Attorney General James Sues Google for Monopolies in Digital Advertising

AG James, U.S. Department of Justice, and Bipartisan Coalition of States Sue Google To Break Up Monopolies that Harm Website Publishers, Businesses, and New York Consumers

NEW YORK – New York Attorney General Letitia James today **sued Google LLC (Google)**, for monopolizing the digital advertising industry. Together with the United States Department of Justice (DOJ), a bipartisan coalition of eight states allege that Google has engaged in a 15-year, organized campaign so it could obtain outsized influence at all levels of the ad tech industry, and has used its power to reduce competition and innovation, harming website publishers, advertisers, and consumers. Through this lawsuit, Attorney General James, DOJ, and the coalition of states are seeking to stop Google's anticompetitive practices and order it to sell off various ad tech tools to restore a competitive balance in digital advertising and end Google's unfair advantage in the industry.

"New York consumers and small businesses are paying the price of Google's actions," said **Attorney General James**. "When website publishers get less ad revenue because of Google's monopolies, they have to either lower the quality of their website, or pass on costs to consumers. I am proud to partner with the Department of Justice and fellow attorneys general in pushing back against Google's illegal actions. I will not allow companies, no matter how large or powerful, to take advantage of New York consumers or small businesses."

While Google is best known for its search engine, it has expanded its products to include online advertising technologies that allow website publishers to sell their available space on digital ad exchanges. Google has used its market power to dictate the terms on which publishers and advertisers may do business, prioritizing its own financial gain ahead of the quality of its products and its customers' best interests. The ads at issue are called "display ads," the banners and sidebars that appear at the top and margins of websites. Google built itself monopolies in three ad tech markets and is able to control nearly every aspect of these sales, extracting higher-than competitive fees at multiple stages of the transactions it handles.

By monopolizing the components of ad tech, Google has raised advertising costs for businesses while simultaneously lowering the revenues website publishers receive for their ad space, keeping unfairly high fees for itself. This conduct hurts consumers because as publishers make less money on advertising inventory, fewer publishers are able to offer internet users content for free, without subscriptions, paywalls, or alternative forms of monetization. The components of the ad tech market, and Google's actions to monopolize each one, include:

- **The Publisher Ad Server Market**: Website publishers — the content creators or owners — use a tool called a “publisher ad server” to handle the process of selecting ads to fill available ad slots when a user opens a web page. The tool rapidly evaluates potential ads from different sources and applies a set of rules to decide which ad will be displayed, considering data about the user viewing the page and bids from ad exchanges. Publishers cannot reasonably integrate with more than one such tool, and switching is cost- and resource-prohibitive. Since 2008, Google has owned the industry’s leading publisher ad server, Google Ad Manager (aka DoubleClick for Publishers, or DFP). Google restricts publishers’ power to transact with rival exchanges on their preferred terms.
- **The Ad Exchange Market**: An ad exchange is a software platform that receives requests to fill ad space on publishers’ web pages, and solicits bids on each impression from advertiser buying tools like ad networks. It chooses the winning bid and transmits that information to the publisher ad server. Google owns the industry’s leading ad exchange, called AdX, now packaged as part of Google Ad Manager. Google provides advantageous bidding techniques exclusively to AdX, and restricts real-time access to AdX to DFP, as part of Google Ad Manager.
- **The Advertiser Ad Network Market**: Advertisers receive and respond to bid requests from ad exchanges using advertiser buying tools, which include ad networks. These tools assist advertisers in connecting to ad exchanges, selecting impressions to bid on, submitting bids, and tracking campaign goals. Ad networks are tools typically used by smaller advertisers, or advertisers that must rely on the network’s targeting data to make ad buying effective. The ad network is a “black box” to advertisers, giving them little or no control over or visibility into the process by which it bids for impressions. Google offers the industry’s leading ad network, Google Ads, and makes its demand available only through AdX.

Through this lawsuit, Attorney General James, DOJ, and the coalition of states seek to restore a competitive, innovative marketplace and benefit consumers by asking the court to require Google to sell off certain key ad tech assets that it has amassed as part of its monopolization efforts. The coalition also asks the court to counter any unfair advantages that Google gained as a result of its anticompetitive conduct.

Joining Attorney General James and DOJ in today’s lawsuit are the attorneys general of California, Colorado, Connecticut, New Jersey, Rhode Island, Tennessee, and Virginia.

This matter is being handled by Assistant Attorney General Morgan J. Feder of the Antitrust Bureau and Antitrust Bureau Chief Elinor Hoffmann. The Antitrust Bureau is a part of the Division of Economic Justice, which is overseen by Chief Deputy Attorney General Chris D’Angelo and First Deputy Attorney General Jennifer Levy.