

Iron Tribe Fitness v. Meta Platforms, Inc.

COURT: United States District Court for the Northern District of California
CASE NUMBER: 3:25-cv-03281-CRB
CLASS PERIOD: 2013-2017
CASE TEAM: Avi Josefson, Michael D. Blatchley, Jonathan D. Uslaner, Tal Avrhami

This class action lawsuit is brought on behalf of advertisers who purchased online ads on Meta, Inc.'s ("Meta") Facebook platform, and seeks to recover damages for Facebook's overcharging for advertisements from 2013 to 2017. The case is pending in the Northern District of California before the Honorable Charles R. Breyer.

The case arises from Facebook's alleged promises to price advertisements using an auction system known as a Second-Price Auction. A winning bidder in a Second-Price Auction only pays the amount needed to displace the next highest bidder. Second-Price Auctions are favorable to bidders, and are commonly used in online advertising, incentivizing advertisers to place higher bids knowing that they will not be charged the full amount of their winning bid.

Although Facebook promised that advertisers would participate in a Second-Price Auction, a coding change caused it to instead operate a Blended-Price Auction. In this type of auction, the winning bidder's final price falls between the value of the winning bid and that of next-highest bid. Because a Blended-Price Auction virtually always yields a higher final price for the winning bidder, advertisers were overcharged billions of dollars during the period from 2013 to 2017.

Facebook concealed the change upon discovering it, and did not immediately revert to its promised Second-Price Auction. Instead, Facebook implemented a "slow rollout" of the coding fix to avoid detection and a sudden drop in advertising revenue. Plaintiff asserts claims for breach of contract, breach of the implied covenant of good faith and fair dealing, and a violation of California's Unfair Competition Law ("UCL").

Plaintiff filed its initial complaint on April 11, 2025, and filed its first amended complaint on November 3, 2025. Defendant's motion to dismiss that complaint will be fully briefed on March 10.