axinn

From Listings to Litigation: Zillow and Redfin Face Continued Litigation with the FTC and States

3 MIN READ

May 14, 2026, 2:00 PM
By: Mary Helen Wimberly, Sandhya Taneja

On May 6, 2026, Judge Anthony Trenga of the U.S. District Court for the Eastern District of Virginia denied Zillow and Redfin's motion to dismiss the complaints brought against them by the Federal Trade Commission (FTC) and several states. In two almost identical complaints, the enforcers alleged that Zillow and Redfin, previously competitors in sales of advertising for multifamily rental properties, agreed not to compete for those sales anymore. The District Court concluded that both complaints sufficiently pleaded violations of Section 1 of the Sherman Act and Section 7 of the Clayton Act, and that the FTC's complaint sufficiently pleaded a standalone violation of Section 5 of the FTC Act.

Complaint. According to the FTC and the states, in 2025, Zillow purportedly agreed to pay Redfin $100 million upfront plus additional ongoing payments, and in exchange, Redfin purportedly agreed to "exit" the market and turn over its rental advertising business to Zillow. The enforcers described this arrangement as a "wholesale elimination of critical competition," such that it was "obvious" that the arrangement would "likely impair[] competition" and therefore "should be presumed unlawful" under Section 1. In addition, the enforcers claimed, the arrangement constituted an "acquisition"—because "Zillow has acquired [Redfin's] assets, including Redfin's customer relationships, key employees, [and] business information," among other things—that was "presumptively unlawful" under Section 7. Finally, the FTC alleged the "[a]greements are an unfair method of competition" under the FTC Act.

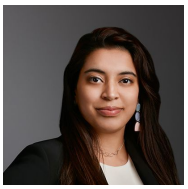
Motion to Dismiss. Zillow and Redfin jointly moved to dismiss. They argued that the relevant advertising market was a two-sided market with advertisers on one side and renters on the other, and the enforcers' exclusive focus on the advertiser side of the market failed to plead anticompetitive harm to the two-sided market as a whole as required by *Ohio v. American Express* (*Amex*). According to Zillow and Redfin, the enforcers could not rely on quick-look analysis to avoid this requirement due to, among other things, the plausible procompetitive benefits of the arrangement. Zillow and Redfin further argued that the enforcers' alleged nationwide market was implausible, and the complaints did not plausibly plead market power.

Dismissal Opinion. The District Court declined to dismiss, finding that "the face of the Complaint" demonstrated "clearly anti-competitive conduct." In its discussion, the Court appeared skeptical of the defense argument that *Amex* applied—noting the enforcers' contention that *Amex* was inapplicable to their Section 1 claims because it governs only two-sided *transactional* platforms—but the Court did not otherwise express a position on that argument. The Court agreed with the enforcers that quick-look analysis applied based on what the Court decided "an observer with even a rudimentary understanding of economics could conclude… would have an anticompetitive effect," and it explained that the complaints therefore "need only allege facts showing some form of market injury," but the Court did not expand on how the complaints met that requirement. Instead, the Court appeared to rest its decision on its conclusion that the defense arguments concerning "defects in the Complaint[s'] market definition and market power-related allegations" were too "fact-intensive" to resolve at the dismissal stage. The Court did not separately evaluate the plausibility of the three challenged claims.

Takeaways. The dismissal opinion in this case shows that some courts remain highly skeptical of dismissal-stage arguments about the relevant market in antitrust cases. It also demonstrates how the relatively rare quick-look analysis can be deployed to bypass market-related arguments about the extent to which a complaint plausibly pleads an unreasonable restraint of trade. In such circumstances, plausible procompetitive effects may prove unpersuasive, leaving defense counsel with logic-grounded arguments as to why the alleged anticompetitive potential of an arrangement is not so obvious as to obviate the requirement that the complaint plausibly plead a defined relevant market.

Related People

Mary Helen Wimberly



Sandhya Taneja

Related Services

Antitrust

To subscribe to our publications, click here.

News & Insights

- The Empty Chair in Antitrust Conspiracy Cases
  WEBINAR **ANTITRUST**

- USC Gould/Analysis Group Global Competition Law Thought Leadership Conference
  SPEAKING ENGAGEMENT **ANTITRUST**

- 17th ACI Summit on Biosimilars & Innovator Biologics
  SPEAKING ENGAGEMENT **INTELLECTUAL PROPERTY**

- GCR Live: Europe 2026
  SPEAKING ENGAGEMENT **ANTITRUST**

- 20th Annual IBA Competition Mid-Year Conference
  SPEAKING ENGAGEMENT **ANTITRUST**

- Informa CompLaw Antitrust West Coast Conference 2026
  SPEAKING ENGAGEMENT **ANTITRUST**

- ABA 2026 International Law Section Annual Conference
  SPEAKING ENGAGEMENT **ANTITRUST**

- No Games in Merger Review: DOJ Signals Discipline and Continuity
  AXINN VIEWPOINTS **ANTITRUST**

- I litigated the JetBlue-Spirit merger. A few thoughts on the future of antitrust in the airline industry
  BYLINE ARTICLES **ANTITRUST**

- 2026 FDLI Annual Conference
  SPEAKING ENGAGEMENT **INTELLECTUAL PROPERTY**