trial on the merits and any subsequent appeals.

3 **NATURE OF THE CASE**

4 1. Meta, one of the largest technology companies in the world and [REDACTED]
5 provider of virtual reality (“VR”) devices and applications (“apps”) in the United States, seeks
6 to acquire Within, a software company that develops apps for VR devices, including the highly
7 popular [REDACTED] fitness app “Supernatural.” If consummated, the Acquisition would
8 substantially lessen competition, or tend to create a monopoly, in the relevant market for VR
9 dedicated fitness apps and the broader relevant market for VR fitness apps. That lessening of
10 rivalry may yield multiple harmful outcomes, including less innovation, lower quality, higher
11 prices, less incentive to attract and keep employees, and less consumer choice.

12 2. A global technology behemoth, Meta reaches into every corner of the world
13 through its “Family of Apps”—Facebook, Instagram, Messenger, and WhatsApp—with more
14 than three billion regular users. Seeking to expand its empire even further, Meta in recent years
15 has set its sights on building, and ultimately controlling, a VR “metaverse.” One need look no
16 further than the rebranding of the company from Facebook to “Meta” in 2021 to understand its
17 vision—and its priorities—for the future. And Meta is serious about its goals: it has become the
18 largest provider of VR devices and apps to customers in the United States.

19 3. Meta’s campaign to conquer VR began in 2014 when it acquired Oculus VR,
20 Inc., a VR headset manufacturer. Since then, Meta’s VR headsets have become the cornerstone
21 of its growth in the VR space: its current generation headset, the Meta Quest 2, is by far [REDACTED]
22 [REDACTED] with a significant majority of headset sales in 2021 and
23 2022. Meta CEO Mark Zuckerberg has publicly stated that Meta subsidizes its VR devices or
24 sells them at cost in order to attract users.

25 4. And Meta’s Quest Store (formerly Oculus Store) has become [REDACTED]
26 distribution platform for VR software apps in the United States, connecting app developers and
27 VR users in an online marketplace through which developers can offer their products to users
28

1 significant VR apps that prove the value of the technology. In that same email, Mr. Zuckerberg
2 told his executives that Facebook should “us[e] acquisitions opportunistically.”

3 8. The proposed acquisition of Within would be one more step along that path
4 toward dominance. According to Within’s co-founder and CEO, “Fitness is the killer use case
5 for VR.” But instead of choosing to compete on the merits through its own VR dedicated fitness
6 app, Meta has resorted to proposing this unlawful acquisition.

7 9. If Meta is able to proceed with this proposed acquisition of Within, the merger
8 poses a reasonable likelihood of substantially lessening competition in the market for VR
9 dedicated fitness apps, where Supernatural is [REDACTED].

10 10. Having simply bought up the [REDACTED], Meta would no longer have
11 any incentive to develop its own competing app from scratch, add new features to Beat Saber or
12 other existing Meta apps to compete with Supernatural on the merits, or [REDACTED]

13 [REDACTED]
14 [REDACTED] develop an app to compete with Supernatural. Instead of adding a significant new rival
15 to the mix, the Acquisition would simply let Meta assume total control of [REDACTED]
16 overnight. That lessening of competition violates the antitrust laws.

17 11. Moreover, a company poised on the edge of a market may exert competitive
18 pressure on existing participants. Regardless of whether such a company actually intends to
19 enter, the possibility that it may do so can spur other companies already in the market to
20 proactively ramp up their own competitive efforts. Meta, poised on the edge of the VR
21 dedicated fitness app market with its popular Beat Saber app, and with all its vast resources and
22 unique strategic advantages, exerts such an influence. [REDACTED]

23 [REDACTED]
24 [REDACTED]. The Acquisition
25 would eliminate that incentive for market participants to compete, again in contravention of the
26 antitrust laws.

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