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Credit...Adam Amengual for The New York Times

Sonos, Squeezed by the Tech Giants, Sues Google

The maker of home speakers said Google and Amazon stole its technology and abused their power, but it could only risk suing one.



By Jack Nicas and Daisuke Wakabayashi

- Jan. 7, 2020

SANTA BARBARA, Calif. — In 2013, Sonos scored a coup when Google agreed to design its music service to [work easily with Sonos’s home speakers](#). For the project, Sonos handed over the effective blueprints to its speakers.

It felt like a harmless move, Sonos executives said. Google was an internet company and didn’t make speakers.

The executives now say they were naïve.

On Tuesday, Sonos sued Google in two federal court systems, seeking financial damages and a ban on the sale of Google’s speakers, smartphones and laptops in the United States. Sonos accused Google of infringing on five of its patents, including technology that lets wireless speakers connect and synchronize with one another.

Sonos’s complaints go beyond patents and Google. Its legal action is the culmination of years of growing dependence on both Google and Amazon, which then used their leverage to squeeze the smaller company, Sonos executives said.

Sonos advertises its speakers on Google and sells them on Amazon. It built their music services and talking virtual assistants directly into its products. Sonos workers correspond via Gmail, and run the business off Amazon’s cloud-computing service.

Then Google and Amazon [came out with their own speakers](#), undercutting Sonos’s prices and, according to Sonos executives, stealing its technology. Google and Amazon each now sell as many speakers in a few months as Sonos sells in one year.

Like many companies under the thumb of Big Tech, Sonos groused privately for years. But over the past several months, Patrick Spence, Sonos’s chief executive, decided he couldn’t take it anymore.

Image



“We’re left with no choice but to litigate,” said Patrick Spence, the Sonos chief executive. Credit...Adam Amengual for The New York Times

“Google has been blatantly and knowingly copying our patented technology,” Mr. Spence said in a statement. “Despite our repeated and extensive efforts over the last few years, Google has not shown any willingness to work with us on a mutually beneficial solution. We’re left with no choice but to litigate.”

Sonos executives said they had decided to sue only Google because they couldn’t risk battling two tech giants in court at once. Yet Mr. Spence and congressional staff members have discussed his testifying to the House antitrust subcommittee soon about his company’s issues with them.

Jose Castaneda, a Google spokesman, said Google and Sonos had discussed both companies’ intellectual property for years, “and we are disappointed that Sonos brought these lawsuits instead of continuing negotiations in good faith.”

“We dispute these claims and will defend them vigorously,” he added.

A spokeswoman for Amazon, Natalie Hereth, said the company did not infringe on Sonos’s technology. “The Echo family of devices and our multiroom music technology were developed independently by Amazon,” she said.

Sonos sued Google in Federal District Court in Los Angeles and in front of the United States International Trade Commission, a quasi-judicial body that decides trade cases and can block the import of goods that violate patents. Sonos sued Google over only five patents, but said it believed Google and Amazon had each violated roughly 100. Sonos did not say how much it sought in damages.

The evolving relationship between Sonos and the tech giants reflects an increasingly common complaint in the corporate world: As the biggest tech companies have become essential to reach customers and build businesses, they have exploited that leverage over smaller companies to steal their ideas and their customers.

After mostly keeping those grievances private for years because they feared retaliation, many smaller companies are now speaking out, emboldened in an age of growing scrutiny of America’s largest tech firms.

Dozens of companies [have complained to regulators and lawmakers](#) in the United States and Europe. Spotify has [accused Apple of punishing Spotify’s iPhone app](#) as it increasingly competes against it. Blix, a company that helps people create anonymous email addresses, [recently sued Apple](#), accusing the iPhone maker of copying its technology and then kicking it off Apple’s App Store. And Elastic, which builds software that runs on Amazon’s cloud platform, [sued Amazon for copying its branding](#) to introduce a rival offering. Apple and Amazon deny the claims.

Image

Several prototype speakers at the Sonos campus. Credit...Adam Amengual for The New York Times

Image

A Sonos Move inside a drop test machine. Credit...Adam Amengual for The New York Times

Mr. Spence and other Sonos executives said they had agonized over the decision to sue Google, largely because Google still underpins their business. Sonos executives suspect that their pressure on the patent issue has complicated other areas of the relationship, though they can't say for sure.

After Sonos intensified its demands that Google license its technology, Google pushed Sonos to comply with stricter rules for using Google's virtual assistant. Those proposed rules included a mandate to turn over the planned name, design and targeted start date of its future products — which Google would compete directly against — six months in advance, up from 45 days in the current deal, Sonos executives said.

“The fear of retaliation is a real fear. Any of these companies could bury them tomorrow. Google could bury them in their search results. Amazon can bury them in their search results,” said Sally Hubbard, a former assistant attorney general in New York's antitrust bureau who now works at Open Markets Institute, a think tank. “It's really hard to find any industry where corporations are not dependent on one of the big tech giants.”

Fifteen years ago, home sound systems typically meant a tangled network of wires and speakers and complicated instructions on how to make it all work. Then [Sonos came along in 2005](#), promising wireless sound throughout a house, seamlessly controlled from a hand-held device. Its early ads boasted: “[Any song. Any room.](#)”

Sonos quickly began patenting its innovations, a stockpile of intellectual property it now proudly [displays on its website](#).

Its devices made life a bit more comfortable for consumers who could afford them, and they made for a nice little business for Sonos, which is based a few miles from the Southern California coast in Santa Barbara. Sales of its devices took off after the advent of the smartphone and music streaming. Sonos now employs about 1,500 people and sells more than \$1 billion in speakers a year.

When Sonos teamed up with Google in 2013, it gave Google engineers detailed diagrams on how its speakers interacted wirelessly with one another. At the time, Google was not a competitor.

Two years later, Google [released a small device](#) that could turn an old speaker into a wireless one, much like [Sonos's original product](#). A year after that, Google released its own wireless speaker, the Google Home. The device, marketed around Google's talking virtual assistant, quickly began outselling Sonos's offerings.

Sonos bought the Google devices and used a technique called packet sniffing that monitored how the speakers were communicating. They discovered that Google's devices used Sonos's approach for solving a variety of technological challenges. Sonos executives said they had found that Amazon's Echo speakers also copied Sonos technology.

In August 2016, Sonos told Google that it was infringing. Google had little response. As Google released more products, it violated more patents, Sonos executives said. Over the next three years, Sonos told Google four more times, eventually handing over a list of 100 patents it believed Google had violated. Google responded that Sonos was also infringing on its patents, Sonos executives said, though it never provided much detail.

When Sonos delivered a proposed model for Google to pay licensing fees, Google returned its own model that resulted in its paying almost nothing, Sonos executives said.

Sonos executives said their complaints were hardly just about patents, however. They are concerned that Google and Amazon are flooding the market with cheap speakers that they subsidize because they are not merely conduits for music, like Sonos's devices, but rather another way to sell goods, show ads and collect data.

Sonos's entry-level speaker is about \$200. Amazon and Google's cheapest speakers are \$50, and they often offer them at much steeper discounts.

In the third quarter of 2019, Amazon shipped 10.5 million speakers and Google six million, according to Strategy Analytics. For the 12 months ending in September, Sonos said it had sold 6.1 million speakers.

"Amazon and Google are making it a mass-market product at a price point that Sonos can't match," said Jack Narcotta, a Strategy Analytics analyst.

Amazon said that it was focused on creating the best experience for customers and that its virtual assistant had generated "billions of dollars" for developers and device makers.

To compete, Sonos has had to yield even more power to the companies. When consumers became hooked on Google's and Amazon's virtual assistants, Sonos [also built them into its speakers](#).

But Sonos had a strategy to still stand out on store shelves. Instead of being locked into using just one of the assistants, Sonos customers could use both simultaneously. Sonos engineers patented the technology to enable the assistants to work side by side, and executives lobbied Amazon and Google to let it happen.

At first, the companies hated the idea. Hours before a New York news conference in October 2017, Sonos was preparing to unveil its first speaker with virtual assistants when the Amazon product chief Dave Limp called Mr. Spence. Mr. Limp had just found out that Google would also be onstage, and he said Amazon was now pulling out of the event as a

result, according to two people familiar with the conversation. After negotiations, Amazon relented.

Sonos executives said Google and Amazon had ultimately forced them to make users select one assistant when setting up their speaker. Amazon said it had never asked Sonos to force users to choose its assistant or Google's version.

Amazon later changed its position and joined an alliance with Sonos and other companies to make virtual assistants like Alexa function together. Google, along with Apple and Samsung, did not join the alliance.

Google has maintained, Sonos executives said, that it will pull its assistant from Sonos's speakers if it works alongside any assistant from Amazon, Apple, Microsoft or Baidu, the Chinese internet company. Sonos has followed Google's orders.