

# Could an antitrust ruling against Google cause the company to be broken up?

Google of Alphabet Inc. lost the biggest antitrust case the company has faced, when a US judge found on August 5 that the company had illegally monopolized the search market.

This is a major victory for the U.S. Department of Justice and state attorneys general and could lead to the breakup of the 25-year-old company.

Judge Amit Mehta of the US District Court for the District of Columbia ruled that the \$26 billion in payments Google made to other companies to make its search engine the default option on smartphones and the web browser has effectively prevented any other competitor from succeeding in the market. Mehta's ruling came after a 10-week trial in 2023 - the first on monopoly charges to pit the federal government against a US technology company in more than two decades.

The case is one of several antitrust lawsuits against big tech companies being pursued by President Joe Biden's administration, which has made promoting competition in trade a focus. in its economic policy.



## 1. Lawsuit against Google

The Justice Department and attorneys general allege that Google, the search engine that controls nearly 90 percent of online queries, paid billions of dollars to maintain a monopoly on the search market through agreements with technology rivals, smartphone manufacturers and wireless service providers. In exchange for a share of advertising revenue, those companies, including Apple Inc. and Samsung Electronics Co., have agreed

to make Google the default option on browsers and mobile devices. Plaintiffs allege that these agreements lock in key access points, preventing rival search engines such as DuckDuckGo or Microsoft Corp.'s Bing, collect the volume of data needed to improve its products and challenge Google.

Mehta's ruling found that Google illegally monopolized the market for general search services and search text ads - the ads that appear at the top of search results pages. "Google's distribution agreements block out a significant portion of the general search market and weaken its competitors' opportunities to compete," Mehta said. He discovered that because of its monopoly, Google was able to increase the price of text ads without restriction.

## **2. What now?**

Mehta's decision focused solely on whether Google violated antitrust laws. He plans to hold a separate trial on how to fix Google's illegal behavior.

The Justice Department has not yet said what changes it will seek. The agency could request that Alphabet's search business be separated from other products, such as Android or Chrome. If a judge orders such a split, it would be the largest forced split of a U.S. company since AT&T was dissolved in 1984.

The judge may also not order a complete separation but choose to void the exclusive search agreements. Another option might be to ask Google to license its search index, which is the data Google uses to build search results.

## **3. What did Google do in response to this decision?**

Google said it plans to appeal Mehta's ruling. The company noted that Mehta's decision states that Google is "the best search engine in the United States" and has "exceptional product quality" thanks to its investment in innovation.

While the company admits that it pays to have its search engine pre-installed on mobile phones and browsers, it says those arrangements are harmless, likening them to those Cereal companies work with grocery stores to get space on main shelves. Google representatives have repeatedly said that competition is just "a click away."

## **4. What is antitrust law?**

They are meant to protect competition in trade. In the United States, it is not illegal to be big and powerful; Gaining a monopoly from superior products or better management is seen as a reward for market success. However, it is illegal for a monopoly to take steps to prevent rivals that might threaten its dominance. Any attempt to maintain an illegal monopoly presents a challenge to antitrust enforcers and could result in penalties or a forced breakup.

## **5. What other antitrust lawsuits does Google face?**

1. Led by Texas, 16 states plus Puerto Rico sued Google in 2020, saying the company had a monopoly on the underlying technology for online advertising. A trial has been scheduled for March next year.
2. The Justice Department filed a separate antitrust lawsuit against Google over its advertising technology business in January 2023. That case is set to go to trial in September.

3. A federal jury found that Google illegally sought to maintain exclusive rights to distribute applications through the Google Play Store on mobile devices. Epic Games, the publisher of the video game Fortnite, has filed a lawsuit, asking the court to order Google to allow consumers to download apps from anywhere they choose and to allow developers the freedom to choose how accept payment. Google objects to the proposed remedy and the judge in the case has not yet ruled.
4. 30 state attorneys general sued Google in July 2021, saying the company illegally abused its power over the sale and distribution of apps through the Google Play Store on mobile devices France. Google has tentatively settled that lawsuit for \$700 million, but a federal judge has not yet approved the deal due to concerns that the agreement does not address alleged anti-competitive behavior.

## 6. Where else are Google's business activities being monitored?

Mainly Europe. Since 2010, when the European Commission received its first formal complaint about Google's competition practices, the company has been hit with three fines totaling more than 8 billion euros (8.6 billion euros). billion dollars). Google continues to fight those fines, including a landmark fine of 4.34 billion euros for the way it operates its Android mobile operating system, in court. In June, the EU brought further charges against Google, accusing the company of biasing its ad tech business to the detriment of ad tech rivals, advertisers and publishers. online publishing, and asked the company to divest from this entire division.

In March, the EU's Digital Markets Act came into force for Google and other designated "gatekeepers" of the online economy. Under the act, they will not be allowed to prioritize their own services over those of competitors on their platforms, will be prohibited from combining personal data across their different services, and will be prohibited from using the data they collect from third-party merchants to compete with them. The European Commission, the EU's executive branch, has opened an investigation into whether Google is complying with new rules relating to its app store and search engine.

## 7. What other antitrust cases is the Biden administration pursuing?

The Biden administration has accelerated the antitrust crackdown that began under President Donald Trump. In the final months of the Trump administration, the Department of Justice filed its first lawsuit against Google, and the Federal Trade Commission filed a lawsuit against Facebook, accusing the company of maintaining an illegal monopoly over the network. personal social in part by acquiring rivals Instagram and WhatsApp; FTC seeks to split up Facebook's parent company, Meta Platforms Inc.

Those actions, continued by Biden officials, are the biggest antitrust moves against tech giants since the United States sued Microsoft in the 1990s, resulting in a settlement that left the company This requires cutting back on some business activities.

Last year, the FTC sued Amazon.com Inc. for monopolizing online marketplace services by compromising quality for shoppers and overcharging sellers. In March, the Department of Justice filed a lawsuit against Apple for blocking competitors from accessing hardware and software features on its popular devices.

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