Attorney General James Sues to End Google's Illegal Monopolies

AG James Helps Lead Bipartisan Coalition of 38 AGs Alleging Google Illegally Maintained Monopolies, Created Insurmountable Barriers to Entry for Competitors

NEW YORK – New York Attorney General Letitia James today continued her work fighting for New York's consumers and small businesses by **co-leading a bipartisan coalition of 38 attorneys general in suing Google LLC for its illegal, anticompetitive conduct that has sought to maintain its monopoly power in the general search services and search advertising markets**. Through a series of exclusionary contracts and other anticompetitive conduct, Google has deprived consumers of competition that could lead to greater choice and innovation, as well as better privacy protections. Attorney General James and the coalition also accuse Google of exploiting its market position to accumulate and leverage data to the detriment of consumers, all in an effort to control the market and make billions in profits.

"Google sits at the crossroads of so many areas of our digital economy and has used its dominance to illegally squash competitors, monitor nearly every aspect of our digital lives, and profit to the tune of billions," said **Attorney General James**. "Through its illegal conduct, the company has ensured that hundreds of millions of people turn to Google first when looking for an answer, but it doesn't take a web search to understand that unchecked corporate power shouldn't have disproportionate control over our data and information. For decades now, Google has served as the gatekeeper of the internet and has weaponized our data to kill off competitors and control our decision making — resulting in all of us paying more for the services we use every day."

Areas of Monopoly Power

Google dominates the search market on the Internet, but, over time, has also vastly expanded its products to include online advertising technologies, cloud computing, software, and hardware, among other areas. The states' complaint, today, alleges that Google has left behind its tech-startup origins and built itself into a web-ecosystem behemoth, maintaining its monopolies using multiple forms of anticompetitive conduct in the general search and search advertising-related markets:

- **General Search Services:** General search engines give users the ability to enter keyword queries to search the contents of the web. Close to 90 percent of all internet searches done in the United States use Google. No competing search engine has more than seven percent of the market, and, over the past decade, no new entrant in the general search market in the United States has accounted for more than one percent of internet searches in a given year.

- **General Search Advertising:** Consisting of all paid advertising placements that are supplied by a general search engine in connection with a general search query, including general search text advertisements and specialized advertising supplied by general search engines.

Anticompetitive Conduct

Attorney General James and the coalition allege that Google has maintained its dominance using three main strategies:

- **Exclusionary Agreements:** Google uses its massive financial resources to limit consumers' ability to access competitors. For example, Google pays Apple between $8 and $12 billion per year to ensure that Google is installed as the default search engine on Apple devices and it limits general search competition on Android devices with a web of restrictive contracts. This conduct positions Google as the go-to search engine on browsers and mobile devices. Google is also now pursuing similar strategies with emerging technologies that serve as search-access points, such as voice assistants, home smart speakers, televisions, and internet-connected cars. Additionally, exclusivity arrangements disincentivize current partners from defying Google's demands, as they stand to lose substantial revenue streams.

- **Discriminating Against Specialized Search Sites:** Google's anticompetitive conduct disadvantages specialized search sites — such as those that provide travel, home repair, or local search services (e.g., Expedia, Angie's List, and Yelp) — by, among other things, depriving them of access to prime real estate on the Google search results page displayed to a user. These sites threaten the advertising revenue Google stands to gain from the valuable subset of searches that are likely to lead to user purchases. Google prioritizes or self-preferences its own specialized search products at the top of a user's screen, and also discriminates against specialized search sites by barring them from buying specialized ads appearing in desirable sections of the search results page.

- **Disadvantaging Competitors Using its Search-Engine Marketing Tool:** Google promised that its search-engine marketing tool, SA360, would be neutral and would not favor Google search advertising over that of competing search engines, like Bing. In reality, however, Google rigs the game by artificially driving advertiser spending to itself and limiting the ability of rival search engines to compete for advertising dollars. For example, SA360 unfairly advantages Google by making it artificially appear to advertisers using the tool as though

Bing ads perform worse than they actually do. In this way, SA360 steers additional spending towards Google.

Harms

Google's illegal conduct has impeded competitive threats, limiting the ability of consumers and advertisers to obtain information and make their own choices. The attorneys general argue, in today's complaint, that more competition in the general search engine market would benefit consumers, for example, though improved privacy protections and more targeted results and opportunities for consumers. Competitive general search engines also could offer better quality advertising and lower prices to advertisers, which would be expected to flow through to consumers.

Further, the states also lay out how Google's acquisition and command of vast amounts of data — obtained in increasing part because of consumers' lack of choice — has fortified Google's monopoly and created significant barriers for potential competitors and innovators.

Specific Violations

Google is charged with multiple violations of Section 2 of the Sherman Act.

Remedies

The attorneys general ask the court to halt Google's illegal conduct and restore a competitive marketplace. The states also seek to counter any advantages that Google gained as a result of its anticompetitive conduct, including divestiture of assets as appropriate. Finally, the court is asked to provide any additional relief it determines appropriate, as well as reasonable fees and costs to the states.

The states' complaint is consistent with but goes further than the lawsuit filed by the U.S. Department of Justice (DOJ) on October 20, which alleged that Google improperly maintains its monopoly power in general search and search advertising through the use of exclusionary agreements. Today's complaint was filed in the U.S. District Court for the District of Columbia, in conjunction with a motion to consolidate that seeks to combine the states' case with the pending U.S. DOJ case.

Separately, in her effort to fight for consumers and small businesses hurt by the anticompetitive actions of different tech giants, **Attorney General James, just last week, led a bipartisan coalition of 48 attorneys general in filing a lawsuit against social networking giant**

Facebook for stifling competition to protect its monopoly power. Facebook's illegal actions have deprived users from the benefits of competition and reduced privacy protections and services along the way — all in an effort to boost its bottom line through increased advertising revenue.

Attorney General James co-led the Google investigation and today's lawsuit with an executive committee that includes the attorneys general of Arizona, Colorado, Iowa, Nebraska, North Carolina, Tennessee, and Utah. The executive committee is joined by the attorneys general of Alaska, Connecticut, Delaware, Hawaii, Idaho, Illinois, Kansas, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Vermont, Virginia, Washington, West Virginia, Wyoming, the District of Columbia, and the territories of Guam and Puerto Rico.

The Google investigation is being handled on behalf of New York by Assistant Attorneys General Morgan J. Feder and Zach Biesanz of the Antitrust Bureau — both under the supervision of Antitrust Bureau Chief Elinor Hoffmann; Senior Enforcement Counsel John Castiglione of the Investor Protection Bureau — under the supervision of Bureau Chief Peter Pope and Deputy Bureau Chief Kevin Wallace; and Assistant Attorney General Johanna Skrzypczyk of the Bureau of Internet and Technology — under the supervision of Bureau Chief Kim Berger. The Antitrust Bureau, the Investor Protection Bureau, and the Bureau of Internet and Technology are all part of the Division for Economic Justice, which is overseen by Chief Deputy Attorney General Chris D'Angelo and First Deputy Attorney General Jennifer Levy.

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