Game Company Hit with $420+ Million False Advertising Verdict

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Papaya offers mobile gaming apps in which players can compete for the chance to win cash prizes. It advertised that players are “matched with other players within the same skill level” and that each game is “totally fair and skill-based.” Some players expressed their doubts, posting comments online in which they suspected that the company unfairly matched human players against bots. Papaya responded to many of these comments, but neither confirmed nor denied whether bots played against humans.

In 2024, we reported that Papaya’s competitor Skillz filed a lawsuit alleging, among other things, that Papaya falsely advertised that all players on its platform are human. In its motion to dismiss, Papaya argued that it never expressly stated that.

Although a New York federal court agreed that Skillz hadn’t identified any statements that were expressly false, Skillz had identified statements—including references to “individuals” and “players”—that could imply that consumers are playing against humans, rather than bots. The court determined that if Papaya does employ bots, the claims identified by Skillz could be actionable.

Last week, a jury returned a verdict in favor of Skillz on its Lanham Act and New York General Business Law claims, finding Papaya should pay $420 million in actual damages. The jury also determined that Papaya should pay disgorgement amounts of $652 million and $720 million, with the actual amount to be determined by the court.

Update: Update: In July, a New York federal judge ordered Papaya Gaming to disgorge $719 million and pay $10.1 million in attorney fees on top of the $420 million jury verdict in April.