

Judge: Ads can run in Uber, Lyft vehicles in New York City

February 23 2018, by Larry Neumeister

A judge gave the green light Thursday to a Minnesota company that wants to put advertising in vehicles driven for companies like Uber and Lyft in New York City.

U.S. District Judge Ronnie Abrams released her written ruling in the First Amendment case brought by a [company](#) that was blocked from putting ads in vehicles affiliated with companies summoned by electronic devices. She said the [city](#) was unable to justify its regulations.

Vugo Inc. sued New York City in 2015 after the Taxi and Limousine Commission prohibited the ads in vehicles that were not medallion taxis or street hail liveries.

The company, which was formed in 2015, places digital [content](#), including [advertising](#), entertainment content and public service announcements, in vehicles driven for companies such as Lyft and Uber nationwide. Abrams said passengers cannot turn off the displays but can reduce the volume to make them nearly mute. Advertisers pay Vugo to display content and the company passes 60 percent of advertising revenue to drivers.

Nicholas Paolucci, a city law office spokesman, said the ruling was being reviewed.

Abrams wrote that the city was being unreasonable, in part, because "large swaths of the vehicles" it regulates are permitted to display

advertisements. The city has said about 20,000 vehicles in the city carry digital taxi content while more than 73,000 vehicles are banned from doing so.

The judge noted that the city had shown the advertising is viewed negatively by some. She said nearly one-third of respondents to a 2011 city survey of [taxi](#) passengers indicated "Taxi TV is annoying." Passengers complained the blinking screen causes motion sickness, the buttons to lower the volume and turn off content often do not work and the content is repetitive and boring.

But she said the city had failed to show a sufficient rationale for excluding medallion taxis or street hail liveries from the regulation since "there is no basis for concluding that advertisements in the exempted vehicles are somehow less annoying or that those passengers are any less vulnerable."

The decision noted that as of June 25, 2016, taxis accounted for 371,257 daily trips while Uber provided nearly 180,000 daily trips and Lyft added another 33,000 trips each day.

The judge signaled that the city does have some ability to regulate how the content is displayed, if everyone is treated the same.

"Any devices displaying advertisements could, for instance, be required to be outfitted with a properly functioning on-off switch or a mute button," she wrote. "This would effectively leave the decision to be faced with such advertisements to the passenger, preventing any citizen from becoming a captive audience subjected to unwanted noise and imagery."

Chad Snyder, an attorney for Vugo, called the ruling "a pretty big deal," affecting a city where owners of more than 1,000 vehicles have

expressed interest in working with Vugo.

"We're in the advertising business and New York is the world's headquarters of advertising," he said.

The company has a similar lawsuit pending in Chicago.

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