



Twitter vs. Tesla Lawsuit Update: Will Elon Musk Lose?

Description

Few billionaires make the headline as often (at least from a corporate context) as often as Elon Musk. From EV leadership to his crypto influence, Elon Musk has the potential to shake the market, even if only temporarily. And one tool that he most frequently uses to extend and exercise his influence on the market is **Twitter** ([NYSE:TWTR](#)), the microblogging giant he proposed to buy a while back and then backed out.

The Twitter deal

Elon Musk's proposal to buy Twitter was accepted by the company's board in April 2022. But he backed out of the deal in July. The reason he gave was that Twitter failed to provide enough information and accurate data on the number of spam bots on the Twitter site.

The spam bots on Twitter may include both actual AI-driven bots mimicking human accounts as well as fake Twitter accounts operated by actual humans.

Twitter has called this "cause" an irrelevant sideshow, which, ironically, has serious repercussions for the company. The stock fell well over 15% directly following the news. And the uncertainty regarding the deal may further weaken the stock.

The company has filed a lawsuit and has already won the motion for an expedited trial because the longer it drags on, the worse it would be for the company. And if the company wins the trial, Elon Musk may be forced to go through the acquisition, but it's just one of the many potential outcomes.

He may also be forced to pay a \$1 penalty without buying the company. Or, if things go his way, he may get the company at a lower price.

How is Tesla part of the mix?

Elon Musk's stake in **Tesla** ([NASDAQ:TSLA](#)), one of the largest and most popular electric vehicle (EV)

companies in the world, makes up the bulk of his net worth. And part of his stake in Tesla was one of the ways he was going to fund his Twitter acquisition. So, naturally, Tesla is tied to this deal and will experience consequences if the lawsuit doesn't go the "Musk way."

The stock has fallen quite a bit from its 2021 peak, making a significant dent in Elon Musk's net worth. The company has also recently liquidated a significant portion of its **Bitcoin** holding due to uncertainty in the market. But apart from that, the quarterly earnings of the company were healthy enough, beating analyst expectations.

Even if we see a long and tedious trial, the impact on Tesla stock might be less than the Twitter stock. That's because most investors see it as Elon Musk vs. Twitter rather than Tesla vs. Twitter, which gives Tesla a pass.

A Canadian EV stock

Even though Elon Musk and Tesla have been two main catalysts in the EV mainstreaming, the EV market has grown too big to be significantly impacted by the current lawsuit the two are involved in. So if you are planning on investing in a discounted EV stock like **Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)), you may consider going ahead.

Ballard is technically more than just an EV stock, even though its primary product – i.e., the Proton Exchange Membrane (PEM) fuel cell — is widely used in EVs.

The company offers solutions to a broader market, including the marine industry, equipment manufacturers, etc. This makes it a more wholesome, environmentally conscious stock choice than a pure EV company and a compelling pick from an [ESG investing](#) perspective.

Foolish takeaway

The trial can go either way at this point, but the early victory of an expedited trial may encourage more speculators and investors to lean towards Twitter. However, if you plan on buying either of the two stocks, you may consider waiting for this issue to unfold.

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2. Tech Stocks

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3. NYSE:TWTR (Twitter)
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