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PRESS RELEASE

AG Healey Sues Google Over Illegal App Store Monopoly Conduct

Bipartisan Coalition Alleges Google's Antitrust Law Violations, Unfair Business Practices, and Forced Use of Google Play Billing Edge Out Competition

FOR IMMEDIATE RELEASE: 7/07/2021

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BOSTON — Attorney General Maura Healey today joined a bipartisan coalition of 37 attorneys general in filing a lawsuit against Google for using its market dominance to unfairly restrict competition within the Google Play Store for Android mobile devices, harming consumers by limiting choice and driving up app prices.

The <u>lawsuit</u> (/doc/google-antitrust-complaint), filed today in the *U.S. District Court* of the Northern District of California—San Francisco Division, alleges that the tech giant violated the federal Sherman Antitrust Act and

various state antitrust and consumer protection laws with its exclusionary conduct, which substantially shut out competing app distribution channels. According to the complaint, Google also requires that developers offering apps through the Google Play Store use Google Billing, which forces them to pay Google's exorbitant commission—up to 30 percent—on in-app purchases made by consumers. This commission is significantly higher than commission fees charged by other competitive payment processors for digital and non-digital goods.

"Smartphones are a source of information, entertainment, and commerce in our daily lives, but Google's abuse of its Android market dominance has stifled competition and consumer options for app downloads," **AG Healey** said. "We are filing this lawsuit today to end Google's web of restrictive contracts that have unlawfully inflated the cost of many digital goods, services, upgrades or other purchases made through apps downloaded from the Google Play Store. This lawsuit seeks to protect both consumers and innovative app developers from these unlawful practices."

According to the complaint, Google had previously promised app developers and device manufacturers that it would keep Android as an "open source" platform – allowing developers to create compatible apps and distribute them without unnecessary restrictions – but did not keep that promise, implementing contractual restraints that both disincentivized and restricted mobile device manufacturers and network operators that adopted the Android ecosystem from competing in the relevant market.

The Google Play Store, which is Google's app store, accounts for over 90 percent of all app downloads on Android smartphones. The attorneys general allege that Google engaged in the following conduct to enhance and protect its monopoly position over Android app distribution:

- Imposed technical barriers that strongly discouraged or effectively prevented third-party app developers from distributing apps outside the Google Play Store.
- Prohibited Android from being "open source" for many years, effectively cutting off potential competition.
 Google forces mobile device manufacturers who wish to sell devices that run Android to enter into agreements that prohibit creating or implementing any variants of the Google-certified version of Android. This includes prohibiting changes that could facilitate the distribution of apps outside the Google Play Store.
- Foreclosed competition by forcing Google's proprietary apps to be "pre-loaded" on essentially all devices designed to run on the Android OS and requiring that Google's apps be given the most prominent placement on device home screens.
- Entered into arrangements with mobile device manufacturers and network operators that provided a share of Google's monopoly profits in exchange for not competing with the Google Play Store.
- Forced app developers and app users alike to use Google's payment processing service, Google Play Billing, to process payments for in-app purchases of content consumed within the app, unlawfully tying the use of Google's payment processor, which is a separate service within a separate market for payment processing within apps, to distribution through the Google Play Store.

This lawsuit is joined by Massachusetts Attorney General Maura Healey and co-led by the attorneys general of Utah, New York, Tennessee, and North Carolina. It's also joined by the attorneys general of Alaska, Arkansas,

Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Idaho, Indiana, Iowa, Kentucky, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma, Oregon, Rhode Island, South Dakota, Vermont, Virginia, Washington, and West Virginia.

Handling the case for Massachusetts is Assistant Attorney General Matthew Frank and Division Chief Will Matlack, both of the AG's Antitrust Division.

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Attorney General Maura Healey is the chief lawyer and law enforcement officer of the Commonwealth of Massachusetts.

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