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6 Attorneys for Defendant  
YELP! INC.

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA

11 BORIS Y. LEVITT, on behalf of himself  
and all others similarly situated,

12 Plaintiff,

13 v.

14 YELP! INC.; and DOES 1 through 100,  
15 inclusive,

16 Defendants.

No. **C V 10 1321**  
San Francisco County Superior Court  
Case No. CGC 10-49777

**NOTICE OF REMOVAL OF ACTION  
UNDER 28 U.S.C. § 1453(b)**

Complaint Filed: March 12, 2010

17  
18 TO THE CLERK OF THE ABOVE-ENTITLED COURT:

19 PLEASE TAKE NOTICE that pursuant to 28 U.S.C. § 1453(b), defendant Yelp! Inc. ("Yelp"  
20 or "Defendant"), by their undersigned attorneys, hereby removes to this Court the above-captioned  
21 civil action, and all claims and causes of action therein, from the Superior Court of California,  
22 County of San Francisco to the United States District Court for the Northern District of California.  
23 Defendant states as follows:

24 **Jurisdiction and Authority for Removal**

25 1) On March 12, 2010, an action was commenced by plaintiff Boris Y. Levitt  
26 ("Plaintiff") against Yelp in the Superior Court of the State of California in and for the County of  
27 San Francisco, entitled "Boris Y. Levitt, on behalf of himself and all others similarly situated v.  
28 Yelp! Inc. and DOES 1 through 100, inclusive," with case number CGC-10-49777. A copy of

*[Handwritten signature]*  
**FILED**

MAR 2 9 2010

RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

E-filing

**MHP**

1 the Complaint, together with the Summons and Civil Case Cover Sheet, is attached hereto as  
2 **Exhibit A** (“Complaint”). The Complaint is the only pleading thus far served in the action.

3 2) The Northern District of California encompasses San Francisco County.

4 3) The first date upon which Defendant received a copy of the Complaint was March  
5 15, 2010. This notice of removal is thus filed within thirty days after receipt by Defendant,  
6 through service or otherwise, of a copy of the Complaint.

7 4) This Court has original jurisdiction over this action under 28 U.S.C. § 1332(d) (the  
8 Class Action Fairness Act (“CAFA”)) because (a) a member of the putative class is a citizen of a  
9 state different from any defendant, 28 U.S.C. § 1332(d)(2)(A); (b) the putative class action consists  
10 of at least 100 putative class members, 28 U.S.C. § 1332(d)(5)(B); and (c) the amount in  
11 controversy exceeds the sum or value of \$5,000,000, exclusive of interests and costs, 28 U.S.C.  
12 § 1332(d)(2).

13 5) This action is a “class action” within the meaning of CAFA because Plaintiff seeks  
14 to represent a class of persons in a civil action filed under California Code of Civil Procedure  
15 § 382 and California Civil Code § 1781 (Compl. ¶ 35), which are “statute[s] . . . of judicial  
16 procedure authorizing an action to be brought by 1 or more representative persons as a class  
17 action.” 28 U.S.C. § 1332(d)(1)(B).

18 6) Defendant may thus remove this action to this Court under 28 U.S.C. § 1453(b).

19 **Citizenship of Parties and Purported Class (28 U.S.C. § 1332(d)(2)(A))**

20 7) On the basis of Plaintiff’s allegation in the Complaint (Compl. ¶ 14), Defendant is  
21 informed that at the time Plaintiff filed this action he was, and still is, a resident of San Mateo  
22 County, California. Plaintiff alleges that he owns a business called Renaissance Furniture  
23 Restoration.

24 8) At the time this action was filed, Defendant was, and still is, a corporation  
25 organized under the laws of Delaware with its principal place of business in San Francisco,  
26 California.

27 9) Yelp operates a website (www.yelp.com) that allows consumers to find local  
28 businesses, and read and write reviews about them.

1           10) The site features information for businesses throughout the United States.  
2 Approximately 30 million people visit the site every month.

3           11) Yelp makes money by, *inter alia*, selling ads to local businesses which appear as  
4 “Sponsored Results” on Yelp’s website (“Targeted Advertising”). Allegations concerning Yelp’s  
5 practices surrounding the sale of such Targeted Advertising form the basis for Plaintiff’s  
6 Complaint. (*See, e.g.*, Compl. ¶ 8.)

7           12) Plaintiff brings claims under (i) California Business and Professions Code § 17200  
8 for unfair and unlawful business practices, (ii) California Business and Professions Code § 17500  
9 for false and misleading advertising, (iii) negligent misrepresentation, and (iv) intentional  
10 misrepresentation. (Compl. ¶¶ 43-79.)

11           13) Plaintiff seeks to represent a putative nationwide class of plaintiffs. Plaintiff has  
12 defined the putative class as

13                   All similarly situated businesses and persons in California and nationwide  
14 who were contacted by Yelp regarding the option to advertise on Yelp and  
15 who were subsequently subject to the manipulation of the reviews of their  
16 businesses during the four years prior to the commencement of this lawsuit,  
17 through the final resolution of this lawsuit.

18 (Compl. ¶ 36.)

19           14) Thus, at least one member of the putative class of plaintiffs is a citizen of a state  
20 other than Delaware or California, 28 U.S.C. § 1332(d)(2)(A), and two-thirds or more of the  
21 purported class members are likely to be citizens of a state other than California, 28 U.S.C.  
22 § 1332(d)(3). (*See also infra* ¶¶ 26-27.)

23 **Number of Class Members (28 U.S.C. § 1332(d)(5)(B))**

24           15) Plaintiff alleges that there are at least 100 class members. (Compl. ¶ 38 (“there are  
25 hundreds if not thousands of similarly situated individuals nationwide”).)

26 **Amount in Controversy (28 U.S.C. § 1332(d)(2))**

27           16) Assuming, for purposes of this Notice of Removal, that all of Plaintiff’s allegations  
28 are true and the putative nationwide class of plaintiffs is certified, the amount in controversy,  
exclusive of interest and costs, exceeds \$5,000,000.

1 17) Plaintiff does not allege a specific dollar figure for damages sought. However,  
2 Plaintiff seeks, *inter alia*, (a) an injunction against Yelp, (b) disgorgement of “ill-gotten gains”, (c)  
3 restitution for Plaintiff and the putative class, (d) damages, including punitive damages, for  
4 Plaintiff and the putative class, (e) pre and post-judgment interest, and (f) costs and expenses.  
5 (Compl. p. 15 (Prayer for Relief).)

6 18) Plaintiff alleges that (in addition to Plaintiff’s business) “there are hundreds if not  
7 thousands of similarly situated individuals nationwide.” (Compl. ¶ 38.)

8 19) Plaintiff also alleges that Yelp charges businesses “amounts ranging from \$300 to  
9 \$1,000 per month.” (Compl. ¶ 8.)

10 20) Plaintiff seeks to represent a class of plaintiffs affected by Yelp’s alleged actions  
11 during the last four years. (Compl. ¶ 36.)

12 21) Without taking into account other relief sought by Plaintiff, if Plaintiff’s allegation  
13 of “thousands” of similarly situated plaintiffs is true, the amount in controversy for advertising  
14 purchased by the putative class members is easily in excess of \$5,000,000, exclusive of interest  
15 and costs. 28 U.S.C. § 1332(d)(2). Assuming 1,000 class members advertising at \$650 per month  
16 (the middle of Plaintiff’s alleged \$300-\$1,000 per month range), the advertising dollars spent by  
17 putative class members would amount to more than \$650,000 per month, which equals \$7,800,000  
18 per year or over \$31 million over the alleged four-year period encompassed by the Complaint.  
19 (*See also infra* ¶¶ 26-27.)

20 **Other Nearly Identical Actions in Federal Court Under CAFA**

21 22) Plaintiff’s Complaint was filed after two other actions recently filed in the United  
22 States District Court for the Central District of California, both of which include very similar  
23 allegations and claims against Yelp on behalf of putative classes and both of which allege  
24 jurisdiction under CAFA. *See Cats and Dogs Animal Hospital, Inc. v. Yelp! Inc.*, case no. 2:10-cv-  
25 01340 (C.D. Cal. Feb. 23, 2010) and *LaPausky v. Yelp! Inc.*, case no. 2:10-cv-01578 (C.D. Cal.  
26 March 3, 2010).

27 23) A true and correct copy of the original *Cats and Dogs* complaint is attached as  
28 **Exhibit B**. The *Cats and Dogs* plaintiffs have since filed a First Amended Complaint, a copy of

1 which is attached as **Exhibit C**. A true and correct copy of the *LaPausky* complaint is attached as  
2 **Exhibit D**.

3 24) The plaintiffs in the *Cats and Dogs* and *LaPausky* actions seek to represent nearly  
4 identical classes to Plaintiff here. Also, like Plaintiff here, they bring actions under California  
5 Business & Professions Code § 17200, which was the only claim in both original complaints. (Ex.  
6 B at ¶¶ 43-45; Ex. D at ¶¶ 36-45.) The *Cats and Dogs* plaintiffs have since added claims for  
7 extortion, attempted extortion, and interference with prospective business advantage in their First  
8 Amended Complaint. (Ex. C at ¶¶ 183-197.)

9 25) The *LaPausky* complaint and the original *Cats and Dogs* complaint defined the  
10 putative class as “all persons and entities (including officers, directors, and employees of Yelp) in  
11 the United States for which Yelp has offered or threatened to manipulate a Yelp.com listing page  
12 in exchange for purchasing or declining to purchase advertising.” (Ex. B at ¶ 36; Ex. D at ¶ 29.)  
13 The First Amended *Cats and Dogs* complaint splits the class into two separate putative classes, but  
14 which encompass nearly the same putative class of plaintiffs. (Ex. C at ¶ 171.)

15 26) Plaintiffs in both of those actions allege federal jurisdiction under 28 U.S.C.  
16 § 1332(d)(2) “because the matter in controversy exceeds the sum or value of \$5,000,000 exclusive  
17 of interest and costs and more than two-thirds of the members of the class reside in states other  
18 than the state of which Defendant is a citizen.” (Ex. B at ¶ 1; Ex. C at ¶ ; Ex. D at ¶ 1.)

19 27) The fact that plaintiffs in nearly identical actions have alleged (a) that two-thirds of  
20 the putative class members reside in states other than the states of which Yelp is a citizen and (b)  
21 that the matter in controversy exceeds the sum or value of \$5,000,000 exclusive of interest and  
22 costs thus supports the fact that this Court has jurisdiction over this action under 28 U.S.C.  
23 § 1332(d)(2).

24 28) Defendant will promptly serve a copy of this Notice of Removal on counsel for  
25 Plaintiff and will file a copy of this Notice of Removal with the Clerk of the Superior Court of  
26 California for the County of San Francisco pursuant to 28 U.S.C. § 1446(d).

27 ///

28 ///

1           WHEREFORE, pursuant to 28 U.S.C. § 1453(b), Defendant removes this action in its  
2 entirety from the Superior Court of California for the County of San Francisco to the United States  
3 District Court for the Northern District of California.

4 Dated: March 29, 2010

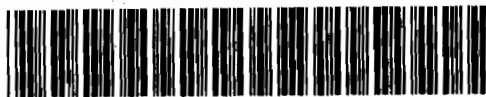
5  
6 COOLEY GODWARD LLP  
7 MICHAEL G. RHODES (116127)  
8 MATTHEW D. BROWN (196972)  
9 BENJAMIN H. KLEINE (257225)  
10 SARAH R. BOOT (253658)

11 By:   
12 \_\_\_\_\_  
13 Matthew D. Brown

14 Attorneys for Defendant YELP! INC.

15 1167952 v2/SF

## Exhibit A



**SUPERIOR COURT OF CALIFORNIA  
COUNTY OF SAN FRANCISCO**

**Document Scanning Lead Sheet**

Mar-12-2010 2:49 pm

Case Number: CGC-10-497777

Filing Date: Mar-12-2010 2:45

Juke Box: 001 Image: 02789015

COMPLAINT

BORIS Y LEVITT VS. YELP! INC. et al

001C02789015

**Instructions:**

Please place this sheet on top of the document to be scanned.



**SUMMONS**  
**(CITACION JUDICIAL)**

**SUM-100**

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

**NOTICE TO DEFENDANT:**  
**(AVISO AL DEMANDADO):**

YELP! INC.; and DOES 1 through 100, inclusive,

**YOU ARE BEING SUED BY PLAINTIFF:**  
**(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

BORIS LEVITT, on behalf of himself and all others  
similarly situated,

**NOTICE!** You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **[AVISO]** Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), en el Centro de Ayuda de las Cortes de California, ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 ó más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

CASE NUMBER:  
(Número del Caso): **10-497777**

The name and address of the court is:

(El nombre y dirección de la corte es):

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN FRANCISCO  
400 MCALLISTER STREET

SAN FRANCISCO 94102  
Unlimited Jurisdiction

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

Lawrence D. Murray (SBN 77536) (415) 673-0555  
Murray & Associates, 1781 Union Street, San Francisco, CA 94123

**D. STEPPE**

DATE: **MAR 12 2010**  
(Fecha)

**CLERK OF THE COURT**

Clerk, by \_\_\_\_\_, Deputy  
(Secretario) (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para probar la entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).



**NOTICE TO THE PERSON SERVED:** You are served

- 1.  as an individual defendant.
- 2.  as the person sued under the fictitious name of (specify):
- 3.  on behalf of (specify):
  - under:  CCP 416.10 (corporation)  CCP 416.60 (minor)
  - CCP 416.20 (defunct corporation)  CCP 416.70 (conservatee)
  - CCP 416.40 (association or partnership)  CCP 416.90 (authorized person)
  - other (specify):
- 4.  by personal delivery on (date):

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, address, telephone number, and address):  
77536  
Lawrence D. Murray  
1781 Union Street  
San Francisco, CA 94123  
TELEPHONE NO.: (415) 673-0555 FAX NO.: (415) 928-4084  
ATTORNEY FOR (Name): Plaintiffs

FOR COURT USE ONLY

**FILED**  
Superior Court of California  
County of San Francisco

MAR 12 2010

CLERK OF THE COURT

BY: *[Signature]*  
Deputy Clerk

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN FRANCISCO**  
STREET ADDRESS: 400 MCALLISTER STREET  
MAILING ADDRESS:  
CITY AND ZIP CODE: SAN FRANCISCO 94102  
BRANCH NAME: Unlimited Jurisdiction

CASE NAME:  
Levitt, et al. vs. YELP, Inc.

**CIVIL CASE COVER SHEET**  
 Unlimited (Amount demanded exceeds \$25,000)  Limited (Amount demanded is \$25,000 or less)  
**Complex Case Designation**  
 Counter  Joinder  
Filed with first appearance by defendant (Cal. Rules of Court, rule 3.402)  
CASE NUMBER: **C G C - 10 - 497777**  
JUDGE:  
DEPT:

Items 1-6 below must be completed (see instructions on page 2).

1. Check one box below for the case type that best describes this case:

<b>Auto Tort</b> <input type="checkbox"/> Auto (22) <input type="checkbox"/> Uninsured motorist (46)	<b>Contract</b> <input type="checkbox"/> Breach of contract/warranty (06) <input type="checkbox"/> Rule 3.740 Collections (09) <input type="checkbox"/> Other Collections (09) <input type="checkbox"/> Insurance coverage (18) <input type="checkbox"/> Other contract (37)	<b>Provisionally Complex Civil Litigation (Cal. Rules of Court, rules 3.400-3.403)</b> <input type="checkbox"/> Antitrust/Trade regulation (03) <input type="checkbox"/> Construction defect (10) <input type="checkbox"/> Mass tort (40) <input type="checkbox"/> Securities litigation (28) <input type="checkbox"/> Environmental/Toxic tort (30) <input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41)
<b>Other P/PI/D/W/D (Personal Injury/Property Damage/Wrongful Death) Tort</b> <input type="checkbox"/> Asbestos (04) <input type="checkbox"/> Product liability (24) <input type="checkbox"/> Medical malpractice (45) <input type="checkbox"/> Other P/PI/D/W/D (23)	<b>Real Property</b> <input type="checkbox"/> Eminent domain/Inverse condemnation (14) <input type="checkbox"/> Wrongful eviction (33) <input type="checkbox"/> Other real property (26)	<b>Enforcement of Judgment</b> <input type="checkbox"/> Enforcement of judgment (20)
<b>Non-P/PI/D/W/D (Other) Tort</b> <input checked="" type="checkbox"/> Business tort/unfair business practice (07) <input type="checkbox"/> Civil rights (08) <input type="checkbox"/> Defamation (13) <input type="checkbox"/> Fraud (18) <input type="checkbox"/> Intellectual property (19) <input type="checkbox"/> Professional negligence (25) <input type="checkbox"/> Other non-P/PI/D/W/D tort (35)	<b>Unlawful Detainer</b> <input type="checkbox"/> Commercial (31) <input type="checkbox"/> Residential (32) <input type="checkbox"/> Drugs (38)	<b>Miscellaneous Civil Complaint</b> <input type="checkbox"/> RICO (27) <input type="checkbox"/> Other complaint (not specified above) (42)
<b>Employment</b> <input type="checkbox"/> Wrongful termination (38) <input type="checkbox"/> Other employment (15)	<b>Judicial Review</b> <input type="checkbox"/> Asset forfeiture (05) <input type="checkbox"/> Petition re: arbitration award (11) <input type="checkbox"/> Writ of mandate (02) <input type="checkbox"/> Other judicial review (39)	<b>Miscellaneous Civil Petition</b> <input type="checkbox"/> Partnership and corporate governance (21) <input type="checkbox"/> Other petition (not specified above) (43)

2. This case  is  is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:  
a.  Large number of separately represented parties d.  Large number of witnesses  
b.  Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve e.  Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court  
c.  Substantial amount of documentary evidence f.  Substantial postjudgment judicial supervision

3. Remedies sought (check all that apply): a.  monetary b.  nonmonetary; declaratory or injunctive relief c.  punitive

4. Number of causes of action (specify): 4

5. This case  is  is not a class action suit.

6. If there are any known related cases, file and serve a notice of related case. (You may use form CM-015.)

Date: March 12, 2010  
Lawrence D. Murray  
(TYPE OR PRINT NAME) *[Signature]* (SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

**NOTICE**  
• Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.  
• File this cover sheet in addition to any cover sheet required by local court rule.  
• If this case is complex under rule 3.400 et seq. of the California Rules of Court, you must serve a copy of this cover sheet on all other parties to the action or proceeding.  
• Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

1 LAWRENCE D. MURRAY, State Bar No. 77536  
2 ROBERT C. STRICKLAND State Bar No. 243757  
3 MURRAY & ASSOCIATES  
4 1781 Union Street  
5 San Francisco, CA 94123  
6 Tel: 415 673-0555 Fax: 415 928-4084

**FILED**  
Superior Court of California  
County of San Francisco

MAR 12 2010

CASE MANAGEMENT CONFERENCE SET

CLERK OF THE COURT  
Deputy Clerk

AUG 13 2010 - 9:00 AM

Attorneys for Plaintiff  
BORIS LEVITT

DEPARTMENT 212

**SUMMONS ISSUED**

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

9 BORIS Y. LEVITT, on behalf of himself and all  
10 others similarly situated,

11 Plaintiff,

12 v.

13 YELP! INC.; and DOES 1 through 100,  
14 inclusive,

15 Defendants.

Case No.

CGC-10-497777

**CLASS ACTION COMPLAINT FOR:**

- 16 (1) VIOLATION OF BUSINESS &  
17 PROFESSIONS CODE § 17200;
- 18 (2) VIOLATION OF BUSINESS &  
19 PROFESSIONS CODE § 17500;
- 20 (3) NEGLIGENT  
21 MISREPRESENTATION; and
- 22 (4) INTENTIONAL  
23 MISREPRESENTATION

*Jury Trial Demanded*

24 Plaintiff Boris Y. Levitt, d/b/a Renaissance Restoration, a/k/a Renaissance Furniture  
25 Restoration ("Levitt" or "Plaintiff"), on behalf of himself and all others similarly situated, files  
26 this Class Action Complaint against Defendant Yelp!, Inc. and Does 1 through 100, inclusive  
27 ("Yelp" or Defendant):  
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## INTRODUCTION

1. Plaintiff brings this action on behalf of himself and other similarly situated businesses and persons in California and nationwide who were contacted by Yelp regarding the option to advertise on Yelp and were subsequently subject to the manipulation of the reviews of their businesses during the four years prior to the commencement of this lawsuit, through the final resolution of this lawsuit. This class action challenges Defendants' unfair and unethical conduct in promoting, marketing, and advertising its website as maintaining nonbiased reviews, and Defendants' unfair and unlawful conduct directed towards businesses and their owners.

2. Defendant's website allows users to post reviews of businesses. Users are able to rank businesses using a star rating of one (1) to five (5) stars with five (5) stars being the highest. The business is then given an overall star rating based on the total number of user reviews. Defendant's website draws over 25 million people each month, who are able to search for and review the public ratings of businesses.<sup>1</sup>

3. Defendant's website represents that "Yelp is the fun and easy way to find, review, and talk about what's great – and not so great, in your area," that Yelp is "Real People. Real Reviews," and that its purpose is to "connect people with great local businesses."

4. Defendant allows business owners to set up free accounts, however, Defendant makes money by selling advertisements to local businesses. Yelp states on its website that "[p]aying advertisers can also promote a favorite review at the top of their Yelp page, but can never change or re-order other reviews." Defendant also states that, "Yelp has an automated filter that suppresses a small portion of reviews –it targets those suspicious ones you see on other sites."

5. Users who posted reviews on Defendant's website are required to maintain an account. When logged into his or her personal profile, the user is able to view reviews he or she has posted even if Yelp's system has removed them from the public review page for the business. Accordingly, the posting user may not realize that his or her review has been removed by Yelp.

---

<sup>1</sup>/ Defendant's website states that "As of December 2009, more than 26 million people visited Yelp in the past 30 days."

1           6. Defendant offers for free, and thereby induces businesses to sign up for a Yelp  
2 business account. A Yelp Business account allows a business to post offers, announcements,  
3 business information and photos, message customers, and respond to reviews. Yelp further offers  
4 businesses with Yelp accounts the opportunity to designate the business under certain Yelp search  
5 categories, which allow Yelp users to search for the business under the applicable category. After  
6 a business promotes itself on Yelp, the business begins to receive reviews.

7           7. Upon information and belief, once a business is actively receiving reviews on Yelp,  
8 Yelp starts to manipulate the overall rating and presentation of the business by deleting positive  
9 reviews from business page or/and posting negative reviews on the top of the review page.

10           8. After the overall rates or/and presentation of a business decline, Defendant will  
11 contact the businesses and offer it the opportunity to purchase advertising. Upon information and  
12 belief, Defendant induces businesses to pay for "Yelp's Targeted Advertising program" in amounts  
13 ranging from \$300 to \$1,000 per month. In exchange, Yelp offers to put the business's review  
14 page at the top of a Search Result and on the business's competitor's review pages, promising the  
15 business that it will receive approximately 600 to 3,600 page shows per month. Upon information  
16 and belief, if the business declines Yelp's offer, Yelp continues to manipulate the overall rating by  
17 removing most of positive reviews, which causes the business's overall star rating to fall. As the  
18 result, there are fewer Yelp users viewing the business page.

19           9. Upon information and belief, once a business's reviews are manipulated by Yelp,  
20 the business itself is impacted either by a loss of revenue or by the requirement of paying hundreds  
21 of dollars each month for advertising on Yelp.

22           10. Defendant maintains that reviews may only be removed from Yelp if: 1) A user  
23 removes the review; 2) Yelp removes the review for violating the Review Guidelines or Terms of  
24 Service; or 3) "The review may have been suppressed by Yelp's automated software system. This  
25 system decides how established a particular reviewer is and whether a review will be shown based  
26 on the reviewer's involvement on Yelp. While this may seem unfair to you, this system is designed  
27 to protect both consumers and businesses alike from fake reviews (i.e., a malicious review from a  
28

1 competitor or a planted review from an employee). The process is entirely automated to avoid  
2 human bias, and it affects both positive and negative reviews. It's important to note that these  
3 reviews are not deleted (they are always shown on the reviewer's public profile) and may reappear  
4 on your business page in the future.”

5 11. Relying on Defendants' representations that reviews would not be removed from  
6 Yelp unless one of the three criteria was met, businesses and/or their owners declined Yelp's  
7 solicitation that the businesses buy advertisements. Upon information and belief, once a business  
8 declines Yelp's advertisement offer, Yelp manipulates the reviews of the business.

9 12. Upon information and belief, to further induce businesses to advertise, Yelp offers  
10 businesses the opportunity to manipulate reviews in exchange for the business's purchase of  
11 advertisements. To ensure this placement, and to ensure that Yelp will not manipulate reviews in  
12 a way that adversely impacts business, a business owner pays for advertisements.

13 13. As a result, business owners who were contacted by Yelp suffered injury in fact by  
14 either paying for advertising or losing business if they did not.

#### 15 THE PARTIES

16 14. Plaintiff Boris Levitt, a resident of San Mateo County, owns a business called  
17 Renaissance Furniture Restoration, which is located in San Francisco, California.

18 15. Defendant Yelp is a Delaware corporation with its principal place of business in  
19 San Francisco, California. Yelp is licensed to do, and is doing, business in California and  
20 throughout the United States. At all relevant times, Yelp offered its services to businesses and  
21 persons nationwide.

22 16. Plaintiff is unaware of the true names and capacities of DOES 1-100, inclusive, but  
23 is informed and believes, and thereon alleges, that each of the DOE Defendants is responsible for  
24 the acts and obligations, and or should be subject to and bound by the declarations and judicial  
25 determinations sought herein. When Plaintiff learns the true names and capacities of DOE  
26 Defendants, it will amend this Complaint accordingly.  
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**VENUE AND JURISDICTION**

17. Jurisdiction and venue is proper in San Francisco County because Defendant maintains its principal place of business in this county.

**GENERAL ALLEGATIONS**

18. At all relevant times, Defendant made its review and advertising services available to business owners nationwide.

19. Defendant's website contains language explicitly stating that user business reviews will only be removed as a result of user conduct or if an automated nonbiased software system removes the reviews. Defendant's website also contains language explicitly stating that it will not remove negative reviews or move a review to the bottom of the webpage if a business pays for advertising.

20. Upon information and belief, Defendant's representations regarding the removal and placement of reviews are false.

21. Upon information and belief, business reviews are subject to manipulation by Defendant.

22. Upon information and belief, whether Defendant manipulates the reviews of businesses depends on whether a business or person pays for advertising on Yelp.

23. Upon information and belief, Defendant's manipulation of reviews caused Plaintiff and the Class injuries as set forth below.

**Plaintiff's Experience with Yelp**

24. On or about May 13, 2009, Plaintiff contacted Yelp to inquire about why a positive review of his business disappeared.

25. On or about May 13, 2009, "Kris" from Yelp User support wrote Plaintiff back and included the following explanation:

1  
2 We decided early on that Yelp wasn't going to be another anonymous review site where  
3 everyone is given credibility whether they've earned it or not. We created an automated  
4 system that decides how much trust to instill in a particular reviewer. If the reviewer isn't  
5 involved with Yelp, it's awfully hard for our software to have much confidence in the  
6 reviewer and so it may not display that review. It's important to note that these reviews are  
7 not deleted (they are always shown on the reviewer's public profile) and may reappear on  
8 your business listing page in the future. While this may seem unfair to you, please know  
9 that this system is also in place to try to protect you from an untrustworthy review from a  
10 malicious competitor. While not perfect, we are committed to improving our site to keep  
11 Yelp useful for both consumers and businesses alike. We created a blog that explains our  
12 practices in more detail; please take a look here:  
13 <http://officialblog.yelp.com/2009/02/9-myths-about-yelp.html>

14 26. That same day, Plaintiff responded to the Yelp message, and requested that Yelp  
15 restore the positive review. Plaintiff also noted that the customer who posted the review had  
16 inquired about why it had disappeared.

17 27. Kris responded and included the following response:

18 Because the system is totally automated, unfortunately I don't have the ability to evaluate  
19 or reinstate specific reviews. However I will be sending your information to our  
20 engineering team so that they can make sure everything is working properly. They are  
21 always refining our system and sometimes it does misfire. I'm sorry I can't be of more  
22 direct assistance but wanted you to know that we're taking your feedback to heart as we  
23 continue to improve the system.

24 28. In July 2009, Plaintiff was contacted twice by phone by a female Yelp sales  
25 representative who wanted Plaintiff to purchase advertising from Yelp.

26 29. During the second telephone conversation, the sales representative told Plaintiff  
27 that his business was doing very well on Yelp because in July alone his business had 261 Yelp  
28 page views, but that Plaintiff's business would have an even greater number of Yelp page views if  
Plaintiff paid Yelp at least \$300.00 a month to advertise. In response, Plaintiff told the sales  
representative that he felt that he did not need to advertise on Yelp because there was a high  
volume of users reviewing his business page, and his business had an overall rating of 4.5 stars.  
He also asked the sales representative if Yelp could restore the 5-star review that had disappeared  
during last several months.



1           30.     At the time Plaintiff was contacted by the sales representative, he had seven (7) 5-  
2 star reviews, one (1) 4-star review, and one (1) 1-star review.

3           31.     Two days after Plaintiff's conversation with Yelp's employees where he declined  
4 to purchase advertising from the Yelp sales representative, six (6) out of the seven (7) 5-star  
5 reviews were removed from his business page leaving Plaintiff with an overall star-rating of 3.5  
6 stars. As a result, during the month of August, Plaintiff's business Yelp page received only 158  
7 page views as opposed to the 261 page views Plaintiff's business experienced in July of 2009.  
8 Since then Plaintiff's business revenues experienced a decline that corresponded almost directly to  
9 the decline in page views.

10          32.     In addition, and following Plaintiff's decision to decline to purchase Yelp  
11 advertising, Defendant removed Plaintiff's business from the categories of services he had  
12 designated on his business account and restricted him to one and only one category. Upon  
13 information and belief, if Plaintiff had advertized with Yelp as a paying customer, the restriction  
14 would have been lifted.

15          33.     Since Plaintiff declined to purchase advertising from Yelp, every 5-star review that  
16 has been posted by Plaintiff's clients on his Yelp business page has been removed 2-3 days after  
17 the Yelp user has posted his or her review of Plaintiff's services. As of the filing of this  
18 Complaint, ten (10) out of eleven (11) of the 5-star reviews have been removed from Plaintiff's  
19 business's Yelp review page.

20  
21 **Other Businesses and Person's Experiences with Yelp**

22          34.     Upon information and belief, Defendant manipulated the reviews for hundreds of  
23 other businesses after a person or business spoke to a Yelp customer service representative about  
24 advertising on Yelp, as it can be seen on Yelp's own review page, where hundreds of business  
25 owners and Yelp users express their opinion about Yelp.

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**CLASS ACTION ALLEGATIONS**

35. Plaintiff brings this action on behalf of himself and all others similarly situated, pursuant to California Code of Civil Procedure (“CCP”) § 382 and California Civil Code § 1781.

36. The Class that Plaintiff seeks to represent is defined as follows:

All similarly situated businesses and persons in California and nationwide who were contacted by Yelp regarding the option to advertise on Yelp and who were subsequently subject to the manipulation of the reviews of their businesses during the four years prior to the commencement of this lawsuit, through the final resolution of this lawsuit.

37. This action has been brought and may be properly maintained as a class action under CCP § 382 and California Civil Code § 1781 because there is a well-defined community of interest in the litigation and the class is easily ascertainable.

38. Numerosity: The Class is so numerous and geographically dispersed that joinder of all Class members is impracticable. Upon information and belief, there are hundreds if not thousands of similarly situated individuals nationwide.

39. Commonality: This action presents questions of law and fact common to the members of the Class which predominate over questions affecting individual members of the Class, such questions of law or fact include, but are not limited to:

- i. Whether Defendant unfairly and unlawfully manipulated the reviews of businesses of Plaintiff and the Class, in violation of California Business & Professions Code § 17200 *et seq.*;
- ii. Whether Defendant made deceptive statements and misrepresentations directly to businesses and through its advertising regarding its unbiased review system in violation of California Business & Professions Code § 17500 *et seq.*;
- iii. Whether Defendant negligently misrepresented that its review system was not subject to Defendant’s manipulation; and
- iv. Whether Defendant intentionally misrepresented that its review system was not subject to Defendant’s manipulation.

1           40.    Typicality: Plaintiff's claims are typical of the claims of the Class, and Plaintiff  
2 has no interests that are adverse or antagonistic to the interests of the other members of the Class.

3           41.    Adequacy of Representation: Plaintiff will fairly and adequately protect the  
4 interests of the other members of the Class. Plaintiff is committed to prosecuting this Class Action  
5 and has retained competent counsel experienced in litigation of this nature.

6           42.    Superiority of Class Action: A class action is superior to other available means for  
7 the fair and efficient adjudication of this controversy. Individual joinder of all Class Members is  
8 not practicable, and questions of law and fact common to the Class predominate over any  
9 questions affecting only individual members of the Class. Each Class Member has been damaged  
10 and is entitled to recovery by reason of Defendants' unfair business practices, misleading  
11 advertisements, and misrepresentations. Class action treatment will allow those similarly situated  
12 persons to litigate their claims in the manner that is most efficient and economical for the parties  
13 and the judicial system.

14                   **WHEREFORE**, Plaintiff Boris Levitt prays for relief as follows:

15  
16                                   **FIRST CAUSE OF ACTION**

17                                   (Violation of Business & Professions Code § 17200 *et seq.*)

18                                   (Plaintiff Levitt v. Defendant Yelp! Inc.)

19           43.    Plaintiff incorporates by reference paragraphs 1 through 42 inclusive, as though  
20 fully set forth herein.

21           44.    Plaintiff asserts this cause of action on behalf of himself and the Class.

22           45.    California Business & Professions Code § 17200 *et seq.* prohibits unfair  
23 competition that is any unfair, unlawful or a fraudulent business practice.

24           46.    Defendant made deceptive statements and misrepresentations on its website and  
25 through its customer service representatives regarding the fact that Yelp reviews were not  
26 manipulated by Yelp or the employees of Yelp.  
27

1           47. Defendant offered to or did in fact manipulate the reviews of businesses following  
2 the offer of advertising to each of the Class members in violation of public policy.

3           48. Defendant unlawfully attempted to and or did in fact commit extortion by  
4 unlawfully using fear (the removal of positive yelp reviews) to induce the Class members to pay  
5 for advertising on Yelp.

6           49. Accordingly, Defendant has violated Cal. Bus. & Prof. Code § 17200 *et seq.*,  
7 proscription against engaging in unfair and unlawful business practices and Plaintiff and the Class  
8 members are entitled to injunctive relief and equitable relief in the form of restitution and  
9 disgorgement of all earnings, profits, compensation and benefits Defendant obtained as a result of  
10 such unfair and unlawful business practices.

11           50. As a result of the conduct described above, Defendant has been and will be unjustly  
12 enriched at the expense of Plaintiff and the Class. Specifically, Defendant has been unjustly  
13 enriched by receiving substantial monies and profits from advertisements paid for by business  
14 owners hoping to avoid negative manipulations of their reviews. Further, both Plaintiff and the  
15 Class have been deprived of money, either in the form of lost revenues or in payments made to  
16 Defendant for advertising, as a result of Defendant's wrongful conduct and unlawful acts and  
17 practices and derogatory reviews of Plaintiff and the Class member's businesses, which have  
18 resulted in financial losses to Plaintiff and Class members. Plaintiff and the Class members,  
19 therefore, have sustained injury in fact.

20           51. Plaintiff and members of the Class seek a court order requiring Defendant to  
21 immediately cease such violations of consumer protection and unfair competition statutes and  
22 enjoining them from continuing to deceptively advertise or conduct business via the unlawful or  
23 unfair business acts and practices and deceptive and misleading advertising complained of herein.

24           52. Plaintiff additionally requests an order requiring Defendant to disgorge its ill-gotten  
25 gains as described above and awarding Plaintiff and Class members full restitution of all monies  
26 wrongfully acquired by Defendant by means of such unlawful business practices, acts of unfair  
27 competition and false advertising, plus interest and attorney fees so as to restore any and all  
28

1 monies to Plaintiff and the Class which were acquired and obtained by means of such deceptive,  
2 unfair, or unlawful business practices.

3 53. These violations serve as unlawful predicate acts for purposes of Business and  
4 Professions Code § 17200, and remedies are provided therein under Business & Professions Code  
5 § 17203.

6 **WHEREFORE**, Plaintiff Boris Levitt prays for relief as follows:

7  
8 **SECOND CAUSE OF ACTION**

9 (Violation of Business & Professions Code § 17500 *et seq.*)

10 (Plaintiff Levitt v. Defendant Yelp! Inc.)

11 54. Plaintiff incorporates by reference paragraphs 1 through 53 inclusive, as though  
12 fully set forth herein.

13 55. Plaintiff asserts this cause of action on behalf of himself and the Class.

14 56. California Business & Professions Code § 17500 *et seq.* prohibits the use of false  
15 and misleading statements to induce a party to enter into any obligation, including the purchase of  
16 goods.

17 57. Upon information and belief, Defendant made deceptive statements and  
18 misrepresentations to business owners and through its website regarding its unbiased reviews to  
19 induce businesses and persons, including Plaintiff and the Class, to utilize free business Yelp  
20 accounts.

21 58. Upon information and belief, once a business is on Yelp, Yelp contacts the business  
22 owner to attempt to sell the business advertising. Only after a business is contacted does Yelp  
23 reveal that it manipulates its review system depending on whether a business purchases  
24 advertising.

25 59. As a result of Defendant's practices, Plaintiff and the Class lost money in the form  
26 of advertising costs they were forced to pay to Defendant or lost revenues due to Defendant's  
27 manipulation of their reviews.  
28

1           60.     Accordingly, Defendant has violated Cal. Bus. & Prof. Code § 17500 *et seq.*,  
2     proscription against using false and misleading statements to induce business owners to join Yelp  
3     and Plaintiff and the Class members are entitled to injunctive relief and equitable relief in the form  
4     of restitution and disgorgement of all earnings, profits, compensation and benefits Defendants  
5     obtained as a result of such unfair and unlawful business practices.

6           61.     As a result of the conduct described above, Defendant has been and will be unjustly  
7     enriched at the expense of Plaintiff and the Class. Specifically, Defendant has been unjustly  
8     enriched by receiving substantial monies and profits in advertising costs received as a result of its  
9     unfair and unlawful business practices.

10          62.     Further, both Plaintiff and the Class have been deprived of money as a result of  
11     Defendant's wrongful conduct and unlawful acts and practices and, therefore, have sustained  
12     injury in fact.

13          63.     Plaintiff and members of the Class seek a court order requiring Defendant to  
14     immediately cease such violations of consumer protection and unfair competition statutes and  
15     enjoining it from continuing to deceptively advertise or conduct business via the unlawful or  
16     unfair business acts and practices and deceptive and misleading advertising complained of herein.

17          64.     Plaintiff additionally requests an order requiring Defendant to disgorge its ill-gotten  
18     gains as described above and awarding Plaintiff and Class Members full restitution of all monies  
19     wrongfully acquired by Defendant by means of such unlawful business practices, acts of unfair  
20     competition and false advertising, plus interest and attorney fees so as to restore any and all  
21     monies to Plaintiff and the Class which were acquired and obtained by means of such deceptive,  
22     unfair or unlawful business practices.

23                 **WHEREFORE**, Plaintiff Boris Levitt prays for relief as follows:

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**THIRD CAUSE OF ACTION**

(Negligent Misrepresentation)

(Plaintiff Levitt v. Defendant Yelp! Inc.)

65. Plaintiff incorporates by reference paragraphs 1 through 64 inclusive, as though fully set forth herein.

66. Plaintiff asserts this cause of action on behalf of himself and the Class.

67. Defendants made express statements on its website and to Plaintiff and the Class that it maintained an unbiased review system.

68. Upon information and belief, Defendant in fact maintains a biased review system whereby it manipulates reviews based on a business or person's purchase of advertisements.

69. As such, upon information and belief, Defendant uses false and misleading statements to induce businesses to maintain Yelp business accounts so that Yelp can contact the business regarding the purchase of advertisements.

70. Plaintiff and members of the Class justifiably relied upon Defendant's false and misleading statements regarding the unbiased review system.

71. As a direct and proximate result of the above described practices, Plaintiff and members of the class sustained damages in an amount to be proven at trial.

**WHEREFORE**, Plaintiff Boris Levitt prays for relief as follows:

**FOURTH CAUSE OF ACTION**

(Intentional Misrepresentation)

(Plaintiff Levitt v. Defendant Yelp! Inc.)

72. Plaintiff incorporates by reference paragraphs 1 through 71 inclusive, as though fully set forth herein.

73. Plaintiff asserts this cause of action on behalf of himself and the Class.

74. Defendant made express statements on its website and to Plaintiff and the Class that it maintained an unbiased review system.

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75. Upon information and belief, Defendant in fact maintains a biased review system whereby it manipulates reviews based on a business or person's purchase of advertisements.

76. Upon information and belief, Defendant actually manipulates its review system after contacting a business regarding the purchase of advertisements.

77. As such, upon information and belief, Defendant used false and misleading statements to induce business owners to maintain Yelp business accounts so that Defendant could contact the business regarding the purchase of advertisements.

78. Plaintiff and members of the Class justifiably relied upon Defendant's false and misleading statements regarding the unbiased review system.

79. As a direct and proximate result of the above described practices, Plaintiff and members of the class sustained damages in an amount to be proven at trial.

**WHEREFORE**, Plaintiff Boris Levitt prays for relief as follows:



1 **PRAYER FOR RELIEF**

2 **WHEREFORE**, as a result of the foregoing, Plaintiff Boris Levitt prays for relief as  
3 follows:

4 1. Declaring this action to be a proper class action maintainable under California Code  
5 of Civil Procedure § 382, certifying an appropriate Class and certifying Plaintiff as Class  
6 Representative;

7 2. Enjoining Defendant from conducting its business through the unlawful acts and  
8 practices described in this Complaint;

9 3. Requiring Defendant to disgorge its ill-gotten gains, as appropriate;

10 4. Awarding Plaintiff and the Class restitution, as appropriate;

11 5. Awarding Plaintiff and the Class damages, including punitive damages, as  
12 appropriate;

13 6. Awarding pre- and post-judgment interest;

14 7. Awarding Plaintiff all costs and expenses, including attorneys' fees, including fees  
15 permitted under Cal. Code Civ. Proc. § 1021 *et seq.*; and

16 8. Granting such other and further relief as this Court may deem necessary, proper,  
17 and/or appropriate.

18 **JURY DEMAND**

19 1. Plaintiff demands a trial by jury.

20  
21 DATED: March 12, 2010

**MURRAY & ASSOCIATES**

22  
23 By: 

24 Lawrence D. Murray  
25 Attorneys for Plaintiff BORIS LEVITT  
26  
27  
28

## Exhibit B

FILED

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CLERK OF COURT  
U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

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20 Attorneys for Plaintiff and the Proposed Class

21 UNITED STATES DISTRICT COURT  
22 CENTRAL DISTRICT OF CALIFORNIA

23 CATS AND DOGS ANIMAL  
24 HOSPITAL, INC., on behalf of itself  
25 and all others similarly situated,

Case No: **CV10-1340-VBF (SSx)**

Pleading Type: Class Action

Plaintiff,

**COMPLAINT FOR VIOLATIONS  
OF THE UNFAIR  
COMPETITION LAW**

v.

YELP! INC.,

DEMAND FOR JURY TRIAL

Defendant.

1 Plaintiff Cats and Dogs Animal Hospital, Inc. (“Plaintiff” or “Cats and  
2 Dogs”), on behalf of itself and all others similarly situated, by and through  
3 undersigned counsel, hereby sues Defendant Yelp! Inc. (“Defendant” or “Yelp”)  
4 and, upon information and belief and investigation of counsel, alleges as follows:  
5

6 **JURISDICTION AND VENUE**

7 1. This Court has original jurisdiction under 28 U.S.C. § 1332(d)(2) (The  
8 Class Action Fairness Act) because the matter in controversy exceeds the sum or  
9 value of \$5,000,000 exclusive of interest and costs and more than two-thirds of the  
10 members of the Class reside in states other than that state of which Defendant is a  
11 citizen.

12 2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because  
13 Plaintiff resides in and suffered injuries as a result of Defendant’s acts in this  
14 district, many of the acts and transactions giving rise to this action occurred in this  
15 district, and Defendants (1) are authorized to conduct business in this district and  
16 have intentionally availed themselves of the laws and markets of this district  
17 through the promotion, marketing, and sale of advertising in this district; (2) reside  
18 in this district, and (3) are subject to personal jurisdiction in this district.  
19

20 **PARTIES**

21 3. Plaintiff Cats and Dogs is a California corporation with its principal  
22 place of business in Long Beach. Cats and Dogs is owned and operated by Gregory  
23 Perrault (“Dr. Perrault”), a veterinarian.

24 4. Defendant Yelp is a Delaware corporation with its principal place of  
25 business in San Francisco, California. Yelp owns and operates Yelp.com, a popular  
26 online directory and user-ratings website.  
27

**INTRODUCTION AND BACKGROUND**

1  
2 5. The term “Web 2.0” describes internet websites and applications that  
3 revolve around information sharing and user-centered design. Examples of Web  
4 2.0 websites include social networking sites (e.g., Facebook.com), video sharing  
5 sites (e.g., YouTube.com), wikis (e.g., Wikipedia.com), blogs, and many other  
6 sites that allow users to create, upload, or modify content. Web 2.0 websites thus  
7 allow internet users to do much more than simply retrieve information—the users  
8 choose what information to interact with, how they interact with it, and how to  
9 modify or add to pre-existing content.

10 6. Online review applications are an increasingly popular form of Web  
11 2.0. Companies such as Amazon.com, Best Buy, and TripAdvisor.com, embed  
12 Web 2.0 applications within their websites, which allow users to rate products and  
13 services and share their experiences.

14 7. Yelp.com, a website owned and operated by Defendant Yelp, is a  
15 website that utilizes Web 2.0 user-website interaction.

16 8. Yelp.com consists of an online directory of businesses in multiple  
17 categories, much like an online Yellow Pages. Each business listed on Yelp.com  
18 has a unique Yelp.com listing page, which provides basic business information  
19 (such as address, phone number and hours of operation), and user-generated ratings  
20 and reviews.

21 9. To rate businesses, internet users simply register on the Yelp.com  
22 website. Any internet user (whether registered or not) can browse Yelp.com to find  
23 reviews of businesses.

24 10. Ratings-based websites, including Yelp.com, are highly popular, and  
25 have great power to direct the flow of commerce in a given area. Users frequently  
26 read ratings and reviews for all of the businesses in a particular category and locale  
27 and then decide where to spend their money based on those ratings and reviews.

1 11. Yelp, however, regularly manipulates the content on Yelp.com listing  
2 pages, despite Yelp’s mantra of “Real people. Real reviews.”

3 12. One method Yelp uses to control content (and thereby raise or lower a  
4 business’s rating), is to promise to remove a business’s negative reviews or  
5 relocate them to the bottom of a listing page where fewer searchers will read them  
6 if the business agrees to purchase a costly monthly advertising subscription from  
7 Yelp. Yelp thus capitalizes on the presumed integrity of the Yelp.com ratings  
8 system to extort business owners to purchase advertising.

9 13. As a result, business listings on Yelp.com, contrary to the website’s  
10 “Real people. Real reviews.” mantra, are in fact biased in favor of businesses that  
11 buy Yelp advertising.

12  
13 **FACTUAL ALLEGATIONS**

14 14. On September 12, 2009, Dr. Perrault became aware of a negative  
15 review posted by “Chris R.” on the Cats and Dogs Yelp.com listing page.

16 15. Concerned about the review’s defamatory language, possible falsity,  
17 and the adverse impact it could have on his business, Dr. Perrault cross-referenced  
18 the factual information alleged in the review with his client history.

19 16. Upon finding that the review of Chris R. referenced a visit that  
20 occurred over 18 months prior to its posting (6 months outside of Yelp’s 12-month  
21 policy), Javier Vargas, the Hospital Manager at Cats and Dogs, called Yelp, on or  
22 around September 15, 2009, to request that the review be removed from the  
23 Yelp.com website for violating Yelp’s review guidelines. The review was  
24 subsequently removed from the Cats and Dogs Yelp.com listing page.

25 17. A second defamatory review, from “Kay K.,” appeared on the Cats  
26 and Dogs Yelp.com listing page within five days of the “Chris R.” review’s  
27 removal. The review read:

1       *The only reason I am even giving one star is because it wouldn't*  
2       *allow me to continue without it . . . otherwise, I would have given*  
3       *them no stars. Dr. Perrault is the rudest vet I've ever been to . . .*  
4       *probably one of the rudest people I've had the displeasure of meeting.*  
5       *I agree with the previous reviews about making you feel like an unfit*  
6       *mom. My pup had been sick and I had a theory on what the problem*  
7       *may have been and he wouldn't even entertain the idea, but instead,*  
8       *made me feel bad because my dog got sick. And, my poor dog was*  
9       *terrified of him! He made me feel like I was 2 inches tall and*  
10       *repeatedly looked down his nose at me. Oh, and OVER PRICED!*  
11       *OMG! Who does he think he is??? I did not feel welcomed by him nor*  
12       *his staff. I paid you for a service! No need to treat me so bad!*

13       18.    Soon after the appearance of these negative reviews, Dr. Perrault and  
14    Mr. Vargas began receiving frequent, high-pressure calls from Yelp advertising  
15    employees, who promised to manipulate Cats and Dogs' Yelp.com listing page in  
16    exchange for Cats and Dogs purchasing an advertising subscription.

17       19.    For example, on or about January 5, 2010, Cats and Dogs received a  
18    Yelp sales call from "Kevin." Kevin said that Cats and Dogs could advertise with  
19    Yelp for a minimum payment of \$300 per month, with a minimum 12-month  
20    commitment. Kevin stated that if Cats and Dogs purchased a one-year advertising  
21    subscription from Yelp:

- 22       a.    Yelp would hide negative reviews on the Cats and Dogs Yelp.com  
23       listing page, or place them lower on the listing page so internet users  
24       "won't see" them;
- 25       b.    Yelp would ensure negative reviews will not appear in Google and  
26       other search engine results;

1 c. Yelp would allow Cats and Dogs to decide the order that its reviews  
2 appear in on its Yelp.com listing page; and

3 d. Cats and Dogs could choose its “tagline,” i.e., the first few lines of a  
4 single review shown on every search result page in which Cats and  
5 Dogs appears (for instance, “Veterinarian in Long Beach”).

6 20. Dr. Perrault declined the offer, saying that he wanted to track referrals  
7 from Yelp for three months without ads, but might thereafter be willing to test  
8 Yelp’s advertising potential.

9 21. Within a week of denying Kevin’s advertising offer, the negative  
10 review from Chris R. reappeared on the Cats and Dogs Yelp.com listing page.

11 22. Soon after, “Kay K.” posted a second negative review. This review  
12 was added on January 6, 2010, one day after Kevin’s sales call:

13 *I’ve already left one review about how bad a vet Dr. Perrault is, but I*  
14 *wanted to add something. I’ve been reading other people’s reviews*  
15 *and I must have gone to a different Cats and Dogs Animal Hospital*  
16 *with a vet named Dr. Perrault. Oh wait, no . . . he’s the only one.*  
17 *Maybe it’s a Dr. Jeckyl / Mr. Hyde thing?! I don’t know. But the guy’s*  
18 *an @\$\$. No other way around it. He’s a jerk, a D-Bag, And so*  
19 *arrogant. I ran in to him in a neighborhood store right after he saw*  
20 *my poor sick dog at his clinic and he looked right at me, recognized*  
21 *me, rolled his eyes and looked away!!!! Seriously, someone needs to*  
22 *knock this guy down to the size he really is. He needs to drop his*  
23 *Napolean complex and be a professional. After my horrible*  
24 *experience with him, I took my sick dog to Bixby Animal Clinic and I*  
25 *have never had a more pleasant vet experience! Go there instead! My*  
26 *dog loved everyone there!*

27



1           *Sorry to rant, but I just wanted to get the word out there. Don't spend*  
2           *the money on this overpriced arrogant vet. It's not worth it!*

3           23. On or about January 12, 2010, Mr. Vargas contacted Yelp to protest  
4 the reappearance of the "Chris R." review and the highly negative, inflammatory  
5 "Kay K." reviews.

6           24. On January 13, 2010, Mr. Vargas received via email the following  
7 response from Yelp:

8           We wanted to let you know that we've taken a close look at the  
9 reviews by Chris R and Kay K, and after careful evaluation, we have  
10 decided to leave both intact. Because we don't have firsthand  
11 knowledge of a reviewer's identity or personal experience, we are not  
12 in a position to verify your claims that these reviewers are the same  
13 person, or that they are connected to the recent vandalism at your  
14 hospital. If a review appears to reflect the personal opinion and  
15 experiences of the reviewer while adhering to our review guidelines  
16 [link], it is our policy to allow the reviewer to stand behind his or her  
17 review.

18           25. As of January 18, 2010 Cats and Dogs enjoyed a 4-star rating (out of a  
19 possible 5) on its Yelp.com listing page. Sixteen out of 26 reviews (over 60%)  
20 gave Cats and Dogs a perfect 5-star rating. Despite this, as of January 18, 2010, a  
21 Yelp.com search for "veterinarian in Long Beach" displayed the following tagline  
22 for Dogs and Cats:

23           *"Dr. Perrault is the most inept/rude veterinarian I have ever met. He*  
24           *had my rescue dog cowering and barking in the corner of the exam*  
25           *room within seconds of meeting him. He berated me for 20 . . ."*

26           26. Compare Cats and Dogs' tagline to the tagline (as of January 18,  
27 2010) of Bixby Animal Clinic, a Long Beach veterinary business that is a Yelp

1 advertiser (and the same company the mysterious Kay K. referred users to in her  
2 second Cats and Dogs review):

3       *"This place IS awesome. I brought my little man (Bruin) to Dr. A. as a*  
4       *puppy for the puppy package. They have great hours and were able to*  
5       *acommodate me AFTER work so I never had to take extra time . . . "*

6       27. Yelp frequently exercises its control over the Yelp.com listing  
7 application to modify business listing pages to the advantage of businesses that  
8 purchase Yelp advertising subscriptions, and the disadvantage of those that  
9 decline.

10       28. Dr. Perrault's experience with Yelp was not unique, but rather typical  
11 of Yelp's advertisement sales tactics.

12       29. A February 18, 2009 article in the East Bay Express, titled *Yelp and*  
13 *the Business of Extortion 2.0*,<sup>1</sup> describes Yelp's unlawful business practices.  
14 According to the article:

- 15       • Yelp sales representatives contact business owners saying, "**[Y]ou have a**  
16 **few bad [reviews] at the top. I could do something about those. . . . We**  
17 **can move them. Well, for \$299 a month.**"
- 18
- 19       • Almost all the time when Yelp calls business owners, negative reviews  
20 are at the top of the business's Yelp.com listing page.
- 21
- 22       • Mary Seaton, the owner of a furniture store in San Mateo, **took Yelp up**  
23 **on an offer to remove her negative reviews if she advertised at a cost of**  
24 **\$350 per month for six months. During that time, her negative reviews**  
25 **were removed and old positive ones showed up. After her contract was**  
26 **up, a negative review appeared**, which Seaton said contained lies.

27 <sup>1</sup> Available at <http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-20/Content?oid=1176635>.

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- Greg Quinn, the owner of a San Francisco bar and bistro, said **a Yelp sales representative moved negative reviews further down his page in an effort to entice him to advertise.** The sales rep called Mr. Quinn and said, **“Did you notice what I did? Well, we can keep doing that for you.”**
- An East Bay business owner said **Yelp offered to move one- or two-star reviews of his business if he advertised.**
- Six people told the East Bay Express that **Yelp sales representatives promised to move or remove negative reviews if their businesses would advertise.**
- Six other people told the East Bay Express that **positive reviews disappeared, or negative reviews appeared, after owners declined to advertise.**
- Yelp pays its employees to write reviews of businesses; in one documented instance, **a business owner who declined to advertise subsequently received a negative review from a Yelp employee.** In other cases, businesses that receive negative reviews from paid Yelp employees are subsequently asked to advertise.
- Yelp’s Chief Operating Officer, Geoff Donaker, said advertisers and sales representatives do not have the ability to move or remove negative reviews. Donaker’s denials are challenged both by local business owners, and by **a former Yelp employee, who said that several sales reps told him they promised to move reviews to get businesses to advertise.**

1           30. As of February 8, 2010, there are 140 comments on the East Bay  
2 Express website following the Yelp article, many from business owners describing  
3 experiences similar to those discussed in the article.

4           31. A follow-up East Bay Express article provides further evidence of  
5 Yelp's unlawful sales practices. The March 18, 2009 article, *Yelp Extortion*  
6 *Allegations Stack Up: More business owners come forward with tales of unethical*  
7 *behavior by the popular San Francisco-based web site*<sup>2</sup> states that since the  
8 publication of the first article:

9           [M]any business owners from around the country have come  
10 forward—via emails or comments on the *Express*' web site—alleging  
11 similar tales of extortionist tactics by Yelp sales reps. . . . Business  
12 owners contend that they just want [an] opportunity to respond to  
13 negative, false, or damaging information about their businesses.  
14 Instead, the only way for them to salvage their businesses' reputation  
15 is by paying Yelp—regardless of whether the reviews are true or false.  
16 . . . [S]everal [interviewees] said that the reps would offer to move  
17 negative reviews if they advertised; and in some cases positive  
18 reviews disappeared when they refused, or negative ones appeared. In  
19 one case, a nightclub owner said Yelp offered positive reviews of his  
20 business in exchange for free drinks.

21           32. The article tells the stories of six California business owners'  
22 experiences with Yelp:

- 23           • After Bob Hyde, owner of M&M Auto Werkes in Campbell, received a  
24 negative rating from a customer's boyfriend, violating Yelp's Terms of  
25 Service (prohibiting third parties from posting reviews), he contacted Yelp

26 \_\_\_\_\_  
27 <sup>2</sup>Available at <http://www.eastbayexpress.com/eastbay/yelp-extortion-allegations-stack-up/Content?oid=1176984>.

1 sales representative Jacqueline Fitzhugh to complain. She told him, "**We**  
2 **can't control that, but if you advertise you can control the order that**  
3 **they're in.**" **After declining, Mr. Hyde noticed some of his five-star posts**  
4 **were disappearing.** Yelp told him the website has a spam filter, like  
5 Google. Hyde tracked his reviews, printing them daily to monitor which  
6 ones would disappear. Some five-star reviews stayed up for as short as 31  
7 days and as long as 131 days. **Yelp told Hyde that if he advertised, some**  
8 **of those five-star reviews would come back.**

9  
10 • Calvin Gee of Haight Street Dental in San Francisco saw his rating drop  
11 from five-stars to 3.5-stars following his declining to buy advertising. **Yelp**  
12 **reps told Gee that if he advertised, they would let him choose his**  
13 **favorite review and would move the negative reviews to the bottom of**  
14 **the page.** Gee noticed that one of his competitors, CitiDent, had two  
15 separate listings on Yelp.com. The business had more positive reviews and a  
16 higher star rating on the page that was marked a Yelp sponsor, and more  
17 negative reviews and a lower star rating on the harder to find non-sponsored  
18 page.

19  
20 • Larry Trujillo owns the Uptown Nightclub in Oakland. Shortly after  
21 opening the club, a Yelp sales rep began calling him "almost daily" about  
22 advertising. The sales rep would say "**I notice you have a lot of positive**  
23 **reviews. We could make sure that those reviews stay positive.**" Sarah  
24 Lippman, a Sales Manager at Yelp, separately asked Mr. Trujillo for free use  
25 of his club with Yelp staff and alcohol expenses paid by the club in  
26 exchange for positive reviews on the club's Yelp.com listing page.

27

1 • Debbie Leonardo, director of membership at the Ruby Hill Golf Club in  
2 Pleasanton, received a phone call from a Yelp sales representative who  
3 told her that the business could get rid of its worst review if it purchased  
4 advertising.

5  
6 • Bob Kurtz, owner of Collectors Real 3 in Oakland, was contacted by a  
7 Yelp sales person after receiving a negative review. In an email, Yelp told  
8 him that, as a paid advertiser, the negative review could be dealt with.

9  
10 • Nicholas Paul, an instructor at a Chicago art studio, declined to purchase  
11 advertising and shortly thereafter three positive reviews disappeared from  
12 and two negative ones were added to the studio's Yelp.com listing page. A  
13 Yelp sales rep told Mr. Paul he could control that.

14  
15 33. An August 13, 2008 article in The Register, a news website, titled  
16 *Yelp "pay to play" pitch makes shops scream for help: User generated discontent*<sup>3</sup>  
17 notes that:

18 At least some of Yelp's sales staff hope to make money by offering to  
19 hide what you and I have to say. Over the last year, five San Francisco  
20 Bay Area business have told *The Register* that the company has  
21 offered to "push bad reviews to the bottom" of their yelp pages if  
22 they paid to advertise on the site. One restaurant owner was  
23 contacted "five or six" times, and each time, the Yelp sales rep  
24 insisted that if he forked over \$6,000 a year for "sponsored link"  
25 status, the site would suppress user posts that put his restaurant in a  
26 less-than-positive light. "They told me I had 60 reviews on my [Yelp]

27  
<sup>3</sup> Available at [http://www.theregister.co.uk/2008/08/13/yelp\\_sales\\_pitch/print.html](http://www.theregister.co.uk/2008/08/13/yelp_sales_pitch/print.html)

1 page,” said the owner . . . . “They told me ‘No one is going to read all  
2 60. They’re only going to read the first few.’”

3 34. A March 9, 2009 Chicago Tribune article, titled *Questions arise over*  
4 *Yelp’s ads, reviews; Businesses say site rearranges opinions for price; CEO*  
5 *denies*,<sup>4</sup> reported:

6 • Ina Pinkney of Ina’s restaurant in the West Loop said that last  
7 summer **a Yelp salesperson offered “to move up my good reviews**  
8 **if I sponsored one of their events. They called it rearranging my**  
9 **reviews.”**

10  
11 • Jason Luros, an attorney at Hudson & Luros in Napa, California,  
12 stated “one of our reviews mysteriously disappeared, so I contacted  
13 Yelp and was given the usual canned response about how no humans  
14 control the reviews. But **when I said I would consider advertising if**  
15 **they restored the review, it mysteriously reappeared.”**

16  
17 35. An April 3, 2009 article in the Santa Monica Daily Press titled *Yelp*  
18 *Sales Tactics Cause Concern Among Businesses*,<sup>5</sup> reported:

19 After declining to advertise, the [Los Angeles area] business owner  
20 checked the Yelp page again and noticed that at least 10 positive  
21 reviews had disappeared while a few negative ones had been posted. .  
22 . . They estimate that at least 20 positive reviews had been deleted  
23 from the site since the conversation with Yelp about three weeks ago.

24  
25  
26 <sup>4</sup> No longer available online.

27 <sup>5</sup> Available at [http://www.smdp.com/Articles-c-2009-04-02-52021.113116\\_Yelp\\_sales\\_tactics\\_cause\\_for\\_concern\\_among\\_businesses.html](http://www.smdp.com/Articles-c-2009-04-02-52021.113116_Yelp_sales_tactics_cause_for_concern_among_businesses.html)

**CLASS REPRESENTATION ALLEGATIONS**

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36. Plaintiff brings this action on behalf of itself and the following Class:

All persons and entities (excluding officers, directors, and employees of Yelp) in the United States for which Yelp has offered or threatened to manipulate a Yelp.com listing page in exchange for purchasing or declining to purchase advertising.

37. Like Cats and Dogs, all members of the Class have a Yelp.com listing page.

38. Like Cats and Dogs, all members of the Class were contacted by Yelp sales representatives.

39. Like Cats and Dogs, all members of the Class were promised that, if they purchased advertising from Yelp, negative reviews would be removed or relocated from their Yelp.com listing pages, or those pages would otherwise be favorably manipulated, including through their own input or control.

40. Like Cats and Dogs, all members of the Class were threatened, implicitly or expressly, that if they did not purchase advertising from Yelp, their Yelp.com listing pages would be detrimentally manipulated, including for example, by removing positive reviews and posting new, negative reviews.

41. Plaintiff's claims on behalf of the Class are maintainable under Rules 23(b)(2) and 23(b)(3) of the Federal Rules of Civil Procedure.

42. The questions of law and fact common to Plaintiff and the Class include:

- a. Whether Yelp violated the Unfair Competition Law;
- b. Whether Plaintiff and the Class were injured by the conduct complained of herein;
- c. Whether the conduct described herein is ongoing; and
- d. Whether members of the class are entitled to injunctive relief.



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**CLAIM FOR RELIEF**

**Violations of the Unfair Competition Law, Bus. & Prof. Code § 17200**

43. Plaintiff realleges and incorporates the allegations elsewhere in the Complaint as if set forth in full herein.

44. The advertising sales and employee reviewing practices of Yelp as alleged herein constitute unfair business acts and practices because they are immoral, unscrupulous, and offend public policy.

45. The practices of Yelp complained of herein had no countervailing benefit to consumers or competition when weighed against the harm caused by such practices.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff, on behalf of itself, all others similarly situated, and the general public, prays for judgment and relief against Yelp Inc. as follows:

- A. Declaring this action to be a proper class action.
- B. An order permanently enjoining Yelp from engaging in the practices complained of herein.
- C. An order compelling Yelp to disgorge all monies, revenues, and profits obtained by means of its wrongful acts and practices.
- D. An order requiring Yelp to pay restitution to restore all funds acquired by means of any act or practice declared by this Court to be unlawful, plus pre- and post- judgment interest thereon.
- E. Costs, expenses, and reasonable attorneys' fees.
- F. Any other and further relief the Court deems necessary, just, or proper.

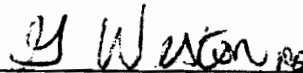
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**JURY DEMAND**

Plaintiff demands a trial by jury.

DATED: February 22, 2010

Respectfully Submitted,



Gregory S. Weston

THE WESTON FIRM  
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Jack Fitzgerald  
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**Exhibit C**

1 THE WESTON FIRM  
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7 BECK & LEE BUSINESS TRIAL LAWYERS  
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10 Telephone: (305) 789-0072  
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11 jared@beckandlee.com  
12 elizabeth@beckandlee.com

13 **Attorneys for Plaintiffs and the Proposed Class**

14 UNITED STATES DISTRICT COURT  
15 CENTRAL DISTRICT OF CALIFORNIA

16 CATS AND DOGS ANIMAL HOSPITAL,  
INC.; ASTRO APPLIANCE SERVICE;  
17 BLEEDING HEART, LLC d/b/a  
BLEEDING HEART BAKERY;  
18 CALIFORNIA FURNISHINGS, INC. d/b/a  
SOFA OUTLET; CELIBRÉ, INC.; J.L.  
19 FERRI ENTERTAINMENT, INC. d/b/a  
ADULT SOCIALS; LE PETITE  
20 RETREAT DAY SPA, LLC; SAN  
21 FRANCISCO BAY BOAT CRUISES, LLC  
d/b/a MERMAIDS CRUISE; WAG MY  
22 TAIL, INC.; and ZODIAC RESTAURANT  
GROUP, INC. d/b/a SCION  
23 RESTAURANT, on behalf of themselves  
24 and all others similarly situated,  
Plaintiffs,  
25 v.  
26 YELP! INC.,  
27 Defendant.

Case No: 2:10-cv-01340-VBF-SS  
Pleading Type: Class Action  
**FIRST AMENDED COMPLAINT FOR:**  
**EXTORTION;**  
**ATTEMPTED EXTORTION;**  
**INTENTIONAL INTERFERENCE**  
**WITH PROSPECTIVE BUSINESS**  
**ADVANTAGE; AND**  
**VIOLATIONS OF THE UNFAIR**  
**COMPETITION LAW, CAL. BUS &**  
**PROF. CODE § 17200.**  
**DEMAND FOR JURY TRIAL**

1 Plaintiffs Cats and Dogs Animal Hospital, Inc., Astro Appliance Service,  
2 Bleeding Heart, LLC d/b/a Bleeding Heart Bakery, California Furnishings, Inc.  
3 d/b/a Sofa Outlet, CeliBré, Inc., J.L. Ferri Entertainment, Inc. d/b/a Adult Socials,  
4 Le Petite Retreat Day Spa, LLC; San Francisco Bay Boat Cruises, LLC d/b/a  
5 Mermaids Cruise, Wag My Tail, Inc. and Zodiac Restaurant Group, Inc. d/b/a  
6 Scion Restaurant, on behalf of themselves and all others similarly situated, by and  
7 through undersigned counsel, hereby sue Defendant Yelp! Inc. and, upon  
8 information and belief and investigation of counsel, allege as follows:

9 **JURISDICTION AND VENUE**

10 1. This Court has original jurisdiction under 28 U.S.C. § 1332(d)(2) (The  
11 Class Action Fairness Act) because the matter in controversy exceeds the sum or  
12 value of \$5,000,000 exclusive of interest and costs and more than two-thirds of the  
13 members of the Class reside in states other than that state of which Defendant is a  
14 citizen.

15 2. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because at  
16 least one Plaintiff resides in and suffered injuries as a result of Defendant's acts in  
17 this district, many of the acts and transactions giving rise to this action occurred in  
18 this district, and Defendant (1) is authorized to conduct business in this district and  
19 has intentionally availed itself of the laws and markets of this district through the  
20 promotion, marketing, and sale of advertising in this district; (2) resides in this  
21 district, and (3) is subject to personal jurisdiction in this district.

22 **PARTIES**

23 **The Non-Sponsor Plaintiffs**

24 3. Plaintiff Cats and Dogs Animal Hospital, Inc. ("Cats and Dogs") is a  
25 California corporation with its principal place of business in Long Beach,  
26 California.

27

1 4. Plaintiff Astro Appliance Service ("Astro") is a sole proprietorship  
2 licensed by California State and San Mateo County, with its principal place of  
3 business in San Carlos, California.

4 5. Plaintiff J.L. Ferri Entertainment, Inc. d/b/a Adult Socials ("Adult  
5 Socials") is a New York corporation with its principal place of business in New  
6 York, New York.

7 6. Plaintiff Le Petite Retreat Day Spa, LLC ("Le Petite Retreat") is a  
8 California limited liability corporation with its principal place of business in Los  
9 Angeles, California.

10 7. Plaintiff San Francisco Bay Cruises, LLC d/b/a Mermaids Cruise  
11 ("Mermaids Cruise") is a California limited liability corporation with its principal  
12 place of business in San Francisco, California.

13 8. Plaintiff Wag My Tail, Inc. ("Wag My Tail") is a California  
14 corporation with its principal place of business in Tujunga, California.

15 9. Plaintiff Zodiac Restaurant Group, Inc. d/b/a Scion Restaurant  
16 ("Scion") is a Washington, D.C. corporation with its principal place of business in  
17 Washington, D.C.

18 **The Sponsor Plaintiffs**

19 10. Plaintiff Bleeding Heart, LLC d/b/a Bleeding Heart Bakery  
20 ("Bleeding Heart Bakery") is an Illinois limited liability corporation with its  
21 principal place of business in Chicago, Illinois.

22 11. Plaintiff California Furnishings, Inc. d/b/a Sofa Outlet ("Sofa Outlet")  
23 is a California corporation with its principal place of business in San Mateo,  
24 California.

25 12. Plaintiff CeliBré, Inc. ("CeliBré") is a California corporation with its  
26 principal place of business in Torrance, California.

27

1 Defendant

2 13. Defendant Yelp! Inc. ("Yelp") is a Delaware corporation with its  
3 principal place of business in San Francisco, California. Yelp owns and operates  
4 Yelp.com, a popular online business directory and user-ratings website.

5 INTRODUCTION AND BACKGROUND

6 14. The term "Web 2.0" describes internet websites and applications that  
7 revolve around information sharing and user-centered design. Examples of Web  
8 2.0 websites include social networking sites (e.g., Facebook.com), video sharing  
9 sites (e.g., YouTube.com), wikis (e.g., Wikipedia.com), blogs, and many other  
10 sites that allow users to create, upload, or modify content. Web 2.0 websites thus  
11 allow internet users to do much more than simply retrieve information—the users  
12 choose what information to interact with, how they interact with it, and how to  
13 modify or add to pre-existing content.

14 15. Online review applications are an increasingly popular form of Web  
15 2.0. Companies such as Amazon.com, Best Buy, and TripAdvisor.com embed Web  
16 2.0 applications within their websites, which allow users to rate products and  
17 services and share their experiences.

18 16. Yelp.com, a website owned and operated by Defendant Yelp, is a  
19 website that utilizes Web 2.0 user-website interaction.

20 17. Yelp.com consists of an online directory of businesses in multiple  
21 categories, much like an online Yellow Pages. Each business listed on Yelp.com  
22 has a unique Yelp.com listing page, which provides basic business information  
23 (such as address, phone number and hours of operation), and user-generated ratings  
24 and reviews.

25 18. To rate and review businesses, internet users simply register on the  
26 Yelp.com website. Any internet user (whether registered or not) can browse  
27 Yelp.com to find ratings and reviews of businesses.

1 19. Ratings-based websites, including Yelp.com, are highly popular, and  
2 have great power to direct the flow of commerce in a given area. Users frequently  
3 read ratings and reviews for all of the businesses in a particular category and locale  
4 then decide where to spend their money based on those ratings and reviews.

5 20. Yelp, however, regularly manipulates the content on Yelp.com listing  
6 pages, despite Yelp's mantra of "Real people. Real reviews." As a result, business  
7 listings on Yelp.com are in fact biased in favor of businesses that buy Yelp  
8 advertising.

9 21. As part of Yelp's regular practices, the company asks business owners  
10 to pay for "protection" from bad reviews (in the form of advertising dollars) while  
11 Yelp controls whether bad reviews are posted in the first place—the classic scheme  
12 of offering "protection" from a problem that the "protector" himself creates.

13 **GENERAL FACTUAL ALLEGATIONS**

14 **The Yelp Business Model**

15 22. Individual business listings on the Yelp.com website are created when  
16 either (a) Yelp employees or others working on behalf of Yelp or at Yelp's  
17 direction, create a new listing for a business (often around the time Yelp enters into  
18 a new geographical market), (b) reviewers not associated with Yelp create a listing  
19 for a business while, at the same time, becoming the first person to review that  
20 business, or (c) a business creates its own listing.

21 23. Businesses may not opt out of being listed on the Yelp.com website.

22 24. Yelp allows businesses listed on the Yelp.com website to register for a  
23 free "Business Owner Account," which provides owners with:

- 24 (a) the ability to track how many people view their page;  
25 (b) the ability to update business information (such as hours  
26 of operation); and  
27



1 (c) a limited ability to send messages directly to a reviewer  
2 (for example, responding to a review), although  
3 reviewers can choose to disable this feature.

4 25. Once a business listing is created, individuals registered on Yelp may  
5 rate and review the business.

6 26. Individuals register on the Yelp.com website by creating an individual  
7 profile, much like a profile on popular social networking sites like Facebook.com.  
8 The profile allows individuals to choose a screen name and upload photos,  
9 including a profile photo. The individual's reviews are listed within his profile, and  
10 the profile has other functions and information such as "Friends" and  
11 "Compliments."

12 27. Individuals who create profiles may do so anonymously by using a  
13 nickname or "handle," and by not including photos of themselves in their profiles.  
14 Anonymous users have the same rights to post ratings and reviews of businesses as  
15 named users.

16 28. Any individual internet users, whether registered on the Yelp.com  
17 website or not, may search the Yelp.com directory, view ratings, and read reviews.

18 29. Business ratings are made on a one- to five-star scale, with one star  
19 being the lowest rating, and five stars the highest.

20 30. In addition to ratings, reviewers must provide a written review of the  
21 business.

22 31. Business owners may not publicly (i.e., on their Yelp.com listing  
23 page) respond to reviews.

24 32. Registered Yelp users may, but are not required to, vote on written  
25 reviews, rating them as either "Useful," "Funny," or "Cool." There is no  
26 negatively-spun voting criterion, such as "Not Useful," or "Thumbs Down."  
27

1           33. Yelp purports to restrict ratings and reviews which constitute or  
2 contain (a) conflicts of interest, (b) second-hand experiences or hearsay, (c)  
3 personal attacks, (d) irrelevant material, (d) plagiarism, or (e) which are left blank.

4           34. Yelp also purports to “suppress” “a very small number” of reviews  
5 which its “automated software” determines are likely to be “fake.”

6           35. Yelp refers to this “automated software” as its “algorithm.”

7           36. “Suppressed” reviews remain within Yelp’s system and are listed in a  
8 registered user’s profile. Those reviews are not, however, displayed on the  
9 reviewed business’s Yelp.com listing page, *except that* when a registered user is  
10 logged-in to Yelp and navigates to the Yelp.com listing page of a business that the  
11 user reviewed, the review appears *for that user only*. Thus logged-in users are  
12 unable to determine when their reviews have been “suppressed.” While the public  
13 sees one version of the business listing (the version with the review suppressed),  
14 the reviewer sees a different version (the version where the review appears to  
15 remain intact).

16           37. The Yelp.com website draws internet users with the promise that, by  
17 conglomerating reviews of individuals with first-hand experiences of local  
18 businesses, the site offers an objective ranking of competing businesses through  
19 which users can determine the relative quality of a business when deciding where  
20 to spend money. Yelp’s mantra embodying this promise is “Real people. Real  
21 reviews.”

22           38. A business’s ranking on Yelp.com has immense power to direct  
23 customers either to or away from the business. While Yelp’s readership has been  
24 climbing, the website currently enjoys as least 29 million hits per month, and  
25 includes at least 8 million reviews.

26           39. Yelp’s only stream of revenue is through the sale of advertisements on  
27 the Yelp.com website.

- 1 40. Compensation of Yelp's sales force is one of Yelp's largest expenses.  
2 41. Yelp's sales personnel are paid, in part, through commissions.  
3 42. As a result, there is immense pressure on Yelp sales personnel to sell  
4 advertising subscriptions.

5 **Yelp Sponsors**

6 43. Yelp offers some businesses advertising subscriptions, which vary in  
7 cost from \$150 to \$1,000 per month. With the subscriptions, businesses receive an  
8 "enhanced profile," and between 1,500 and 10,000 targeted ads per month  
9 depending on the level of subscription.

10 44. Yelp refers to businesses that purchase advertising subscriptions as  
11 Yelp "Sponsors."

12 45. Businesses may become Sponsors only if they have a significant  
13 number of reviews and a minimum 3-star rating. Consequently, every Sponsor was  
14 favorably reviewed by a majority of Yelp reviewers before becoming a Sponsor.

15 46. Yelp sells advertising through the promise, express or implied, that  
16 Sponsors will see their Yelp.com rating increase and—more importantly to the  
17 business owner—that the business in turn will see increased patronage, business  
18 and, ultimately, profit.

19 47. The increased rating Yelp promises is attributable to a number of  
20 "favors" Yelp provides to a business in exchange for becoming a Sponsor.

21 48. Yelp admits to providing some of these favors, including:

- 22 (a) The ability to choose or highlight one favorite review,  
23 which will appear and remain at the top of the Sponsor's  
24 listing page;  
25 (b) The privilege of showing up first in search results for  
26 similar businesses in the region;  
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- (c) Ads for the Sponsor appear on competitors' listing pages, while competitors' ads do not appear on the Sponsor's listing page;
- (d) The ability to post a photo slideshow;
- (e) The ability to add a "personal message" about their business;
- (f) The ability to update information on special offers and events; and
- (g) Access to an account manager who will help "maximize" the Sponsor's experience with Yelp.

49. Yelp provides Sponsors with additional favors including:

- (a) Removing or relocating negative reviews, thereby affecting the perception of the business's quality relative to its competitors;
- (b) Creating and posting positive reviews, thereby affecting the perception of the business's quality relative to its competitors;
- (c) Allowing the business owner to determine the order in which reviews will appear;
- (d) Allowing the business owner to choose a "tagline" to be displayed on the business's Yelp listing page; and
- (e) Ensuring negative reviews will not appear in Google or other search engine results.

50. Because these favors are designed at increasing a business's rating, they do not strongly incentivize businesses which already enjoy a four- or five-star rating.

1 51. Thus, Yelp has an incentive to keep most businesses in a three- to  
2 four-star rating band—enough for a business to qualify for Sponsorship, but not  
3 enough for a business to be satisfied with its rating (and thus not need to purchase  
4 a Sponsorship).

#### 5 Yelp Non-Sponsors

6 52. Although many businesses do not advertise on Yelp, the term “Non-  
7 Sponsor” as used in this Complaint refers only to those businesses to which Yelp  
8 offered paid advertising subscriptions, but which declined to purchase any  
9 advertising. In other words “Non-Sponsors” *could have become* Sponsors, but  
10 elected not to.

11 53. Non-Sponsors see positive reviews disappear from their Yelp.com  
12 listing pages soon after declining to become a Yelp Sponsor.

13 54. Non-Sponsors see an increase in the number of negative reviews on  
14 their Yelp.com listing pages soon after declining to become a Yelp Sponsor.

15 55. Sometimes such negative reviews are false, for example, concerning  
16 services or goods not offered by the business, or purporting to be from customers  
17 or patients who never patronized the business.

18 56. Such false negative reviews are sometimes generated by Yelp  
19 personnel or others who act on behalf of Yelp or at Yelp’s direction, or who are  
20 compensated in some form by Yelp.

21 57. Although such false negative reviews violate Yelp’s Terms of Service,  
22 Yelp regularly fails to remove such reviews for Non-Sponsors.

23 58. At times even “true” negative reviews violate Yelp’s Terms of  
24 Service, for example if they attack business owners personally, or are not based on  
25 first-hand experiences. Even in these instances, Yelp regularly fails to remove such  
26 reviews for Non-Sponsors.

27

1           59. As a result of these consequences for declining to become a Yelp  
2 Sponsor, Non-Sponsors frequently see their Yelp.com rating significantly decrease  
3 soon after declining to become a Sponsor.

4           60. The decline of their Yelp.com rating, and the posting of false negative  
5 reviews, harms Non-Sponsors, which frequently see a drop in the number of  
6 customers patronizing their businesses, and a decrease in income and profits.

7                                   **Yelp Sponsored Events**

8           61. Yelp "Sponsored Events" are parties, gatherings or other events  
9 hosted by businesses listed on the Yelp.com website.

10          62. Businesses hosting Sponsored Events are expected to provide  
11 attendees with goods and services for free.

12          63. To induce businesses to host free Sponsored Events, Yelp promises  
13 positive reviews of the business in exchange for the Sponsored Event.

14          64. To induce businesses to host free Sponsored Events, Yelp threatens,  
15 expressly or implicitly, negative reviews if the business does not agree to host a  
16 Sponsored Event.

17                                   **Yelp Personnel Write and Post Business Ratings and Reviews**

18          65. Individuals employed by Yelp, or otherwise professionally associated  
19 with the company (for example, those working as contractors, consultants, in  
20 temporary positions, etc.), including Yelp sales people, are empowered to post  
21 ratings and reviews of businesses.

22          66. For example, Yelp's CEO, Jeremy Stoppelman had posted 865  
23 reviews as of March 1, 2010.

24          67. When entering a new market, Yelp hires "Ambassadors" or "Scouts,"  
25 who are individuals paid by Yelp to find and write reviews of businesses in that  
26 location.

27

1         68. In a variety of contexts, Yelp personnel (for example sales personnel  
2 soliciting businesses to become Sponsors) threaten to write and post false negative  
3 reviews of businesses.

4         69. Yelp personnel have in fact written and posted false negative reviews  
5 of businesses listed on Yelp.com.

6         70. In some cases, businesses that received negative reviews from Yelp  
7 personnel are subsequently asked to purchase advertising subscriptions.

8         71. In some cases, businesses that declined to purchase advertising  
9 subscriptions receive negative reviews from Yelp personnel.

10                                   **The Yelp Elite Squad**

11         72. The Yelp Elite Squad is comprised of individuals Yelp touts as “the  
12 most passionate Yelpers,” who Yelp says it wants to recognize and reward for  
13 being active on the site.

14         73. Yelp Elite Squad members, or “Elites,” may or may not be associated  
15 with Yelp. For example, Yelp CEO Jeremy Stoppelman is a Yelp Elite Squad  
16 member, but many Elites are not employed by Yelp.

17         74. Yelp Elite Squad members are supposed to use their real names in  
18 their Yelp profiles, rather than a handle or nickname, and are required to upload a  
19 picture to their profiles.

20         75. A Yelp Elite Squad member is identified on Yelp with an “Elite”  
21 badge adjacent to the member’s name and photo in the member’s reviews and on  
22 the member’s profile home page.

23         76. Individuals must apply to become Elite Squad members. Yelp lists the  
24 qualifications for Elite status as:

- 25                   (a) Having lots of reviews, and reviews that are insightful,  
26   engaging and personal (aka useful, funny and cool!);
- 27                   (b) Having profiles that really sing!;

- 1 (c) Having a real photo of oneself on one's profile;
- 2 (d) Using one's real name to write reviews;
- 3 (e) Personal pizzazz!, or what Yelp calls "Yelptitude"; and
- 4 (f) Being of legal drinking age.

5 77. If individuals think they meet these criteria, they must send an email  
6 to Yelp explaining why they should be admitted into the Yelp Elite Squad.

7 78. The primary benefit of becoming a Yelp Elite Squad member is  
8 receiving frequent invitations to free Yelp Sponsored Events.

9 79. Yelp uses the Yelp Elite Squad as an agent of coercion, promising  
10 businesses positive reviews from Elite Squad members, or threatening negative  
11 reviews from Elite Squad members, depending upon whether a business agrees to  
12 host a free Sponsored Event and/or become a Yelp Sponsor.

13 80. For example, a Yelp Elite Squad member systematically went through  
14 businesses located in an arts district in Columbus, Ohio, giving negative reviews to  
15 galleries and other businesses in the district, which he visited briefly—but did not  
16 patronize—in order to review the businesses. When asked why he was doing this,  
17 his response was "you need to contact your customers and have them put up good  
18 reviews. My goal is to get you to use Yelp."

19 81. Yelp compensates Yelp Elite Squad members for their frequent  
20 reviews through the provision of free parties, goods, services and other items.  
21 Thus, Elite Squad members act as an agent of Yelp. When Elite Squad members  
22 review Yelp Sponsors, Yelp is endorsing paid advertisers.

23 82. Individuals employed by Yelp also review Yelp Sponsors.

24 83. Yelp does not disclose that, through Yelp employees and the Yelp  
25 Elite Squad writing reviews of Yelp Sponsors, Yelp endorses paid advertisers.

26  
27



1 Allegations of Misconduct

2 84. A February 18, 2009 article in the East Bay Express, titled *Yelp and*  
3 *the Business of Extortion 2.0*,<sup>1</sup> describes Yelp's unlawful business practices.

4 According to the article:

5  
6 • Yelp sales representatives contact business owners saying, "[Y]ou have a  
7 few bad [reviews] at the top. I could do something about those. . . . We  
8 can move them. Well, for \$299 a month."

9  
10 • Almost all the time when Yelp calls business owners, negative reviews  
11 are at the top of the business's Yelp.com listing page.

12  
13 • Mary Seaton, the owner of a furniture store in San Mateo, took Yelp up  
14 on an offer to remove her negative reviews if she advertised at a cost of  
15 \$350 per month for six months. During that time, her negative reviews  
16 were removed and old positive ones showed up. After her contract was  
17 up, a negative review appeared, which Seaton said contained lies.

18  
19 • Greg Quinn, the owner of a San Francisco bar and bistro, said a Yelp  
20 sales representative moved negative reviews further down his page in an  
21 effort to entice him to advertise. The sales rep called Mr. Quinn and said,  
22 "Did you notice what I did? Well, we can keep doing that for you."

23  
24 • An East Bay business owner said Yelp offered to move one- or two-star  
25 reviews of his business if he advertised.

26  
27 <sup>1</sup> Available at <http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-20/Content?oid=1176635>.

1 • Six people told the East Bay Express that Yelp sales representatives  
2 promised to move or remove negative reviews if their businesses would  
3 advertise.

4  
5 • Six other people told the East Bay Express that positive reviews  
6 disappeared, or negative reviews appeared, after owners declined to  
7 advertise.

8  
9 • Yelp pays its employees to write reviews of businesses; in one  
10 documented instance, a business owner who declined to advertise  
11 subsequently received a negative review from a Yelp employee. In other  
12 cases, businesses that receive negative reviews from paid Yelp employees  
13 are subsequently asked to advertise.

14  
15 • Yelp's Chief Operating Officer, Geoff Donaker, said advertisers and  
16 sales representatives do not have the ability to move or remove negative  
17 reviews. Donaker's denials are challenged both by local business owners,  
18 and by a former Yelp employee, who said that several sales reps told him  
19 they promised to move reviews to get businesses to advertise.

20  
21 85. As of February 8, 2010, there are 140 comments on the East Bay  
22 Express website following the Yelp article, many from business owners describing  
23 experiences similar to those discussed in the article.

24 86. A follow-up East Bay Express article provides further evidence of  
25 Yelp's unlawful sales practices. The March 18, 2009 article, *Yelp Extortion*  
26 *Allegations Stack Up: More business owners come forward with tales of unethical*  
27

1 *behavior by the popular San Francisco-based web site*<sup>2</sup> states that since the  
2 publication of the first article:

3 [M]any business owners from around the country have come  
4 forward—via emails or comments on the *Express*' web site—alleging  
5 similar tales of extortionist tactics by Yelp sales reps. . . . Business  
6 owners contend that they just want [an] opportunity to respond to  
7 negative, false, or damaging information about their businesses.  
8 Instead, the only way for them to salvage their businesses' reputation  
9 is by paying Yelp—regardless of whether the reviews are true or false.  
10 . . . [S]everal [interviewees] said that the reps would offer to move  
11 negative reviews if they advertised; and in some cases positive  
12 reviews disappeared when they refused, or negative ones appeared. In  
13 one case, a nightclub owner said Yelp offered positive reviews of his  
14 business in exchange for free drinks.

15 87. The article tells the stories of six California business owners'  
16 experiences with Yelp:

17  
18 • After Barry<sup>3</sup> Hyde, owner of M&M Auto Werkes in Campbell, received a  
19 negative rating from a customer's boyfriend, violating Yelp's Terms of  
20 Service (prohibiting third parties from posting reviews), he contacted Yelp  
21 sales representative Jacqueline Fitzhugh to complain. She told him, "We  
22 can't control that, but if you advertise you can control the order that  
23 they're in." After declining, Mr. Hyde noticed some of his five-star posts  
24 were disappearing. Yelp told him the website has a spam filter, like  
25

26 <sup>2</sup>Available at [http://www.eastbayexpress.com/eastbay/yelp-extortion-allegations-](http://www.eastbayexpress.com/eastbay/yelp-extortion-allegations-stack-up/Content?oid=1176984)  
27 [stack-up/Content?oid=1176984](http://www.eastbayexpress.com/eastbay/yelp-extortion-allegations-stack-up/Content?oid=1176984).

<sup>3</sup> The Article incorrectly identifies him as "Bob" Hyde.

1 Google. Hyde tracked his reviews, printing them daily to monitor which  
2 ones would disappear. Some five-star reviews stayed up for as short as 31  
3 days and as long as 131 days. Yelp told Hyde that if he advertised, some  
4 of those five-star reviews would come back.

5  
6 • Calvin Gee of Haight Street Dental in San Francisco saw his rating drop  
7 from five-stars to 3.5-stars following his declining to buy advertising. Yelp  
8 reps told Gee that if he advertised, they would let him choose his  
9 favorite review and would move the negative reviews to the bottom of  
10 the page. Gee noticed that one of his competitors, CitiDent, had two  
11 separate listings on Yelp.com. The business had more positive reviews and a  
12 higher star rating on the page that was marked a Yelp sponsor, and more  
13 negative reviews and a lower star rating on the harder to find non-sponsored  
14 page.

15  
16 • Larry Trujillo owns the Uptown Nightclub in Oakland. Shortly after  
17 opening the club, a Yelp sales rep began calling him “almost daily” about  
18 advertising. The sales rep would say “I notice you have a lot of positive  
19 reviews. We could make sure that those reviews stay positive.” Sarah  
20 Lippman, a Sales Manager at Yelp, separately asked Mr. Trujillo for free  
21 use of his club with Yelp staff and alcohol expenses paid by the club in  
22 exchange for positive reviews on the club’s Yelp.com listing page.

23  
24 • Debbie Leonardo, director of membership at the Ruby Hill Golf Club in  
25 Pleasanton, received a phone call from a Yelp sales representative who  
26 told her that the business could get rid of its worst review if it purchased  
27 advertising.

1 • Bob Kurtz, owner of Collectors Real 3 in Oakland, was contacted by a  
2 Yelp sales person after receiving a negative review. In an email, Yelp told  
3 him that, as a paid advertiser, the negative review could be dealt with.  
4

5 • Nicholas Paul, an instructor at a Chicago art studio, declined to purchase  
6 advertising and shortly thereafter three positive reviews disappeared from  
7 and two negative ones were added to the studio's Yelp.com listing page. A  
8 Yelp sales rep told Mr. Paul he could control that.  
9

10 88. An August 13, 2008 article in The Register, a news website, titled  
11 *Yelp "pay to play" pitch makes shops scream for help: User generated discontent*<sup>4</sup>  
12 notes that:

13 At least some of Yelp's sales staff hope to make money by offering to  
14 hide what you and I have to say. Over the last year, five San Francisco  
15 Bay Area business have told *The Register* that the company has  
16 offered to "push bad reviews to the bottom" of their yelp pages if  
17 they paid to advertise on the site. One restaurant owner was  
18 contacted "five or six" times, and each time, the Yelp sales rep  
19 insisted that if he forked over \$6,000 a year for "sponsored link"  
20 status, the site would suppress user posts that put his restaurant in a  
21 less-than-positive light. "They told me I had 60 reviews on my [Yelp]  
22 page," said the owner . . . . "They told me 'No one is going to read all  
23 60. They're only going to read the first few.'"

24 89. A March 9, 2009 Chicago Tribune article, titled *Questions arise over*  
25 *Yelp's ads, reviews; Businesses say site rearranges opinions for price; CEO*  
26 *denies,*<sup>5</sup> reported:  
27

<sup>4</sup> Available at [http://www.theregister.co.uk/2008/08/13/yelp\\_sales\\_pitch/print.html](http://www.theregister.co.uk/2008/08/13/yelp_sales_pitch/print.html)

1 • Ina Pinkney of Ina's restaurant in the West Loop said that last  
2 summer a Yelp salesperson offered "to move up my good reviews  
3 if I sponsored one of their events. They called it rearranging my  
4 reviews."

5  
6 • Jason Luros, an attorney at Hudson & Luros in Napa, California,  
7 stated "one of our reviews mysteriously disappeared, so I contacted  
8 Yelp and was given the usual canned response about how no humans  
9 control the reviews. But when I said I would consider advertising if  
10 they restored the review, it mysteriously reappeared."

11  
12 90. An April 3, 2009 article in the Santa Monica Daily Press titled *Yelp*  
13 *Sales Tactics Cause Concern Among Businesses*,<sup>6</sup> reported:

14 After declining to advertise, the [Los Angeles area] business owner checked  
15 the Yelp page again and noticed that at least 10 positive reviews had  
16 disappeared while a few negative ones had been posted. . . . They estimate  
17 that at least 20 positive reviews had been deleted from the site since the  
18 conversation with Yelp about three weeks ago.

19 **A Summary of Yelp's Misconduct**

20 91. Yelp sales people represent to businesses that Yelp has the power to  
21 manipulate Yelp.com business listing pages, and that Yelp will yield that power in  
22 favor of the business if it becomes a Yelp Sponsor, and against the business if it  
23 declines to become a Yelp Sponsor.

24  
25  
26 <sup>5</sup> No longer available online.

27 <sup>6</sup> Available at [http://www.smdp.com/Articles-c-2009-04-02-52021.113116\\_Yelp\\_sales\\_tactics\\_cause\\_for\\_concern\\_among\\_businesses.html](http://www.smdp.com/Articles-c-2009-04-02-52021.113116_Yelp_sales_tactics_cause_for_concern_among_businesses.html)

1           92. The mere representation of the ability to manipulate page content is  
2 sufficient to instill in businesses the fear that, through such manipulation, the  
3 business will suffer if it elects not to become a Yelp Sponsor. Businesses  
4 frequently become Sponsors, not based on a cost-benefit analysis of the  
5 advertising, but simply because they fear the consequences of declining a  
6 Sponsorship.

7           93. Yelp in fact manipulates Yelp.com business listing pages in favor of  
8 Yelp Sponsors and detrimentally to Yelp Non-Sponsors, including by (a)  
9 relocating or removing negative reviews of Sponsors; (b) posting positive reviews  
10 of Sponsors and urging others, such as Yelp Elite Squad members, to do the same;  
11 (c) allowing Sponsors to choose the order in which reviews appear on their  
12 Yelp.com listing pages; (d) removing positive reviews of Non-Sponsors; (e)  
13 posting negative reviews of Non-Sponsors and urging others, such as Yelp Elite  
14 Squad members, to do the same; and (f) enforcing Yelp's Terms of Service for  
15 Sponsors, but refusing to enforce Yelp's Terms of Service for Non-Sponsors.

16                           **PLAINTIFF-SPECIFIC FACTUAL ALLEGATIONS**

17   **THE NON-SPONSOR PLAINTIFFS**

18   **Plaintiff Cats and Dogs**

19           94. On September 12, 2009, Dr. Perrault, a veterinarian and the owner of  
20 Cats and Dogs, became aware of a negative review posted by "Chris R." on the  
21 Cats and Dogs Yelp.com listing page.

22           95. Concerned about the review's defamatory language, possible falsity,  
23 and the adverse impact it could have on his business, Dr. Perrault cross-referenced  
24 the factual information alleged in the review with his client history.

25           96. Upon finding that the review of Chris R. referenced a visit that  
26 occurred over 18 months prior to its posting (6 months outside of Yelp's 12-month  
27 policy), Javier Vargas, the Hospital Manager at Cats and Dogs, called Yelp, on or

1 around September 15, 2009, to request that the review be removed from the  
2 Yelp.com website for violating Yelp's review guidelines. The review was  
3 subsequently removed from the Cats and Dogs Yelp.com listing page.

4 97. A second defamatory review, from "Kay K.," appeared on the Cats  
5 and Dogs Yelp.com listing page within five days of the "Chris R." review's  
6 removal. The review read:

7 *The only reason I am even giving one star is because it wouldn't*  
8 *allow me to continue without it . . . otherwise, I would have given*  
9 *them no stars. Dr. Perrault is the rudest vet I've ever been to . . .*  
10 *probably one of the rudest people I've had the displeasure of meeting.*  
11 *I agree with the previous reviews about making you feel like an unfit*  
12 *mom. My pup had been sick and I had a theory on what the problem*  
13 *may have been and he wouldn't even entertain the idea, but instead,*  
14 *made me feel bad because my dog got sick. And, my poor dog was*  
15 *terrified of him! He made me feel like I was 2 inches tall and*  
16 *repeatedly looked down his nose at me. Oh, and OVER PRICED!*  
17 *OMG! Who does he think he is??? I did not feel welcomed by him nor*  
18 *his staff. I paid you for a service! No need to treat me so bad!*

19 98. Soon after the appearance of these negative reviews, Dr. Perrault and  
20 Mr. Vargas began receiving frequent, high-pressure calls from Yelp sales  
21 representatives, who promised to manipulate Cats and Dogs' Yelp.com listing page  
22 in exchange for Cats and Dogs purchasing an advertising subscription.

23 99. For example, on or about January 5, 2010, Cats and Dogs received a  
24 Yelp sales call from "Kevin." Kevin said that Cats and Dogs could advertise with  
25 Yelp for a minimum payment of \$300 per month, with a minimum 12-month  
26 commitment. Kevin stated that if Cats and Dogs purchased a one-year advertising  
27 subscription from Yelp:



- 1 a. Yelp would hide negative reviews on the Cats and Dogs Yelp.com  
2 listing page, or place them lower on the listing page so internet users  
3 “won’t see” them;
- 4 b. Yelp would ensure negative reviews will not appear in Google and  
5 other search engine results;
- 6 c. Yelp would allow Cats and Dogs to decide the order that its reviews  
7 appear in on its Yelp.com listing page; and
- 8 d. Cats and Dogs could choose its “tagline,” i.e., the first few lines of a  
9 single review shown on every search result page in which Cats and  
10 Dogs appears (for instance, “Veterinarian in Long Beach”).

11 100. Dr. Perrault declined the offer, saying that he wanted to track referrals  
12 from Yelp for three months without ads, but might thereafter be willing to test  
13 Yelp’s advertising potential.

14 101. Within a week of declining Kevin’s advertising offer, the negative  
15 review from Chris R. reappeared on the Cats and Dogs Yelp.com listing page.

16 102. Soon after, “Kay K.” posted a second negative review. This review  
17 was added on January 6, 2010, one day after Kevin’s sales call:

18 *I've already left one review about how bad a vet Dr. Perrault is, but I*  
19 *wanted to add something. I've been reading other people's reviews*  
20 *and I must have gone to a different Cats and Dogs Animal Hospital*  
21 *with a vet named Dr. Perrault. Oh wait, no . . . he's the only one.*  
22 *Maybe it's a Dr. Jeckyl / Mr. Hyde thing?! I don't know. But the guy's*  
23 *an @\$\$\$. No other way around it. He's a jerk, a D-Bag, And so*  
24 *arrogant. I ran in to him in a neighborhood store right after he saw*  
25 *my poor sick dog at his clinic and he looked right at me, recognized*  
26 *me, rolled his eyes and looked away!!!! Seriously, someone needs to*  
27 *knock this guy down to the size he really is. He needs to drop his*

1 *Napolean complex and be a professional. After my horrible*  
2 *experience with him, I took my sick dog to Bixby Animal Clinic and I*  
3 *have never had a more pleasant vet experience! Go there instead! My*  
4 *dog loved everyone there! Sorry to rant, but I just wanted to get the*  
5 *word out there. Don't spend the money on this overpriced arrogant*  
6 *vet. It's not worth it!*

7 103. On or about January 12, 2010, Mr. Vargas contacted Yelp to protest  
8 the reappearance of the "Chris R." review and the highly negative, inflammatory  
9 "Kay K." reviews.

10 104. On January 13, 2010, Mr. Vargas received via email the following  
11 response from Yelp:

12 We wanted to let you know that we've taken a close look at the  
13 reviews by Chris R and Kay K, and after careful evaluation, we have  
14 decided to leave both intact. Because we don't have firsthand  
15 knowledge of a reviewer's identity or personal experience, we are not  
16 in a position to verify your claims that these reviewers are the same  
17 person, or that they are connected to the recent vandalism at your  
18 hospital. If a review appears to reflect the personal opinion and  
19 experiences of the reviewer while adhering to our review guidelines  
20 [link], it is our policy to allow the reviewer to stand behind his or her  
21 review.

22 105. As of January 18, 2010 Cats and Dogs enjoyed a 4-star rating (out of a  
23 possible 5) on its Yelp.com listing page. Sixteen out of 26 reviews (over 60%)  
24 gave Cats and Dogs a perfect 5-star rating. Despite this, as of January 18, 2010, a  
25 Yelp.com search for "veterinarian in Long Beach" displayed the following tagline  
26 for Dogs and Cats:  
27

1           *"Dr. Perrault is the most inept/rude veterinarian I have ever met. He*  
2           *had my rescue dog cowering and barking in the corner of the exam*  
3           *room within seconds of meeting him. He berated me for 20 . . ."*

4           106. Compare Cats and Dogs' tagline to the tagline (as of January 18,  
5 2010) of Bixby Animal Clinic, a Long Beach veterinary business that is a Yelp  
6 Sponsor (and the same company the mysterious Kay K. referred users to in her  
7 second Cats and Dogs review):

8           *"This place IS awesome. I brought my little man (Bruin) to Dr. A. as a*  
9           *puppy for the puppy package. They have great hours and were able to*  
10           *acommodate me AFTER work so I never had to take extra time . . ."*

11           107. Cats and Dogs was damaged as a result of Yelp's actions, including  
12 through lost patronage and prospective business.

13           108. Cats and Dogs' experience with Yelp was not unique, but rather  
14 typical of Yelp's advertisement sales tactics.

15   **Plaintiff Astro**

16           109. Approximately a week after responding to a negative review of Astro  
17 on the Yelp.com website, Bob Gutgsell, who owns and operates Astro, received a  
18 call from a Yelp sales representative asking Astro to become a Yelp Sponsor.

19           110. The sales person stated that, if Astro became a Sponsor at a cost of  
20 \$400 per month, Yelp could and would remove negative reviews of the business  
21 from its Yelp.com listing page. Paraphrased, the distinct impression Mr. Gutgsell  
22 received from the Yelp sales person was "we take care of people who take care of  
23 us."

24           111. Mr. Gutgsell thought this was wrong and said so to the Yelp sales  
25 representative in declining to purchase an advertising subscription on behalf of  
26 Astro.

27

1           112. Within two days of declining to become a Sponsor, Mr. Gutgsell saw  
2 several positive reviews disappear from Astro’s Yelp.com listing page, leaving  
3 only a single negative review.

4           113. Mr. Gutgsell contacted Yelp to ask why positive reviews of the  
5 business were disappearing. The Yelp sales representative he spoke to advised him  
6 that Yelp could “control” that, and if Astro became a Sponsor, the positive reviews  
7 could be restored.

8           114. Yelp further told Mr. Gutgsell that Yelp could control the reviews and  
9 hits on Astro’s Yelp.com listing page if he became a Sponsor, helping his business  
10 listing to “shine” above his competitors’ listings.

11           115. Astro was damaged as a result of Yelp’s actions, including through  
12 lost patronage and prospective business.

13           116. Astro’s experience with Yelp was not unique, but rather typical of  
14 Yelp’s advertisement sales tactics.

15   Plaintiff Adult Socials

16           117. In November, 2009, Adult Socials had several positive reviews on its  
17 Yelp.com listing page.

18           118. In late November, 2009, a Yelp sales representative contacted Jack  
19 Irona, an Adult Socials employee, and proposed that Adult Socials purchase an  
20 advertising subscription.

21           119. After researching Yelp and considering the offer, Mr. Irona placed a  
22 call back to the Yelp sales representative who had contacted him, and declined the  
23 offer to purchase an advertising subscription.

24           120. The following day, all of Adult Socials’ reviews—all positive—  
25 disappeared from Adult Socials’ Yelp.com listing page.

26           121. Adult Socials was damaged as a result of Yelp’s actions, including  
27 through lost patronage and prospective business.

1 122. Adult Socials' experience with Yelp was not unique, but rather typical  
2 of Yelp's advertisement sales tactics.

3 **Plaintiff Le Petite Retreat**

4 123. Le Petite Retreat began receiving sales calls from Yelp sales  
5 representatives in approximately June 2009, usually from Yelp employcc named  
6 Michelle Mak.

7 124. These sales calls were aggressive. Ms. Mak told Le Petite Retreat that,  
8 if the company purchased advertising, she would "help" with Le Petite Retreat's  
9 negative reviews and would ensure that positive reviews remained on Let Petite  
10 Retreat's Yelp.com listing page.

11 125. Le Petite Retreat declined Yelp's offers to purchase advertising on  
12 several occasions. Each time, shortly after declining, Le Petite Retreat saw positive  
13 reviews removed from its Yelp.com listing page, while negative reviews remained.  
14 Approximately ten positive reviews have been removed from Le Petite Retreat's  
15 Yelp.com listing page since the company began receiving sales calls from Yelp.

16 126. In September, 2009, Le Petite Retreat contacted Yelp about a false  
17 negative review that had been posted, which violated Yelp's Terms of Service. In  
18 fact, an identical review had been posted on Citysearch.com (a review website like  
19 Yelp.com) five years earlier, which prompted legal action by Le Petite Retreat.  
20 Despite violating Yelp's Terms of Service, Yelp refused to remove the review.

21 127. Le Petite Retreat was damaged as a result of Yelp's actions, including  
22 through lost patronage and prospective business.

23 128. Le Petite Retreat's experience with Yelp was not unique, but rather  
24 typical of Yelp's advertisement sales tactics.

25 **Plaintiff Mermaids Cruise**

26 129. In April 2009, three negative reviews of Mermaids Cruise were posted  
27 by Yelp Elite Squad members on Mermaids Cruise's Yelp.com listing page.

1 130. Mermaids Cruise runs cruise events in the San Francisco Bay. The  
2 company keeps records of all persons who contact the company, regardless of  
3 whether they ultimately book a cruise.

4 131. At least two of the April 2009 negative reviews by Yelp Elite Squad  
5 members were written by individuals who had never contacted or patronized  
6 Mermaids Cruise. When John Lewis, the owner of Mermaids Cruise, contacted  
7 Yelp to ask that the reviews be removed because they violated Yelp's Terms of  
8 Service (in that they were not based on first-hand experiences with the company),  
9 Yelp refused to remove the reviews.

10 132. At the same time, positive reviews of Mermaids Cruise regularly  
11 disappeared within 48-72 hours of posting. Even where positive reviews remained,  
12 though, the negative Yelp Elite Squad reviews always remained prominent, located  
13 at the top of the Mermaids Cruise Yelp.com listing page.

14 133. After these negative reviews appeared, Mr. Lewis received a call from  
15 a Yelp sales representative who told him that, if Mermaids Cruise became a  
16 Sponsor, Yelp could adjust the reviews so that the negative Yelp Elite Squad  
17 reviews were not so prominent.

18 134. Mermaids Cruise was damaged as a result of Yelp's actions, including  
19 through lost patronage and prospective business.

20 135. Mermaids Cruise's experience with Yelp was not unique, but rather  
21 typical of Yelp's advertisement sales tactics.

22 **Plaintiff Wag My Tail**

23 136. After receiving several negative reviews and seeing positive reviews  
24 disappear, a Yelp sales person called Wag My Tail seeking the company's  
25 agreement to become a Yelp Sponsor.

26 137. Wag My Tail has a brick-and-mortar dog salon, and also runs a  
27 mobile grooming service. Although it is the same company performing both

1 functions, Yelp has inexplicably divided the business into two separate listings,  
2 one for the salon and one for the mobile service.

3 138. The Yelp sales representative who contacted Wag My Tail told the  
4 company that if it advertised at a rate of \$135 per month for the Wag My Tail  
5 salon, and \$270 per month for the mobile service, the representative's "assistant"  
6 could help to manage the issues Wag My Tail was complaining about, and would  
7 help the company better its rating. Wag My Tail has declined to become a Sponsor.

8 139. Potential customers have told Wag My Tail that they have chosen not  
9 to patronize the business based on Yelp reviews.

10 140. Wag My Tail was damaged as a result of Yelp's actions, including  
11 through lost patronage and prospective business.

12 141. Wag My Tail's experience with Yelp was not unique, but rather  
13 typical of Yelp's advertisement sales tactics.

14 **Plaintiff Scion**

15 142. Scion opened in Washington, D.C., in June 2009. In August, 2009,  
16 Julie Liu, Scion's owner and operator, signed up for a free Yelp Business Owner  
17 Account. Two weeks later, Ms. Liu began receiving calls from Yelp sales  
18 representatives, offering Scion advertising packages. The calls were from different  
19 Yelp sales representatives and occurred approximately bi-weekly.

20 143. A Yelp sales representative told Ms. Liu that negative reviews could  
21 be removed with the payment of fees. Concerned that if she agreed, negative  
22 reviews could be continuously added to Scion's Yelp.com listing page in order to  
23 solicit more fees—a process which might be never-ending and completely out of  
24 her control—Ms. Liu questioned the sales representative as to how she could be  
25 sure that Yelp would not post negative reviews itself in order to request more fees  
26 from Scion. The sales representative hung up on Ms. Liu. When Ms. Liu attempted  
27 to call the sales representative back, there was no answer.

1 144. After two months of receiving sales calls and discussing the  
2 possibility of becoming a Sponsor, Ms. Liu unequivocally declined to do so. The  
3 following day, approximately five 5-star reviews disappeared from Scion's  
4 Yelp.com listing page, and three negative reviews were posted to the page.

5 145. Two of the new negative reviews were demonstrably false. The  
6 reviews commented on a menu that was still posted on Scion's website, but that  
7 Scion was no longer actually using at the time the experiences described in the  
8 reviews supposedly took place.

9 146. Scion was damaged as a result of Yelp's actions, including through  
10 lost patronage and prospective business.

11 147. Scion's experience with Yelp was not unique, but rather typical of  
12 Yelp's advertisement sales tactics.

13 **THE SPONSOR PLAINTIFFS**

14 **Plaintiff Bleeding Heart Bakery**

15 148. Bleeding Heart Bakery has two locations in Chicago. Each location  
16 has a separate Yelp.com listing page.

17 149. Beginning in 2007, Yelp began calling Michelle Garcia, Bleeding  
18 Heart Bakery's owner and operator, including on her personal cell phone, trying to  
19 get Ms. Garcia to purchase a Yelp advertising subscription on behalf of the  
20 Bleeding Heart Bakery.

21 150. On one or more occasions on these phone calls, Ms. Garcia pointed  
22 out that some reviews of the Bleeding Heart Bakery were demonstrably "bogus,"  
23 for example, purporting to describe an experience that occurred on a day that  
24 Bleeding Heart Bakery was closed.

25 151. A Yelp sales person calling Ms. Garcia promised that, if she agreed to  
26 purchase an advertising subscription, Yelp would push bad reviews to the very end  
27 of Bleeding Heart Bakery's Yelp.com listing pages, and that the sales



1 representative would personally remove the "bogus" reviews Ms. Garcia  
2 complained of.

3 152. Yelp further promised Ms. Garcia that, as a Yelp Sponsor, she would  
4 be allowed to choose her favorite ten reviews, which would always appear at the  
5 top of Bleeding Heart Bakery's Yelp.com listing pages.

6 153. Yelp further promised Ms. Garcia that, as a Yelp Sponsor, she could  
7 choose which pictures uploaded by reviewers would appear on Bleeding Heart  
8 Bakery's Yelp.com listing pages, and which would be removed.

9 154. Based on these promises, in November, 2008 Ms. Garcia agreed to  
10 purchase an advertising subscription from Yelp. Although Yelp had urged her to  
11 purchase a sponsorship for just one of the Bleeding Heart Bakery's Yelp.com  
12 listing pages for \$500 per month, Ms. Garcia eventually negotiated a deal that  
13 would cover both of the Bleeding Heart Bakery's Yelp.com listing pages for \$600  
14 per month. The term of the contract was one year. Ms. Garcia paid the first  
15 month's charge by credit card, and Yelp automatically charged subsequent months  
16 to her credit card on a monthly basis.

17 155. At the time Bleeding Heart Bakery became a Yelp Sponsor, the  
18 company enjoyed a 4-star Yelp rating.

19 156. During the same month that Bleeding Heart Bakery became a Yelp  
20 Sponsor, six negative reviews of the business were posted by Yelp Elite Squad  
21 members. Some of the reviews contained personal attacks. During the same time,  
22 several 4-star reviews disappeared from Bleeding Heart Bakery's Yelp.com listing  
23 page.

24 157. As a result of the new negative reviews and disappearing positive  
25 reviews, Bleeding Heart Bakery's rating dropped to 3.5-stars.

26 158. As a result of these negative reviews, Bleeding Heart Bakery's  
27 business suffered. For example, during a week following the posting of these

1 negative reviews by Yelp Elite Squad members, Bleeding Heart Bakery went from  
2 typical sales of 300 cupcakes per week, to just 24 cupcakes, and was forced to  
3 throw out the remainder of its inventory.

4 159. When Ms. Garcia called Yelp to complain about the reviews,  
5 including the personal attacks, Yelp told her that if she became a “premier”  
6 advertiser—at a higher cost—Yelp would talk to the Yelp Elite Squad and “ask  
7 them to give the business another shot.”

8 160. Yelp further told Ms. Garcia said that if Bleeding Heart Bakery  
9 increased the amount of its advertising subscription to become a “premier”  
10 advertiser, Yelp would bring Bleeding Heart Bakery’s star rating back up.

11 161. Bleeding Heart Bakery’s experience with Yelp was not unique, but  
12 rather typical of Yelp’s advertisement sales tactics.

13 **Plaintiff Sofa Outlet**

14 162. Mary Seaton, Sofa Outlet’s owner, received a call from a Yelp sales  
15 representative, who told her that, if Sofa Outlet agreed to purchase an advertising  
16 subscription, Sofa Outlet’s positive reviews would be made more prominent while  
17 Sofa Outlet’s negative reviews would be made less prominent and, eventually,  
18 removed altogether.

19 163. On January 25, 2008, Mary Seaton entered into a \$350 per month  
20 advertising subscription with Yelp on behalf of Sofa Outlet.

21 164. Sofa Outlet cancelled its advertising subscription on June 17, 2008,  
22 which was officially terminated June 20, 2008.

23 165. Within approximately two weeks of Sofa Outlet’s termination date,  
24 many positive reviews that Sofa Outlet had received, especially those written  
25 during the subscription period, disappeared from the Sofa Outlet Listing Page,  
26 while negative reviews that had been previously removed reappeared.

27

1 166. Sofa Outlet's experience with Yelp was not unique, but rather typical  
2 of Yelp's advertisement sales tactics.

3 **Plaintiff Celibré**

4 167. Celibré is currently a Yelp Sponsor, having purchased an advertising  
5 subscription in January, 2010 at a cost of \$300 per month.

6 168. Celibré became a Yelp Sponsor because a Yelp sales representative  
7 promised Kevin DiCerbo, Celibré's owner, that Yelp would allow Celibré to  
8 choose the order of reviews on its Yelp.com listing page in exchange for becoming  
9 a Sponsor.

10 169. Yelp has in fact moved reviews on Celibré's Yelp.com listing page  
11 according to Celibré's wishes.

12 170. Celibré's experience with Yelp was not unique, but rather typical of  
13 Yelp's advertisement sales tactics.

14 **CLASS REPRESENTATION ALLEGATIONS**

15 171. Plaintiffs bring this action on behalf of themselves and the following  
16 Classes:

17 **The Sponsor Class**

18 All persons and entities (excluding officers, directors, and employees  
19 of Yelp) in the United States who, from October 1, 2004 to the  
20 present, as a result of Yelp offering or threatening to manipulate a  
21 Yelp.com listing page in exchange for purchasing or declining to  
purchase advertising services, purchased advertising services from  
Yelp.

22 **The Non-Sponsor Class**

23 All persons and entities (excluding officers, directors, and employees  
24 of Yelp) in the United States to whom, from October 1, 2004 to the  
25 present, Yelp offered or threatened to manipulate a Yelp.com listing  
26 page in exchange for purchasing or declining to purchase advertising,  
and who declined to purchase advertising.

27 172. Like Plaintiffs, all members of the Non-Sponsor and Sponsor Classes  
have a Yelp.com listing page.

1           173. Like Plaintiffs, all members of the Non-Sponsor and Sponsor Classes  
2 were contacted by Yelp sales representatives and asked to buy advertising  
3 subscriptions from Yelp.

4           174. Like Plaintiffs, all members of the Non-Sponsor and Sponsor Classes  
5 were promised that, if they purchased advertising from Yelp, negative reviews  
6 would be removed or relocated from their Yelp.com listing pages, or those pages  
7 would otherwise be favorably manipulated, including through their own input or  
8 control.

9           175. Like Plaintiffs, all members of the Non-Sponsor and Sponsor Classes  
10 were threatened, implicitly or expressly, that if they did not purchase advertising  
11 from Yelp, their Yelp.com listing pages would be detrimentally manipulated,  
12 including for example, by removing positive reviews and posting new, negative  
13 reviews.

14           176. Like Non-Sponsor Plaintiffs Cats and Dogs, Astro, Adult Socials, Le  
15 Petite Retreat, Mermaids Cruise, Wag My Tail, and Scion, all members of the  
16 Non-Sponsor Class declined to become a Yelp Sponsor.

17           177. Like Non-Sponsor Plaintiffs Cats and Dogs, Astro, Adult Socials, Le  
18 Petite Retreat, Mermaids Cruise, Wag My Tail, and Scion, all members of the  
19 Non-Sponsor Class saw their Yelp.com listing pages detrimentally modified after  
20 declining to become a Yelp Sponsor.

21           178. Like Non-Sponsor Plaintiffs Cats and Dogs, Astro, Adult Socials, Le  
22 Petite Retreat, Mermaids Cruise, Wag My Tail, and Scion, all members of the  
23 Non-Sponsor Class were damaged as a result of Yelp's actions.

24           179. Like Sponsor Plaintiffs Bleeding Heart Bakery, Sofa Outlet and  
25 Celi-bré, all members of the Sponsor Class purchased advertising subscriptions  
26 from Yelp based on Yelp's promises and threats, express or implicit.

27

1 180. Like Sponsor Plaintiffs Bleeding Heart Bakery, Sofa Outlet and  
2 Celibré, all members of the Sponsor Class would not have purchased advertising  
3 subscriptions with Yelp absent Yelp's promises and threats, express or implicit.

4 181. Plaintiffs' claims on behalf of the Class are maintainable under Rules  
5 23(b)(2) and 23(b)(3) of the Federal Rules of Civil Procedure.

6 182. The questions of law and fact common to Plaintiffs and the Classes  
7 include:

- 8 a. Whether Yelp extorted the Sponsor Plaintiffs and members of  
9 the Sponsor Class;
- 10 b. Whether Yelp attempted to extort Plaintiffs and members of the  
11 Classes;
- 12 c. Whether Yelp intentionally interfered with the prospective  
13 economic advantage of Plaintiffs and members of the Classes;
- 14 d. Whether Yelp violated the "unlawful" prong of California's  
15 Unfair Competition Law, including by:
  - 16 i. Committing Extortion in violation of Cal. Pen. Code  
17 §§518-19;
  - 18 ii. Committing Attempted Extortion in violation of Cal. Pen.  
19 Code §524;
  - 20 iii. Intentionally interfering with the Non-Sponsor Plaintiffs'  
21 and Non-Sponsor Class Members' Prospective Economic  
22 Advantages; and
  - 23 iv. Violating 16 C.F.R. Part 255 by failing to disclose that  
24 Yelp provides endorsed reviews of paid advertisers;
- 25 e. Whether Yelp violated the "unfair" prong of California's Unfair  
26 Competition Law;
- 27 f. Whether Yelp violated the "fraudulent" prong of California's  
Unfair Competition Law;
- g. Whether Plaintiffs and the Classes were injured by the conduct  
complained of herein;
- h. Whether the conduct described herein is ongoing;
- i. Whether Plaintiffs and members of the Classes are entitled to  
damages;

1 j. Whether Plaintiffs and members of the Classes are entitled to  
2 injunctive relief; and

3 k. Whether Plaintiffs and members of the Classes are entitled to  
4 restitution.

5 **CLAIMS FOR RELIEF**

6 **COUNT I**

7 **Extortion**

8 **Cal. Pen. Code §§ 518-19**

9 **(With Respect to the Sponsor Plaintiffs and Sponsor Class)**

10 183. Plaintiffs reallege and incorporate the allegations elsewhere in the  
11 Complaint as if set forth in full herein.

12 184. By the advertising and reviewing practices of Yelp as alleged herein,  
13 Yelp obtained the property of the Sponsor Plaintiffs and members of the Sponsor  
14 Class, with their consent, through the threat to do an unlawful injury to the person  
15 or property of the Sponsor Plaintiffs and members of the Sponsor Class threatened.

16 185. Yelp's conduct constitutes a violation of Cal. Pen. Code §§ 518-19.

17 **COUNT II**

18 **Attempted Extortion**

19 **Cal. Pen. Code § 524**

20 **(With respect to All Plaintiffs and All Classes)**

21 186. Plaintiffs reallege and incorporate the allegations elsewhere in the  
22 Complaint as if set forth in full herein.

23 187. By the advertising and review practices of Yelp as alleged herein,  
24 Yelp attempted to obtain the property of Non-Sponsor Plaintiffs and members of  
25 the Non-Sponsor class, with their consent, through the threat to do an unlawful  
26 injury to the person or property of the Non-Sponsor Plaintiffs and members of the  
27 Non-Sponsor Class.

1 188. Yelp had a specific intent to commit Extortion, in violation of Cal.  
2 Pen. Code §§ 518-19, against the Non-Sponsor Plaintiffs and Non-Sponsor Class.

3 189. Yelp engaged in one or more direct ineffectual acts towards the  
4 commission of Extortion against the Non-Sponsor Plaintiffs and members of the  
5 Non-Sponsor Class.

6 190. The Non-Sponsor Plaintiffs and members of the Non-Sponsor Class  
7 were harmed as a result of Yelp's actions.

8 191. The foregoing constitutes Attempted Extortion in violation of Cal.  
9 Pen. Code § 524.

10 **COUNT III**

11 **Intentional Interference With Prospective Economic Advantage**  
12 **(With Respect to All Plaintiffs and All Classes)**

13 192. Plaintiffs reallege and incorporate the allegations elsewhere in the  
14 Complaint as if set forth in full herein.

15 193. There existed economic relationships between the Non-Sponsor  
16 Plaintiffs and Non-Sponsor Class members, and third parties, with the probability  
17 of future economic benefit to the Non-Sponsor Plaintiffs and Non-Sponsor Class  
18 Members.

19 194. Yelp knew of these relationships.

20 195. Yelp intentionally committed wrongful acts designed to disrupt those  
21 relationships.

22 196. Those relationships were actually disrupted.

23 197. The Non-Sponsor Plaintiffs and Non-Sponsor Class members suffered  
24 economic harm proximately caused by Yelp's acts.

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**COUNT IV**  
**Violations of the Unfair Competition Law**  
**Cal. Bus. & Prof. Code § 17200**  
**(With Respect to All Plaintiffs and All Classes)**

198. Plaintiffs reallege and incorporate the allegations elsewhere in the Complaint as if set forth in full herein.

**"Unlawful"**

199. Yelp violated Cal. Pen. Code §§ 518-19.

200. Yelp violated Cal. Pen. Code § 524.

201. Yelp intentionally interfered with prospective economic advantages held by the Non-Sponsor Plaintiffs and members of the Non-Sponsor Class.

202. Yelp violated 16 C.F.R. Part 255 by failing to disclose that the Yelp.com website provides endorsed reviews of Sponsors.

203. The practices of Yelp complained of herein therefore violated the "unlawful" prong of the California Unfair Competition Law.

**"Unfair"**

204. The practices of Yelp complained of herein are immoral, unscrupulous, and offend public policy.

205. The practices of Yelp complained of herein had no countervailing benefit to consumers or competition when weighed against the harm caused by such practices.

206. The practices of Yelp complained of herein therefore violated the "unfair" prong of the California Unfair Competition Law.

**"Fraudulent"**

207. Yelp's conduct constitutes "fraudulent" business acts and practices because the conduct has a tendency to deceive the Plaintiffs and the Classes, and the general public.





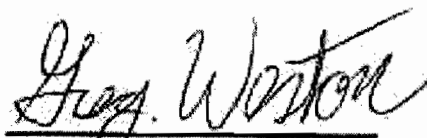
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**JURY DEMAND**

Plaintiffs demand a trial by jury.

DATED: March 16, 2010

Respectfully Submitted,



Gregory S. Weston

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BECK & LEE BUSINESS TRIAL  
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**Attorneys for Plaintiffs and the  
Proposed Classes**

FILED

1 RONALD A. MARRON [SBN 175650]  
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2010 MAR -3 AM 10: 54

CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES

BY \_\_\_\_\_

Attorneys for the Plaintiff and the Putative Class

6 THE UNITED STATES DISTRICT COURT  
7 CENTRAL DISTRICT COURT OF CALIFORNIA

8 CHRISTINE LaPAUSKY d/b/a D'AMES DAY  
9 SPA, on behalf of herself and all others  
10 similarly situated,

11 Plaintiffs,

12 vs.

13 YELP! INC.,

14 Defendant.

Case No: **CV10 1578 R (Ex)**

**CLASS ACTION COMPLAINT**

**DEMAND FOR JURY TRIAL**

15 Plaintiff Christine LaPausky doing business as D'ames Day Spa ("Plaintiff," or "D'ames Day  
16 Spa," or "LaPausky"), on behalf of herself and all other similarly situated, by and through  
17 undersigned counsel, hereby sues Defendant YELP! INC. ("Defendant" or "Yelp") and, upon  
18 information and belief and investigation of counsel, alleges as follow:

19 **JURISDICTION AND VENUE**

20 1. This Court has original jurisdiction under 28 United States Code section 1332,  
21 subdivision (d)(2) (The Class Action Fairness Act) because the matter in controversy exceeds the  
22 sum or value of \$5,000,000 exclusive of interest and costs and more than two-thirds of the members  
23 of the class reside in states other than that state of which Defendant is a citizen.

24 2. Venue is proper in this Court pursuant to 28 United States Code section 1391 because  
25 Plaintiffs reside in and suffered injuries as a result of Defendant's acts in this district, many of the  
26 acts and transactions giving rise to this action occurred in this district, and Defendants (1) are  
27  
28

1 authorized to conduct business in this district and have intentionally availed themselves of the laws  
2 markets of this district through the promotion, marketing, and sale of advertising in this district; (2)  
3 reside in this district, and (3) are subject to personal jurisdiction in this district.

4 **PARTIES**

5 3. Plaintiff Christine LaPausky does business as D'ames Day Spa with her principal  
6 place of business in Imperial Beach, County of San Diego, California.

7  
8 4. Defendant Yelp is a Delaware corporation with its principal place of business in San  
9 Francisco, California. Yelp owns and operates Yelp.com, a popular online directory and user-rating  
10 website.

11 **INTRODUCTION AND BACKGROUND**

12 5. The term "Web 2.0" describes internet websites and applications that revolve around  
13 information sharing and user-centered design. Examples of Web 2.0 websites include social  
14 networking sites (e.g., Facebook.com), video sharing sites (e.g., YouTube.com), wikis (e.g.,  
15 Wikipedia.com), blogs, and many other sites that allow users to create, upload, or modify content.  
16 Web 2.0 websites thus allow internet users to do much more than simply retrieve information-- the  
17 users choose what information to interact with, how they interact with it, and how to modify or add  
18 to pre-existing content.  
19

20 6. Online review applications are an increasingly popular form of Web 2.0. Companies  
21 such as Amazon.com, Best Buy, and TripAdvisor.com, embed services and share their experiences.

22 7. Yelp.com, a website owned and operated by Yelp, utilizes Web 2.0 user-website  
23 interaction.  
24

25 8. Yelp.com consists of an online directory of businesses in multiple categories, much  
26 like an online Yellow Pages. Each business listed on Yelp.com has a unique Yelp.com listing page,  
27  
28

1 which provides basic business information (such as address, phone number and hours of operation),  
2 and user-generated ratings and reviews.

3 9. To rate businesses, internet users simply register on the Yelp.com website. Any  
4 internet user (whether registered or not) can browse Yelp.com to find reviews of businesses.

5 10. Ratings-based websites, including Yelp.com, are highly popular, and have great  
6 power to direct the flow of commerce in a given area. Users frequently read ratings and reviews for  
7 all of the businesses in a particular category and locale and then decide where to spend their money  
8 based on those ratings and reviews.

9 11. Yelp, however, regularly manipulates the content on Yelp.com listing pages, despite  
10 Yelp's mantra of "Real people. Real reviews."

11 12. One method Yelp uses to control content (and thereby raise or lower a business's  
12 rating), is to promise to remove a business's negative reviews or relocate them to the bottom of a  
13 listing page where fewer searchers will read them if the business agrees to purchase a costly  
14 monthly advertising subscription from Yelp. Yelp thus capitalizes on the presumed integrity of the  
15 Yelp.com ratings system to extort business owners to purchase advertising.

16 13. As a result, business listings on Yelp.com, contrary to the website's "Real people.  
17 Real reviews." mantra, are in fact biased in favor of businesses that buy Yelp advertising.

18  
19  
20 **FACTUAL ALLEGATIONS**

21 14. In or around August, 2009, LaPausky contacted GROUPON to promote her  
22 business, D'ames Day Spa, through a mass email marketing campaign. A GROUPON  
23 representative informed LaPausky that her business needed more on-line reviews and/or comments  
24 to be featured in a GROUPON marketing campaign.  
25  
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1 15. LaPausky began asking her customers to leave feedback regarding their D'ames Day  
2 Spa experience on Yelp.com. In a short while, D'ames Day Spa's reviews on Yelp.com totaled  
3 approximately fourteen, many of them very positive and very detailed.

4 16. LaPausky enjoyed a larger influx of customers to D'ames Day Spa as the number of  
5 reviews posted on Yelp.com climbed.

6 17. However, at point, LaPausky noticed that the number of reviews went down from  
7 fourteen to eleven. Three reviews simply disappeared from the Yelp.com.  
8

9 18. LaPausky called Yelp.com's marketing department to find out why some of reviews  
10 disappeared. She was told that Yelp's "automatic system" picks out reviews containing "certain"  
11 words and all such reviews are then analyzed for fraud, and, if warranted, are removed. LaPausky  
12 received no explanation of the criteria the "automatic system" uses to find suspect comments. Nor  
13 did LaPausky receive any explanation as to why three comments were adjudged fraudulent and thus  
14 removed. The Yelp representative simply said that Yelp has no control over which comments are  
15 flagged and/or removed.  
16

17 19. During the same conversation, the Yelp representative pushed LaPausky to purchase  
18 advertisements from D'ames Day Spa on Yelp.com. LaPausky refused. A few days later LaPausky  
19 received a phone call from Yelp, once again cajoling her to purchase advertisement on yelp.com.  
20 Once again, LaPausky refused.

21 20. Shortly following the marketing phone call from Yelp, LaPausky noticed that all but  
22 one of reviews of D'ames Day Spa on yelp.com disappeared. As of the date of this Complaint,  
23 thirteen of the original fourteen comments are absent from D'ames Day Spa review page on  
24 yelp.com  
25

26 21. D'ames Day Spa' experience with Yelp was not unique, but rather typical of Yelp's  
27 advertisement sales tactics.  
28

1           22.     A February 18, 2009 article in the East Bay Express titled *Yelp and the Business of*  
2 *Extortion 2.0*,<sup>1</sup> describes Yelp's unlawful business practices. According to the article:

- 3           a.     Yelp sales representatives contact business owners saying "[Y]ou have a few  
4               bad [reviews] at the top. I could do something about those.... We can move  
5               them. Well, for \$299 a month."
- 6           b.     Almost all the time when Yelp calls business owners, negative reviews are at the  
7               top of the business's Yelp.com listing page.
- 8           c.     Mary Seaton, the owner of a furniture store in San Mateo, took Yelp up on an  
9               offer to remove her negative reviews if she advertised at a cost of \$350 per  
10              month for six months. During that time, her negative reviews were removed  
11              and old positive ones showed up. After her contract was up, a negative  
12              review appeared which Seaton said contained lies.
- 13           d.     Greg Quinn, the owner of a San Francisco bar and bistro, said a Yelp sales  
14              representative moved negative reviews further down his page in an effort to  
15              entice him to advertise. The sales rep called Mr. Quinn and said, "Did you  
16              notice what I did? Well, we can keep doing that for you."
- 17           e.     An East Bay business owner said Yelp offered to move one- or two-star  
18              reviews of his business if he advertised.
- 19           f.     Six people told the East Bay Express that Yelp sales representatives promised  
20              to move or remove negative reviews if their businesses would advertise.
- 21           g.     Six other people told the East Bay Express that positive reviews disappeared,  
22              or negative reviews appeared, after owners declined to advertise.
- 23  
24  
25  
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27 <sup>1</sup> Available at [http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-](http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-20/Content?oid=1176635)  
28 [20/Content?oid=1176635](http://www.eastbayexpress.com/eastbay/yelp-and-the-business-of-extortion-20/Content?oid=1176635).

1 one case, a nightclub owner said Yelp offered positive reviews of his business in exchange for free  
2 drinks.

3 25. The article tells the stories of six California business owners' experiences with Yelp:

4 a. After Bob Hyde, owner of M&M Auto Werkes in Campbell, received a negative  
5 rating from a customer's boyfriend, violating Yelp's Terms of Service  
6 (prohibiting third parties from posting reviews), he contacted Yelp sales  
7 representative Jacqueline Fitzhugh to complain. She told him "We can't control  
8 that, but if you advertise you can control the order that they're in." After  
9 declining, Mr. Hyde noticed some of his five-star posts were disappearing.  
10 Yelp told him the website has a spam filter, like Google. Hyde tracked his  
11 reviews, printing them daily to monitor which days as long as 131 days. Yelp  
12 told Hyde that if he advertised, some of those five-star reviews could come  
13 back.

14 b. Calvin Gee of Haight Street Dental in San Francisco saw his rating drop from  
15 five-stars to 3.5-stars following his declining to buy advertising. Yelp reps told  
16 Gee that if he advertised, they would let him choose his favorite review and  
17 move negative reviews to the bottom of the page. Gee noticed that one of his  
18 competitors, CitiDent, had two separate listings on Yelp.com. The business had  
19 more positive reviews and a higher star rating on the page that was marked a  
20 Yelp sponsor, and more negative reviews and a lower star rating on the harder to  
21 find non-sponsored page.

22 c. Larry Trujillo owns the Uptown Nightclub in Oakland. Shortly after opening the  
23 club, a Yelp sales rep began calling him "almost daily" about advertising. The  
24 rep would say "I notice you have a lot of positive reviews. We could make  
25  
26  
27  
28



1 sure that those reviews stay positive." Sarah Lippman, a Sales Manager at  
2 Yelp, separately asked Mr. Trujillo for free use of his club with Yelp staff and  
3 alcohol expenses paid by the club in exchange for positive reviews on the club's  
4 Yelp.com listing page.

- 5 d. Debbie Leonardo, director of membership at the Ruby Hill Golf Club in  
6 Pleasanton, received a phone call from a Yelp sales representative who told her  
7 that the business could get rid of its worst review if it purchased advertising.  
8  
9 e. Bob Kurtz, owner of Collectors Real 3 in Oakland, was contacted by a Yelp sales  
10 person after receiving a negative review. In an email, Yelp told him that, as a  
11 paid advertiser, the negative review could be dealt with.  
12  
13 f. Nicholas Paul, an instructor at a Chicago art studio, declined to purchase  
14 advertising and shortly thereafter three positive reviews disappeared from and  
15 two negative ones were added to the studio's Yelp.com listing page. A Yelp  
16 sales rep told Mr. Paul he could control that.

17 26. An August 13, 2008 article in The Register, a news website, titled *Yelp "pay to*  
18 *play" pitch makes shops scream for help: User generated discontent*<sup>3</sup> notes that:

19 At least some of Yelp's sales staff hope to make money by offering to hide what you and I  
20 have to say. Over the last year, five San Francisco Bay Area business have told *The Register* that  
21 the company has offered to "push bad reviews to the bottom" of their yelp pages if they paid  
22 to advertise on the site. One restaurant owner was contacted "five or six" times, and each time, the  
23 Yelp sales rep insisted that if he forked over \$6,000 a year for "sponsored link" status, the site  
24 would suppress user posts that put his restaurant in a less-than-positive light. "They told me I had  
25  
26  
27

28 <sup>3</sup> Available at [http://www.theregister.co.uk/2008/08/13/yelp\\_sales\\_pitch/print.html](http://www.theregister.co.uk/2008/08/13/yelp_sales_pitch/print.html)

1 60 reviews on my [Yelp] page," said the owner.... "They told me 'No one is going to read all 60.  
2 They're only going to read the first few."

3 27. A March 9, 2009 Chicago Tribune article, titled *Questions arise over Yelp's ads,*  
4 *reviews; Business say site rearranges opinions for price; CEO denies,*<sup>4</sup> reported:

5 a. Ina Pinkney of Ina's restaurant in the West Loop said that last summer a Yelp  
6 salesperson offered "to move up my good reviews if I sponsored one of their  
7 events. They called it rearranging my reviews."

8 b. Jason Luros, an attorney at Hudson & Luros in Napa, California, stated "one of  
9 our reviews mysteriously disappeared, so I contacted Yelp and was given the  
10 usual canned response about how no humans control the reviews. But when I  
11 said I would consider advertising if they restored the review, it mysteriously  
12 reappeared."

13  
14 28. An April 3, 2009 article in the Santa Monica Daily Press titled *Yelp Sales Tactics*  
15 *Cause Concern Among Businesses,*<sup>5</sup> reported:

16 After declining to advertise, the [Los Angeles area] business owner checked the Yelp page  
17 again and noticed that at least 10 positive reviews had disappeared while a few negative  
18 ones had been posted.... They estimate that at least 20 positive reviews had been deleted  
19 from the site since the conversation with Yelp about three weeks ago.  
20  
21

22 **CLASS REPRESENTATION ALLEGATIONS**

23  
24 29. Plaintiff brings this action on behalf of itself and the following Class: all persons and  
25 entities (excluding officers, directors, and employees of Yelp) in the United States for which Yelp

26 <sup>4</sup> No longer available online.

27 <sup>5</sup> Available at [http://www.smdp.com/Articles-c-2009-04-02-](http://www.smdp.com/Articles-c-2009-04-02-52021.113116_Yelp_sales_tactics_cause_for_concern-among-bussinesses.html)  
28 [52021.113116\\_Yelp\\_sales\\_tactics\\_cause\\_for\\_concern-among-bussinesses.html](http://www.smdp.com/Articles-c-2009-04-02-52021.113116_Yelp_sales_tactics_cause_for_concern-among-bussinesses.html).

1 has offered or threatened to manipulate a Yelp.com listing page in exchange for purchasing or  
2 declining to purchase advertising.

3 30. Like D'ames Day Spa, all members of the Class have a Yelp.com listing page.

4 31. Like D'ames Day Spa, all members of the Class were contacted by Yelp sales  
5 representatives.

6 32. Like D'ames Day Spa, all members of the Class were promised that, if they  
7 purchased advertising from Yelp, negative reviews would be removed or relocated from their  
8 Yelp.com listing pages, or those pages would otherwise be favorably manipulated, including  
9 through their own input or control.

10 33. Like D'ames Day Spa, all members of the Class were threatened, implicitly or  
11 expressly, that if they did not purchase advertising from Yelp, their Yelp.com listing pages would  
12 be detrimentally manipulated, including for example, by removing positive reviews and posting  
13 new, negative reviews.

14 34. Plaintiff's claims on behalf of the Class are maintainable under Rules 23(b)(2) and  
15 23(b)(3) of the Federal Rules of Civil Procedure.

16 35. The questions of law and fact common to Plaintiff and the Class include:

- 17
- 18 a. Whether Yelp violated the Unfair Competition Law;
  - 19 b. Whether Plaintiff and the Class were injured by the conduct complained herein;
  - 20 c. Whether the conduct described herein is ongoing; and
  - 21 d. Whether members of the class are entitled to injunctive relief.
- 22  
23  
24

25 **COUNT ONE**

26 **(Violations of the Unfair Competition Law, Bus. & Prof. Code § 17200, et seq.)**

27 36. Plaintiff realleges and incorporates the allegations elsewhere in the Complaint as if  
28 set forth in full herein.

1           37. Commencing in or about 2004 and continuing to the present, Yelp has engaged in, is  
2 engaged in, and proposed to engage in unfair competition, as defined in the California Unfair  
3 Competition Law, California Business and Professions Code §17200, *et seq.*

4           38. As used in this Complaint and in Section 17200, "unfair competition" means (1) an  
5 unlawful, unfair or fraudulent business act or practice, (2) unfair, deceptive, untrue or misleading  
6 advertising; and/or (3) an act prohibited by Chapter 1 (commencing with Section 17200) of Part 3  
7 of Division 7 of the Business and Professions Code. This conduct is actionable pursuant to UCS §§  
8 17200, 17203.  
9

10           39. An Unfair Competition Law civil action may be predicated on unfair, deceptive,  
11 untrue or misleading advertising and/or any act prohibited by Ca. Bus. & Prof. Code § 17500-  
12 17581.

13           40. Defendant had engaged in unfair, unlawful and fraudulent business practices, as  
14 alleged herein and thereby deprived plaintiff and the class of rights and privileges and statutory  
15 rights and protections. If not enjoined by this Court, plaintiff and the class will continue to suffer  
16 irreparable harm as consequence of defendant's actions.  
17

18           41. As a direct and indirect result of defendant's violations, plaintiff and the class have  
19 been injured and suffered damages.

20           42. The advertising sales and employee reviewing practices of Yelp as alleged herein  
21 constitute unfair business acts and practices because they are immoral, unscrupulous, and offend  
22 public policy.  
23

24           43. Defendant unlawful practices, committed through the acts and/or omissions alleged  
25 above, include, among others,

26           a. Violation of California Penal Code Section 518 (extortion),  
27  
28

1 b. Violation of 18 United States Code Section 1961, *et seq.* (Racketeer Influenced  
2 and Corrupt Organizations Act), and

3 c. Violations of, 18 United States Code Section 1030 *et seq.* (Computer Fraud and  
4 Abuse Act).

5 44. The practices of Yelp complained of herein had no countervailing benefit to  
6 consumers or competition when weighed against the harm caused by such practices.

7 45. Among other relief, plaintiff seeks to enjoin defendant from continuing to use the  
8 unfair and deceptive practices set forth herein. Plaintiff further seeks damages, plus interest and  
9 attorney's fees pursuant to the California Code of Civil Procedure Section 1021.5.  
10

11 **PRAYER FOR RELIEF**

12 WHEREFORE, Plaintiff, on behalf of itself, all others similarly situated, and the general  
13 public, prays for judgment and relief against Yelp Inc. as follows:

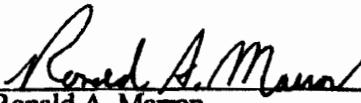
- 14 A. Declaring this action to be a proper class action.  
15 B. An order permanently enjoining Yelp from engaging in the practices complained  
16 herein.  
17 C. An order compelling Yelp to disgorge all monies, revenues, and profits obtained by  
18 means of its wrongful acts and practices.  
19 D. An order requiring Yelp to pay restitution to restore all funds acquired by means of  
20 any act or practice declared by this Court to be unlawful, plus pre- and post-  
21 judgment interest thereon.  
22 E. Costs, expenses, and reasonable attorneys' fees.  
23 F. Any other and further relief the Court deems necessary, just, or proper.  
24  
25

26  
27 **JURY DEMAND**

1 Plaintiff demands a trial by jury.

2  
3 DATED: March 3, 2010

LAW OFFICES OF RONALD A. MARRON  
RONALD A. MARRON, ESQ.

4  
5   
6 \_\_\_\_\_  
7 Ronald A. Marron  
8 Georgiy B. Lyudyno  
9 Attorneys for Plaintiff  
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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

**NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY**

This case has been assigned to District Judge Manuel Real and the assigned discovery Magistrate Judge is Charles Eick.

The case number on all documents filed with the Court should read as follows:

**CV10- 1578 R (Ex)**

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

Unless otherwise ordered, the United States District Judge assigned to this case will hear and determine all discovery related motions.

=====  
**NOTICE TO COUNSEL**

*A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).*

Subsequent documents must be filed at the following location:

**Western Division**  
312 N. Spring St., Rm. G-8  
Los Angeles, CA 90012

**Southern Division**  
411 West Fourth St., Rm. 1-053  
Santa Ana, CA 92701-4516

**Eastern Division**  
3470 Twelfth St., Rm. 134  
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

Name & Address:  
YELP! INC.  
706 Mission St., 7th Floor  
San Francisco, CA 94103

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

CHRISTINE LaPAUSKY d/b/a D'AMES DAY SPA,  
on behalf of herself and all others similarly situated,

CASE NUMBER

PLAINTIFF(S)

**CV10 1578 R (Ex)**

v.

YELP! INC.,

**SUMMONS**

DEFENDANT(S).

TO: DEFENDANT(S): YELP! INC.

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached  complaint  \_\_\_\_\_ amended complaint  counterclaim  cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Ronald A. Marron, whose address is 3636 Fourth Avenue, Ste. 202, San Diego, CA 92103. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

MAR - 3 2010

Dated: \_\_\_\_\_

**CHRISTOPHER POWERS**

By: \_\_\_\_\_

Deputy Clerk **SEAL**

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].



UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET

<b>I (a) PLAINTIFFS</b> (Check box if you are representing yourself <input type="checkbox"/> ) CHRISTINE LaPAUSKY d/b/a D'AMAS DAY SPA on behalf of herself and all others similarly situated	<b>DEFENDANTS</b> YELPI INC.
<b>(b) Attorneys</b> (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)  Law Offices of Ronald A. Marron, APLC, Ronald A. Marron, 3636 Fourth Ave., Ste. 202, San Diego, CA 92103, (619)696-9006	Attorneys (If Known)

<b>II. BASIS OF JURISDICTION</b> (Place an X in one box only.)  <input type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)  <input type="checkbox"/> 2 U.S. Government Defendant <input checked="" type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	<b>III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only</b> (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="border: none;"></td> <td style="border: none; text-align: center;"><b>PTF</b></td> <td style="border: none; text-align: center;"><b>DEF</b></td> <td style="border: none;"></td> <td style="border: none; text-align: center;"><b>PTF</b></td> <td style="border: none; text-align: center;"><b>DEF</b></td> </tr> <tr> <td style="border: none;">Citizen of This State</td> <td style="border: none; text-align: center;"><input checked="" type="checkbox"/> 1</td> <td style="border: none; text-align: center;"><input checked="" type="checkbox"/> 1</td> <td style="border: none;">Incorporated or Principal Place of Business in this State</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 4</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 4</td> </tr> <tr> <td style="border: none;">Citizen of Another State</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 2</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 2</td> <td style="border: none;">Incorporated and Principal Place of Business in Another State</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 5</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 5</td> </tr> <tr> <td style="border: none;">Citizen or Subject of a Foreign Country</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 3</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 3</td> <td style="border: none;">Foreign Nation</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 6</td> <td style="border: none; text-align: center;"><input type="checkbox"/> 6</td> </tr> </table>		<b>PTF</b>	<b>DEF</b>		<b>PTF</b>	<b>DEF</b>	Citizen of This State	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	<b>PTF</b>	<b>DEF</b>		<b>PTF</b>	<b>DEF</b>																				
Citizen of This State	<input checked="" type="checkbox"/> 1	<input checked="" type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5																				
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

**IV. ORIGIN** (Place an X in one box only.)

1 Original Proceeding   
  2 Removed from State Court   
  3 Remanded from Appellate Court   
  4 Reinstated or Reopened   
  5 Transferred from another district (specify):   
  6 Multi-District Litigation   
  7 Appeal to District Judge from Magistrate Judge

**V. REQUESTED IN COMPLAINT:**    **JURY DEMAND:**  Yes     No (Check 'Yes' only if demanded in complaint.)

**CLASS ACTION** under F.R.C.P. 23:  Yes     No                      **MONEY DEMANDED IN COMPLAINT:** \$ \_\_\_\_\_

**VI. CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)  
 Complaint for Violations of the Unfair Competition Law, Cal. Bus. & Prof. Code s 17200

**VII. NATURE OF SUIT** (Place an X in one box only.)

<b>OTHER STATUTES</b> <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<b>CONTRACT</b> <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>TORTS</b> <b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>IMMIGRATION</b> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<b>TORTS</b> <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <b>BANKRUPTCY</b> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <b>FORFEITURE/PENALTY</b> <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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FOR OFFICE USE ONLY: Case Number: CV10 1578

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed?  No  Yes  
If yes, list case number(s): \_\_\_\_\_

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case?  No  Yes  
If yes, list case number(s): CV - 1340 VBF (SSx)

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply)  A. Arise from the same or closely related transactions, happenings, or events; or  
 B. Call for determination of the same or substantially related or similar questions of law and fact; or  
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or  
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.  
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	San Diego

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.  
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	San Francisco

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.  
 Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	San Diego

\* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): *Kevin H. Ma* Date 3/3/10

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))