

## U.S., 11 States Sue to End Google’s Reign as “Monopoly Gatekeeper for the Internet”

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### **Suit says company improperly uses market power to achieve exclusivity.**

The U.S. Department of Justice and 11 states have sued Google LLC in federal court in Washington, D.C. for unlawfully maintaining its position as “monopoly gatekeeper for the internet” by blocking competitors in Internet search and search advertising markets. “For many years, Google has used anticompetitive tactics to maintain and extend its monopolies in the markets for general search services, search advertising, and general search text advertising — the cornerstone of its empire,” the government suit alleges. [Google immediately responded via web post](#), calling the suit “dubious” and “deeply flawed.”

[Download the complaint.](#)

The complaint pays special attention to internet searches on mobile devices, an activity that has by far overtaken searches initiated by consumers on desktop computers. Mobile searches are now “the most important avenue for search distribution in the United States.” Mobile and desktop devices that default to the Google search engine gives the company “de facto exclusivity,” according to the complaint.

Google is alleged to maintain its dominance in general search by entering into “exclusionary agreements, including tying arrangements” to “lock up distribution channels and block rivals.” Google uses its considerable resources and revenue to help make this happen. “Google pays billions of dollars a year to distributors ... to secure default status for its general search engine ...” The company even prohibits device makers and distributors from dealing with Google’s competitors. Deals have been struck with Apple, LG, Motorola, Samsung, AT&T, T-Mobile, Verizon, Mozilla, Opera, and UCWeb, the suit alleges. And some agreements require distributors to take and feature “a bundle of Google apps” to make sure Google is a consumer’s first click for popular services.

These exclusionary agreements are alleged to cover just under 60 percent of all search queries, while almost half of the remaining queries go through Chrome, also a Google product. “Between its exclusionary contracts and owned-and-operated properties,” the suit says, “Google effectively owns or controls search distribution channels accounting for roughly 80 percent of the general search queries in the United States. Largely as a result of Google’s exclusionary agreements and

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anticompetitive conduct, Google in recent years has accounted for nearly 90 percent of all general-search-engine queries in the United States, and almost 95 percent of queries on mobile devices.”

“Google has thus foreclosed competition for internet search,” the government says.

Moreover, “Google monetizes this search monopoly in the markets for search advertising and general search text advertising, both of which Google has also monopolized for many years,” the complaint says. Google generates \$40 billion a year from advertisers, part of which it uses to get distributors to favor Google’s search engine. These payments discourage distributors from switching and create a barrier to entry for rival search engines, especially small, innovative players.

“Google’s anticompetitive practices are especially pernicious because they deny rivals scale to compete effectively,” the DOJ and the states explain. Google’s products run on complex algorithms that “learn” which ads to present to which users. The “volume, variety, and velocity of data,” which Google has more of than anyone, “accelerates the automated learning of search and search advertising algorithms.” The scale of the data it feeds into these algorithms is something Google has acknowledged is the key to its success.

The complaint adds that Google’s grip on distribution “thwarts potential innovation.” The government plaintiffs noted two rivals — one that is using a subscription model and DuckDuckGo, which has strict privacy protection policies — “are denied the tools to become true rivals: effective paths to market and access, at scale, to consumers, advertisers, or data.”

The government notes that the once scrappy Google claimed Microsoft’s practices were anticompetitive. “Almost 20 years ago, the D.C. Circuit in *United States v. Microsoft* recognized that anticompetitive agreements by a high-tech monopolist shut off effective distribution channels for rivals, such as by requiring preset default status (as Google does) and making software undeletable (as Google also does), were exclusionary and unlawful under Section 2 of the Sherman Act.”

Google’s exclusionary strategy is being applied more harshly in newer technologies, such as voice assistants and the “internet of things,” such as smart speakers, home appliances, and autonomous cars. Without a court order, the government says, “Google will continue executing its anticompetitive strategy, crippling the competitive process, reducing consumer choice, and stifling competition.”

The suit asks the court to declare that Google has acted unlawfully to maintain monopolies in the search services, search advertising, and search text advertising markets. It seeks unspecified structural relief and an order prohibiting future exclusionary practices.

Google: It’s a “Dubious Complaint”

Kent Walker, VP of Global Affairs for Google, apparently saw the suit coming. [In a well-illustrated response](#), he wrote: “Today’s lawsuit by the Department of Justice is deeply flawed. People use Google because they choose to, not because they’re forced to, or because they can’t find alternatives.”

“This lawsuit would do nothing to help consumers. To the contrary, it would artificially prop up lower-quality search alternatives, raise phone prices, and make it harder for people to get the search services they want to use,” Walker said.

“Our agreements with Apple and other device makers and carriers are no different from the agreements that many other companies have traditionally used to distribute software,” the response continues. “Other search engines, including Microsoft’s Bing, compete with us for these agreements. And our agreements have passed repeated antitrust reviews.

[Read Google’s full response.](#)

*Edited by Tom Hagy for MoginRubin LLP.*

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National Law Review, Volumess X, Number 295

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