

Conservative media site Parler alleges Amazon cut off its services to aid Twitter

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Social media site Parler has alleged Amazon illegally cut off access to its webhosting services in an effort to harm a competitive threat to Twitter.

In a <u>lawsuit</u> filed before the US District Court for the Western District of Washington on Monday, Parler claimed that Amazon had violated Section 1 of the Sherman Act by suspending its access to Amazon's cloud services on Sunday evening.

Amazon Web Services' "decision to effectively terminate Parler's account is apparently motivated by political animus," wrote counsel to Parler, David Groesbeck at Groesbeck IP. "It is also apparently designed to reduce competition in the microblogging services market to the benefit of Twitter."

Parler – which describes itself as a conservative "free speech" alternative to Twitter – has seen its popularity skyrocket since November as digital platforms like Facebook and Twitter have taken efforts to stop the spread of misinformation and incitements of violence.

But the company has seen its infrastructure crumble after a violent mob of Trump supporters stormed the US Capitol last week.

On Saturday, Amazon informed Parler that it would boot the company from its cloud services on Sunday evening because of repeated violations of its terms of service. Amazon cited 98 examples of posts that "clearly encourage and incite violence".

Some of the screenshotted posts advocated for murdering liberals, supporters of Black Lives Matter, Muslims and members of the media.

One post cited by Amazon featured an image of people hiding below their seats inside the US Capitol last Wednesday as a violent mob attacked. "Violence works make them afraid," the image said.

Google and Apple had already removed Parler's app from their respective app stores, citing insufficient policing of posts advocating for violence.

Parler's chief executive described its removal as a "coordinated attack by the tech giants to kill competition in the marketplace," though Monday's lawsuit limited its allegations to Amazon.

In its complaint before the US District Court for the District of Washington, Parler said it was seeking a temporary restraining order, preliminary injunctive relief and damages from Amazon.

Parler described Amazon's actions as a "death blow", saying that it had been unable to find another web hosting service and that "it has no other options".

After permanently suspending the account of President Donald Trump, Parler said that Twitter users fled for Parler, making it the number one free app downloaded on Apple's App Store the day it was kicked off.

Parler appeared to question the genuineness of Amazon's rationale for its removal, saying that one of Twitter's top trending tweets on Friday advocated for the execution of Vice President Mike Pence.

"But AWS [Amazon Web Services] has no plans nor has it made any threats to suspend Twitter's account," Parler said, adding that it had removed everything Amazon asked it to.

Parler appears to base its Section 1 allegations on the fact that Amazon provides web-hosting services to Twitter, specifically pointing to an announcement last month that Amazon Web Services produces the infrastructure for Twitter's timeline feature.

But several antitrust experts told GCR USA Parler's claims are likely doomed without evidence of an agreement between Amazon and Twitter.

"Without an agreement, there's no Section 1 claim," said Cohen Milstein Sellers & Toll partner Daniel McCuaig.

McCuaig, a former Antitrust Division attorney, said that allegations of inequitable treatment would not cut it and that he expected the complaint to be dismissed because the other claims - breach of contract and tortious

interference – are made under Washington State law.

James Martin, the co-chair of Zelle's antitrust practice, said he does not think that Parler's lawsuit works without evidence of an agreement, but that a Section 1 case about squeezing out an emerging competitor is probably the best it could muster.

"I thought the lawyer was kind of clever coming up with a theory that might work," Martin said. "They just don't have the facts to support it."

A Section 2 monopolisation claim would flop because Amazon does not have monopoly market power over cloud services, Martin added.

Hal Singer, managing director of Econ One, said he tried to imagine a single-firm theory under which Parler could bring a lawsuit as a refusal to deal.

This would not work, Singer said, because Amazon is not a vertically integrated social media company that competes with Parler.

The Federal Trade Commission's <u>claims</u> that Facebook required third-party app developers to forgo competition to gain access to its application programming interface (API) are exactly the type of refusal to deal argument that could survive, Singer said.

Singer also does not believe Parler would have a discrimination claim if the US began to regulate digital platforms like it did the cable or telecommunications industry – once again because Amazon and Parler are not rivals.

Geoffrey Manne, founder and president of the International Center for Law & Economics, agreed that the lawsuit was probably doomed without allegations of a specific agreement.

Manne said he thought the lawsuit was designed to stoke big-picture arguments against the perceived unchecked power certain platforms have over digital discourse.

"They are not entirely crazy arguments," Manne said. "Taken collectively, you have a couple of companies that have a lot of power over things people find really really important,"

That does not mean consumers are necessarily better off with the government stepping in and regulating the platforms as if they are essential facilities, he added.

Manne said that these claims of political bias are nonsense and overshadow important policy debates about addressing problems like child pornography, sales of fake pharmaceuticals and piracy.

Amazon Web Services said in a statement that there was no merit to Parler's claims.

"AWS provides technology and services to customers across the political spectrum, and we respect Parler's right to determine for itself what content it will allow," an AWS spokesperson said. "However, it is clear that there is significant content on Parler that encourages and incites violence against others, and that Parler is unable or unwilling to promptly identify and remove this content, which is a violation of our terms of service."

Judge Barbara Jacobs Rothstein <u>said</u> Amazon would need to reply to the complaint by Tuesday evening.

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