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FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Commissioners Find that 1-800 Contacts Unlawfully Harmed Competition in Online Search Advertising Auctions, Restricting the Availability of Truthful Advertising to Consumers

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FOR RELEASE

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The Federal Trade Commission has held that 1-800 Contacts, the nation's largest online retailer of contact lenses, unlawfully entered into a web of anticompetitive agreements with rival online contact lens sellers.

A [Commission Opinion](#), authored by Chairman Joseph J. Simons, ruled that the agreements between 1-800 Contacts and fourteen online sellers of contact lenses constitute unfair methods of competition, in violation of Section 5 of the FTC Act. The agreements prevent online contact lens retailers from bidding for search engine result ads that would inform consumers that identical products are available at lower prices. The Commission Opinion held that the agreements harm competition in bidding for search engine key words, artificially reducing the prices that 1-800 Contacts pays, as well as the quality of search engine results delivered to consumers. Although the Opinion directly addresses restraints to search engine advertising for contact lenses, it carries broader implications for preserving competition through online advertising.

The Commission's Order requires 1-800 Contacts to cease and desist from enforcing the unlawful provisions in its existing agreements and from entering into similar agreements in the future. It prohibits 1-800 Contacts from agreeing with other contact lens retailers to restrict search advertising or to limit participation in search advertising auctions.

The Commission's Opinion stems from an [August 2016 administrative complaint](#). It upholds Chief Administrative Law Judge D. Michael Chappell's [October 2017 Initial Decision](#), which similarly found that the agreements were unfair methods of competition.

The Commission vote approving the Opinion and Final Order was 3-1-1, with Commissioner Noah Joshua Phillips dissenting and Commissioner Christine S. Wilson not participating.

Commissioner Rebecca Kelly Slaughter issued a [concurring statement](#). Commissioner Phillips issued a [dissenting statement](#).

1-800 Contacts may file a petition for review of the Commission Opinion and Final Order with a U.S. Circuit Court of Appeals within 60 days after service of the Final Order.

The Federal Trade Commission works to [promote competition](#), and [protect and educate consumers](#). You can [learn more about consumer topics](#) and file a [consumer complaint online](#) or by calling 1-877-FTC-HELP (382-4357). Like the FTC on [Facebook](#), follow us on [Twitter](#), read our [blogs](#), and [subscribe to press releases](#) for the latest FTC news and resources.

PRESS RELEASE REFERENCE:

[FTC Sues 1-800 Contacts, Charging that It Harms Competition in Online Search Advertising Auctions and Restricts Truthful Advertising to Consumers](#)
[Administrative Law Judge Upholds FTC's Complaint that 1-800 Contacts Unlawfully Harmed Competition in Online Search Advertising Auctions, Restricting the Availability of Truthful Advertising to Consumers](#)

Contact Information

MEDIA CONTACT:

[Betsy Lordan](#)

Office of Public Affairs

202-326-3707



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