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11 **UNITED STATES DISTRICT COURT**
 12 **NORTHERN DISTRICT OF CALIFORNIA**
 13 **SAN JOSE DIVISION**

14 JESSICA L. LAYSER, individually and
 15 on behalf of all others similarly situated,

16 Plaintiff,

17 v.

18 FACEBOOK, INC., a Delaware
 19 corporation headquartered in California,

20 Defendant.
 21

Case No.

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

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1 Plaintiff Jessica L. Layser, by and through undersigned counsel, hereby brings this action
2 against Defendant Facebook, Inc. (“Facebook”), on behalf of herself and all others similarly situated,
3 and alleges as follows:

4 **I. NATURE OF THE CASE**

5 1. Facebook is the dominant online social network in the United States and in the world.
6 Initially, Facebook used its false promises of data security and privacy protections to overtake its early
7 rivals and become the dominant force in the market for person social networking. As it recognized,
8 once it won the initial battle for supremacy, its foothold in social networking would be protected. In
9 particular, because a personal social network is generally more valuable to a user when more of that
10 user’s friends and family are already members, a new entrant faces significant difficulties in attracting a
11 sufficient user base to compete with Facebook.

12 2. Facebook holds monopoly power in the market for personal social networking services
13 in the United States, which it enjoys primarily through its control of the largest and most profitable
14 social network in the world. Facebook monetizes its personal social networking monopoly principally
15 by selling advertising, which exploits a rich set of data about users’ activities, interests, and affiliations
16 to target advertisements to users. Facebook in fact specializes in selling social advertising, a unique
17 market for advertising built around the very specialized and granular data that Facebook is able to
18 collect on its users and their contacts in light of its monopoly in the personal social networking space.

19 3. Social advertising allows Facebook to identify the perfectly targeted audience for any
20 potential advertiser’s product and then evaluate the results of those advertisements based upon very
21 specific user data regarding how each user interacted with the advertisement. That allows addition
22 refinements and enhancements to the advertisement itself as well as the target audience. Because
23 Facebook is unique in the level of social data that it can gather, it has a firm hold on the market for
24 social advertising and has been able to monetize its product to a staggering degree. Last year alone,
25 Facebook generated advertising revenue of more than \$70 billion and profits of more than \$18.5
26 billion.

27 4. With that much at stake, Facebook has adopted numerous anticompetitive practices to
28 preserve its monopoly in social networking and consequently in social advertising. The company has,

1 for many years, continued to engage in a course of anticompetitive conduct with the aim of
2 suppressing, neutralizing, and deterring serious competitive threats to Facebook. That conduct has
3 included, among other things, utilizing data from third parties to identify burgeoning competitive
4 threats, acquiring potential competitors before they can actually compete, and utilizing anticompetitive
5 terms and practices with respect to application programming interfaces (“APIs”) that are made
6 available to third-party software applications. Among other things, Facebook used its APIs to gather
7 data from which it could assess potential threats and then punished and suppressed some promising
8 threats (e.g., Path, Circle, and various messaging apps) while preventing and deterring others from even
9 becoming threats in the first place. These anticompetitive practices allowed Facebook to acquire and
10 maintain monopoly power in the market for personal social networking and the market for social
11 advertising.

12 5. As a result of this anticompetitive conduct, Plaintiff and members of the Class were
13 forced to pay supra-competitive prices for advertisements they purchased directly from Facebook.

14 **II. PARTIES**

15 6. Plaintiff Jessica L. Layser (“Layser”) is a realtor with her principal place of business in
16 Langhorne, Pennsylvania. During the Class Period, Plaintiff Layser purchased advertising directly
17 from Facebook.

18 7. Defendant Facebook is a publicly traded, for-profit company, incorporated in Delaware
19 and with its principal place of business at 1601 Willow Road, Menlo Park, CA 94025.

20 8. Facebook is a social media company that provides online services to more than 3.14
21 billion users. Facebook owns and operates several business divisions, such as:

- 22 • **Facebook**. Facebook’s core social media application, which bears the company’s name,
23 is, according to Facebook’s filings with shareholders, designed to enable “people to
24 connect, share, discover, and communicate with each other on mobile devices and
25 personal computers.” The Facebook core product contains a “News Feed” that displays
26 an algorithmically ranked series of content and advertisements individualized for each
27 person.
- 28 • **Instagram**. Instagram is a social media photo-sharing application that allows users to

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