

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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)	No. 1:20-cv-03000
MARIAM DAVITASHVILI, ADAM BENSIMON,)	
and MIA SAPIENZA, individually and on behalf of)	
all others similarly situated,)	
)	
	Plaintiffs,)	
	v.)	<u>CLASS ACTION COMPLAINT</u>
)	
GRUBHUB INC. (a/d/b/a SEAMLESS),)	
DOORDASH INC., POSTMATES INC., and)	Jury Trial Demanded
UBER TECHNOLOGIES, INC., in its own right and)	
as parent of wholly owned subsidiary UBER EATS,)	
)	
	Defendants.)	FILED VIA ECF
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Plaintiffs Mariam Davitashvili, Adam Bensimon, and Mia Sapienza (together, “Plaintiffs”), individually and on behalf of all others similarly situated, by the undersigned attorneys, allege as follows for this Class Action Complaint against Defendants Grubhub Inc. (also doing business as Seamless) (“Grubhub”), DoorDash Inc. (“DoorDash”), Postmates Inc. (“Postmates”), and Uber Technologies, Inc. (“Uber”), in its own right and as parent of wholly owned subsidiary Uber Eats (“Uber Eats”). These allegations are made on information and belief, and pursuant to investigation by Plaintiffs’ counsel.

NATURE OF THE CASE

1. Defendants Grubhub, Uber and/or Uber Eats, Postmates, and DoorDash own and operate software platforms (the “Delivery Apps”) that digitally connect restaurants to consumers who want meal takeout or meal delivery.¹ By providing consumers with a list of restaurants in their apps, Defendants promote themselves to restaurants as more than just an electronic transaction platform, but also a marketing service.

2. Defendants obtained their monopoly power over both meal delivery consumers and restaurants in the relevant Geographic Submarkets² by being first to market Online Meal Ordering Platforms in the various submarkets. Because of the Delivery Apps’ market control in the respective markets, consumers and restaurants have little choice but to do business with them. For example, in New York City Geographic Submarket, Grubhub has a whopping 66% marketshare of the Meal Delivery Market.³

3. Defendants’ monopoly power in a Meal Delivery Market is reflected by their fees, which range from 13.5%–40% of revenues, even though the average restaurant’s profits range from 3%–9% of revenues. Defendants’ fees are shocking when one considers how little value Defendants provide to restaurants and consumers. In contrast to platforms like American Express—which earns its 3.5% fees by offering consumers special products, experiences, benefits, exclusive membership services, and loyalty programs—Defendants merely offer a list of local restaurants that can easily be found on Google or Yelp for free. As TechCrunch put it in

¹ Hereinafter, “meal delivery” and “meal takeout” will be collectively referred to as “meal delivery.”

² This term as used herein is defined below.

³ This term as used herein is defined below.

a March 16, 2020 article, “the primary differentiation between delivery apps today is not based on innovations that meaningfully impact user experience, but instead comes down to a handful of restaurant brands with which the various apps are in a land grab to create exclusive delivery relationships.”⁴

4. Unable to compete on anything that “meaningfully impact[s] user experience,” each Defendant instead uses its monopoly power in the meal delivery market to prevent competition and limit consumer choice. Specifically, Defendants use their market power to impose unlawful price restraints in their merchant contracts, which have the design and effect of restricting price competition from competitors in order to maintain the Delivery Apps’ market share.

5. In their form contracts with restaurants, Defendants include clauses requiring uniform prices for restaurants’ menu items throughout all purchase platforms (the “No Price Competition Clause” or “NPCC”). The NPCCs prevent restaurants from charging different prices to meal delivery customers than they charge to dine-in customers for the same menu items. The purpose and effect of the No Price Competition Clause is to act as an unlawful price restraint that prevents restaurants from gaining marketshare and increased profitability per consumer by offering lower prices to consumers. The NPCCs target and harm not only restaurants, but also two distinct classes of consumers: (1) consumers who purchase directly from restaurants in the Meal Delivery Market; and (2) consumers who buy their meals in the separate and distinct restaurant Dine-In Market.⁵ Both restaurants and consumers would benefit absent Defendants’ unlawful restraints,

⁴ See <https://techcrunch.com/2020/03/16/the-hidden-cost-of-food-delivery/>. All URL links cited herein are current as of April 10, 2020.

⁵ This term as used herein is defined below.

6. The rise of the four Defendants has come at great cost to American society. Defendants offer restaurants a devil's choice: in exchange for permission to participate in Defendants' Meal Delivery monopolies, restaurants must charge supra-competitive prices to consumers who do not buy their meals through the Delivery Apps,⁶ ultimately driving those consumers to Defendants' platforms. Unable to offer consumers the increased choice of paying better prices to dine-in, restaurants have seen precious dine-in customers slip away year after year.

7. Defendants' NPCCs work by forcing Direct and Dine-In consumers to shoulder Defendants' exorbitant economic rents. While both meals sold through Defendants' platforms and directly from the restaurant share the same costs and overhead, meals sold through the Delivery Apps are more expensive, because of Defendants' high fees. Restaurants must calibrate their prices to the more costly meals served through the Delivery Apps in order to not lose money on those sales. Defendants' unlawful NPCCs then force restaurants to also charge those higher prices to Dine-In and Direct Consumers, even though the cost of those consumers' meals are lower as they do not include Defendants' exorbitant fees.

8. Absent Defendants' unlawful restraints, restaurants could offer consumers lower prices for direct sales, because direct consumers are more profitable. This is particularly true of Dine-In consumers, who purchase drinks and additional items, tip staff, and generate good will. Restaurants cannot offer Plaintiffs and the class this lower cost option, because the Delivery Apps' No Price Competition Clauses prevent them from doing so.

⁶ These include consumers who purchase their delivery meals directly from the restaurant via the restaurant's website or app, or via telephone ("Direct" consumers); as well as consumers who Dine-In.

9. If consumers were offered discounts for Direct sales, they would buy most of their Delivery Meals directly. Since consumers have a limited number of restaurants available to them that are within their delivery range, cuisine preference, and price preference, consumers rarely discover new restaurants when they order food delivery. Instead, once a consumer discovers that they like, for example, the famous khachapuri at Cheeseboat restaurant, they are likely to reorder that item again and again. Even a small discount reflecting the decreased cost of Direct sales would drive direct purchases because of the substantial savings to those consumers over time, creating benefits to both the restaurant and the consumer.

10. Unable to compete on the basis of price due to Defendants' unlawful restraints, restaurants have seen their precious Dine-In market cannibalized by Defendants' Delivery Apps. Plaintiffs bring this claim for relief on behalf of all Americans who would still to enjoy a nice dinner out with their family before Defendants make that impossible.

PARTIES

A. Plaintiffs

11. Mariam Davitashvili resides in New York State. Ms. Davitashvili is a consumer who purchased Dine-In and Direct meals in New York City restaurants that are contracted with the Delivery Apps.

12. Adam Bensimon resides in New York State. Mr. Bensimon is a consumer who purchased Dine-In and Direct meals in restaurants in New York, NY, Boston, MA, New Orleans, LA, Philadelphia, PA, and Portland, ME that are contracted with the Delivery Apps.

13. Mia Sapienza resides in New York State. Ms. Sapienza is a consumer who purchased Dine-In and Direct meals in restaurants in New York, NY, Boston, MA, Los Angeles, CA, Philadelphia, PA, and Washington DC that are contracted with the Delivery Apps.

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