In the
United States Court of Appeals
For the Seventh Circuit

No. 24-1440

METROPLEX COMMUNICATIONS, INC.,

Plaintiff-Appellee,

v.

META PLATFORMS, INC.,

Defendant-Appellant.

Appeal from the United States District Court for the Southern District of Illinois.
No. 3:22-cv-1455-SMY — **Staci M. Yandle**, *Chief Judge.*

ARGUED NOVEMBER 14, 2024 — DECIDED AUGUST 27, 2026

Before JACKSON-AKIWUMI, PRYOR, and MALDONADO, *Circuit Judges*.

MALDONADO, *Circuit Judge.* Metroplex Communications, Inc. owns several local news outlets in Illinois and earns revenue primarily by selling ads on those platforms. Metroplex is not the only game in town, however; Meta Platforms, Inc., which sells ads on its social media platform, Facebook, competes for the same local advertisers. Metroplex brought suit on behalf of a putative class of small businesses that compete with Meta for advertisers. That suit alleges that Meta engages in unlawful, anticompetitive practices by distorting the reach and effectiveness of its Facebook advertisements to lure advertisers away from other platforms like Metroplex. Coincidentally, Metroplex itself has purchased ads on Facebook over the last decade. It brought this action, however, not as an ad purchaser, but as a competitor vying for ad purchasers. Meta moved to compel arbitration against Metroplex based on the terms Metroplex had presumably agreed to when making ad purchases on Facebook. The district court denied the motion, and we affirm. Because the class's claims concern unfair competition and bear no meaningful connection to Metroplex's own ad purchases, the arbitration clause in Meta's Facebook ad terms does not apply.

I

In 2022, Metroplex filed a putative class action complaint alleging that Meta knowingly made false and misleading statements to induce businesses to advertise on Facebook rather than on other platforms, such as Metroplex's local news outlets. Specifically, Metroplex contends that Meta dramatically overstates the impact of ads displayed on Facebook by artificially inflating the size of Meta's audience. Because audience reach is the most important factor for choosing how and where to place ads, Metroplex alleges that Meta unfairly and deceptively siphoned prospective advertisers away from Metroplex and others in violation of the Lanham Act, 15 U.S.C. § 1125(a)(1)(B), and the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510/1 *et seq.* Metroplex seeks disgorgement of profits Meta allegedly earned through its misleading practices.

Meta moved to compel arbitration against Metroplex under the Federal Arbitration Act, 9 U.S.C. § 1 *et seq.*, arguing that Metroplex consented to arbitration when it purchased ads on Facebook and agreed to Meta's Terms of Service ("Commercial Terms"), including an arbitration clause. Metroplex employees had previously purchased Facebook ads for two Metroplex platforms—AdvantageNews.com, a local news site, and 107.1 FM, a local radio station—advertising the platforms' news coverage. And each time Metroplex's employees purchased ads on Facebook, they agreed to arbitrate "any claim, cause of action, or dispute that arises out of or relates to any access or use of the Meta Products for business or commercial purposes ('Commercial Claim') between you and Meta."

The district court denied Meta's motion to compel arbitration, finding that Metroplex's claims were beyond the scope of the arbitration clause. The court explained that Metroplex's alleged injury was as a business competitor in the ad sales space rather than as a Facebook ad purchaser.

Meta appeals, invoking our jurisdiction to review a district court's refusal to compel arbitration on an immediate interlocutory basis. *See* 9 U.S.C. § 16(a)(1)(C).

II

Courts will compel arbitration if the parties have an enforceable written agreement to arbitrate and their underlying dispute is within the scope of that agreement. *A.D. v. Credit One Bank, N.A.*, 885 F.3d 1054, 1060 (7th Cir. 2018). The district court resolved this case solely on the scope of the arbitration clause, and so do we. That is, we assume, without deciding, that Metroplex is bound by the arbitration clause in Meta's Commercial Terms, and we analyze only whether the arbitration clause covers Metroplex's unfair competition claims. *See United Nat. Foods, Inc. v. Teamsters Loc. 414*, 58 F.4th 927, 933 (7th Cir. 2023) (quoting *Granite Rock Co. v. Int'l Bhd. of Teamsters*, 561 U.S. 287, 299 (2010) ("Arbitration is strictly a matter of consent and thus is a way to resolve those disputes—*but only those disputes*—that the parties have agreed to submit to arbitration.") (emphasis in original)). In so doing, we look to state law, *Rodgers-Rouzier v. Am. Queen Steamboat Operating Co., LLC*, 104 F.4th 978, 991 (7th Cir. 2024) (citing *Arthur Andersen LLP v. Carlisle*, 556 U.S. 624, 630–31 (2009)), and here, as the parties agree, Illinois law governs. Our review of the scope of the arbitration clause is de novo. *See Moore v. Club Exploria, LLC*, --- F.4th ---, 2026 WL 2409841, at *4 (7th Cir. Aug. 18, 2026) (discussing standards of review for denials of motions to compel arbitration).

Under Illinois law, "[a] court must initially look to the language of a contract alone, as the language, given its plain and ordinary meaning, is the best indication of the parties' intent." *Gallagher v. Lenart*, 874 N.E.2d 43, 58 (Ill. 2007) (citations omitted). In scope disputes, we compare the text of the arbitration clause with the factual allegations of the claims to be arbitrated. *See Rosenblum v. Travelbyus.com Ltd.*, 299 F.3d 657, 663–64 (7th Cir. 2002); *see also, e.g.*, *Davitashvili v. Grubhub, Inc.*, 131 F.4th 109, 119 (2d Cir. 2025) (quoting *Specht v. Netscape Commc'ns Corp.*, 306 F.3d 17, 36 (2d Cir. 2002)) (explaining the importance of grounding scope analysis "on the factual allegations in the complaint"); *Jeanetta Vaughn v. JP Morgan Chase & Co.*, No. 24-1016, 2025 WL 3514012, at *6 (10th Cir. Dec. 8,

2025) (same). Here, the text of the arbitration clause reads in relevant part:

> b. Commercial Claims: Section[] 5.c . . . below appl[ies] to any claim, cause of action, or dispute that arises out of or relates to any access or use of the Meta Products for business or commercial purposes ("Commercial Claim") between you and Meta.
>
> c. U.S. Commercial Claims: If you reside in the United States or your business is located in the United States:
>
> > i. You agree to arbitrate Commercial Claims between you and Meta Platforms, Inc.

Because the scope of the arbitration clause is "broad," insofar as it applies to "any dispute" that "arises out of" or "relates to any" commercial use of Meta's products, Meta argues that Metroplex's unfair competition claims fall within it. *See Gore v. Alltel Commc'ns, LLC*, 666 F.3d 1027, 1033-1034 (7th Cir. 2012) (gathering cases and noting that we have long described the "arising out of or relating to" formulation as broad); *see also Int'l Bhd. of Elec. Workers Loc. 2150 v. NextEra Energy Point Beach, LLC*, 762 F.3d 592, 594 (7th Cir. 2014) ("Where the arbitration clause is broad, we presume arbitrability of disputes.").

But even where the arbitration clause is broad, a claim does not fall within the clause's scope unless it is strongly tied to the underlying contract. *See Domer v. Menard, Inc.*, 116 F.4th 686, 700–01 (7th Cir. 2024) (quoting *S+L+H S.p.A. v. Miller-St. Nazianz, Inc.*, 988 F.2d 1518, 1524 (7th Cir. 1993) ("A claim arises from a purchase agreement when it 'draws its very essence from the fact of and performance under the agreement in question.'"). That is, there must be "a sufficient nexus between the subject matter of the contract and the substance of the claim" to presume a dispute's arbitrability. *Id.* at 703 (citations omitted); *Kiefer Specialty Flooring, Inc. v. Tarkett, Inc.*, 174 F.3d 907, 910–11 (7th Cir. 1999) (holding tort claim arbitrable because it arose "from the very same act" as the creation of the underlying contract).

Metroplex's claims do not meet that test. The complaint does not allege that Meta breached the Commercial Terms with Metroplex as an ad purchaser or that Meta's performance under that agreement forms the basis of the anticompetitive harm. Instead, the complaint alleges that Meta distorted its advertising reach metrics to unfairly lure customers away from competitors like Metroplex. These allegations concern Meta's public representations and allegedly anticompetitive conduct, not Metroplex's own "purely coincidental" and limited use of Meta's ad services. *See Davitashvili*, 131 F.4th at 120 (internal quotation marks omitted). Thus, while the arbitration clause is broad, Metroplex's claims do not fall within its scope insofar as they are untethered to "the fact of and performance under the agreement in question." *See S+L+H S.p.A.*, 988 F.2d at 1524 (citation modified).

Meta nonetheless presses that the arbitration clause's coverage of disputes relating to "any access or use" of Meta's products sweeps in the unfair competition claims. As Meta reads the clause, "any access or use" would include any claim related to ad purchases on Facebook.

But Meta's interpretation creates an "absurd result[]." *See Full Circle Villagebrook GP, LLC v. Protech 2004-D, LLC*, 119 F.4th 522, 526 (7th Cir. 2024) (quoting *Beanstalk Grp., Inc. v.*

AM Gen. Corp., 283 F.3d 856, 860 (7th Cir. 2002) (defining an "absurd result" as a "result[] that the parties, presumed to be rational persons pursuing rational ends, are very unlikely to have agreed to seek")); *see also Suburban Auto Rebuilders, Inc. v. Assoc'd Tile Dealers Warehouse, Inc.*, 902 N.E.2d 1178, 1190 (Ill. App. Ct. 2009) (citing *Health Professionals, Ltd. v. Johnson*, 791 N.E.2d 1179, 1193 (Ill. App. Ct. 2003)). Illinois courts have been unflinching in cautioning against defining the scope of an arbitration agreement so broadly as to lead to "absurd results" because "[a] contract—and not fate—dictates arbitrability." *Peterson v. Devita*, 237 N.E.3d 1010, 1017 (Ill. App. Ct. 2023). Taken to its logical end, Meta's reading would require any party that has ever advertised on Facebook to arbitrate any claim that touches, however tangentially and indirectly, on Meta's ad practices. *Cf. id.* at 1013, 1018 (denying Airbnb's motion to compel arbitration of plaintiff's claim of personal injury at Airbnb property that he did not personally book where he had several years earlier created an account and accepted the terms of service—binding the plaintiff "to arbitration in perpetuity even if, as here, his claims have no connection whatsoever with his use of the website" was "absurd"); *Arbogast v. Chi. Cubs Baseball Club, LLC*, 194 N.E.3d 534, 544 (Ill. App. Ct. 2021) (affirming denial of baseball club's motion to arbitrate photographer's personal injury claim where photographer was not on reasonable notice of contractual relationship between himself and the club merely because he used his employer-provided media credential, which included provision requiring arbitration of all claims asserted against club).

We decline to adopt an interpretation that would transform a commercial terms agreement into a sweeping waiver of judicial recourse for all claims against Meta. *Rosenblum*, 299

F.3d at 664 (courts should not "expand the operation of [an arbitration] clause beyond its express terms and beyond the intent of the parties"). Meta's reading has no limits. *See Smith v. Steinkamp*, 318 F.3d 775, 777 (7th Cir. 2003) (arbitration agreement would be overbroad if it purported to encompass claims unrelated to the subject matter of the contract containing the arbitration agreement). The core of Meta's revenue stream comes from advertising on its platforms. In that context, to accept Meta's construction would mean that anyone, anywhere, who just once purchased ad space on Facebook would be bound to arbitrate any claim that tangentially "relates" to Meta's ad business—a rule for which Meta has provided no limiting principle. *See id.* at 777–78 (listing the "absurd results" that would follow from reading an arbitration clause in a similarly expansive manner, such as subjecting conversion claims based on an employee pickpocketing a customer to arbitrability).

Finally, to the extent Meta argues for a "presumption in favor of arbitration," it misses the mark. We need not "place a thumb on the scale in favor of arbitration[.]" *Carter v. SP Plus Corp.*, 172 F.4th 970, 973 (7th Cir. 2026). Instead, as instructed by the Supreme Court, we "treat[] arbitration contracts like all others[.]" *Morgan v. Sundance, Inc.*, 596 U.S. 411, 418 (2022). And as discussed above, our interpretation of this contract leads us to conclude that Metroplex's unfair competition claims, lodged from its status as a competitor rather than consumer of Meta, neither arise out of nor relate to Metroplex's use or access of Meta's products. These claims are therefore beyond the scope of the arbitration agreement.

AFFIRMED