

Uber and Lyft battle it out on roads, in court

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Keep your head down - the flak is flying again on the ride-sharing battlefield.

With news this week that Lyft is suing a former exec who jumped ship to go to archrival Uber, while Uber's CEO publicly trash-talks his competition, the battle to dominate a potentially billion-dollar peer-to-peer transportation industry is getting hotter than ever. And it's already seen ride-sharing firms try to poach each other's drivers, critics blast the industry as capitalism run amok, passengers complain about being gouged and embattled cabbies around the world warn of an impending public-transit apocalypse.

"What we're seeing are the whirlwind forces of creative destruction," says Andrew Moylan, executive director of the The R Street Institute, a free-market think tank in Washington, D.C. "You see newcomers shaking up one industry after another, but with ride-sharing you also have intra-industry disruption. And it's not just Uber and Lyft, but all these other folks trying to build a name for themselves, all jockeying for position to gain market share."

That jockeying has now reached full gait. And in the middle of it all are Uber, the big gorilla in the ride-share space, and Lyft, a smaller rival. For months now, the two San Francisco-based startups have been at each other's throats. In August, Lyft accused Uber of messing with its drivers' mojo, saying Uber was booking and then canceling thousands of Lyft rides.

This week, Lyft took the battle to the halls of justice, claiming in a lawsuit that its former chief operating officer, Travis VanderZanden, took proprietary information on Lyft's international plans with him to his new job, which just so happens to be at Uber.

In a tweet, VanderZanden denied the charge, saying, "Just to be crystal clear, I did not take any confidential data to Uber."

Uber did not respond to requests for comment.

Lyft spokeswoman Paige Thelen said in a statement that the company was "disappointed to have to take this step, but this unusual situation has left us no choice but to take the necessary legal action to protect our confidential information" and vowed that "we will not tolerate this type of behavior."

One person familiar with the situation who was an early investor in Uber, and who asked that his name not be used because of the sensitive nature of the case, said the latest move by Lyft looked like an act of desperation. He said Uber's market value is much higher than Lyft's - \$18.2 billion vs. more than \$950 million - "so it's not like this is No. 1 and No. 2. This is Shaq and a midget and they're not playing the same game. But at the end of the day, Uber is an incredibly combative company and they'll fight this the whole way."

While Lyft's lawyers went to court, Uber's tough-talking CEO, Travis Kalanick, went to Vanity Fair, where writer and celebrated tech columnist Kara Swisher engaged the guy in a spirited discussion of corporate warfare. In the piece, Kalanick comes across as a man on a mission, willing to tangle with outraged [taxi drivers](#), regulators trying to rein Uber in, and even his own customers, Swisher writes, "if they dare to question his company's practices."

But it's Lyft, these days, that's Kalanick's enemy No. 1. In a shot fired clearly across Lyft's front bumper, Kalanick fesses up to playing hardball when his rival recently went looking for more money from investors. "We knew that Lyft was going to raise a ton of money," he's quoted as saying. "And we are going (to their investors), 'Just so you know, we're going to be fundraising after this, so before you decide whether you want to invest in them, just make sure you know that we are going to be fundraising immediately after.'"

While all emerging industries experience some sort of creative chaos, the ride-sharing world seems particularly adept at working people into a lather. Dan Sperling, professor and founding director of the Institute of Transportation Studies at the University of California, Davis, says the latest brouhaha is another indication that ride-sharing "is under tremendous scrutiny right now because this industry is so intriguing to so many people for so many reasons. So it's getting a higher level of attention than what you'd expect with other startup companies."

But it's cabbies, more than anyone, who find themselves in what they see as a life-or-death struggle with companies like Lyft and Uber. What other industry could generate the sort of anger that causes taxi drivers to try to shut down Trafalgar Square and the heart of Paris?

"There is no pleasure in seeing these companies go after each other, just pain, and it's the taxi drivers who are suffering the most," said Mark Gruberg, who drives a hack for SF Green Cab. "These are predatory companies who say, 'There's no need for regulation, leave us on our own, let the market decide.' But they're tearing the cab industry apart."

To Sperling, the Uber-Lyft dust-up is not quite so black-and-white:

"They're like two kids entering adolescence who are trying to assert themselves," he said. "They're trying to find their footing, and they have

no idea how the future will play out."

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