***United States v. Google LLC*: The Implications of Antitrust Laws on the Modern Technology Market**

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The expansion of technological capabilities and the internet has been a highlight of the 21st century thus far. From Apple's smartphones, Google's growing search engines, and other "Big Tech" companies such as Amazon or Microsoft, economists have questioned the lack of regulation in the tech industry. Whether these companies could continue to grow in an unregulated way was answered in the 2023 Supreme Court case, *United States v. Google LLC*. The case concluded that Google had monopolized two markets: general search services and general text advertising. This landmark decision is the first time the Supreme Court has begun restricting the capabilities of large tech corporations. While not yet realized, the implications of this decision will change how Google and the technology market can operate.

The Supreme Court found Google liable on the U.S. Plaintiffs' Counts I and III, concluding that Google violated Section 2 of the Sherman Act, which prohibits the "[monopolization] or attempt to monopolize a market." The Sherman Act aims to increase market competition by promoting more "fair" economic practices and limiting the concentration of market power within only a few companies. The Sherman Antitrust Act was passed in 1890, allowing the government to break up monopolies during a period where monopolies dominated many different markets.[1] Furthermore, Section 2 of the Sherman Act only prohibits monopoly when there has been a conspiracy to monopolize by a particular company. In other words, if Google gained search engine dominance through market forces alone, a monopoly over the search engine market would not be considered illegal or violate the Sherman Antitrust Act.

In 2020, 90% of internet searches went through Google, and 95% of internet searches were done on smartphones. For comparison, the market concentration of the second-largest search engine company, Microsoft Bing, included only 6% of total search engine searches. The Plaintiff argued that this market power accumulated due to Google's distribution agreements, rather than simply being the browser that consumers prefer. In 2021 the company spent $26 billion on payments to not only be the default search engine on devices but also have their

[1] Chin-Rothmann, C. (2022, April 22). *Breaking Down the Arguments for and against U.S. Antitrust Legislation*. Center for Strategic and International Studies. https://www.csis.org/analysis/breaking-down-arguments-and-against-us-antitrust-legislation

partners agree to not preload another search engine, such as Bing, onto the device. Therefore, the Plaintiff argued that Google's distribution agreements have led to their search engine dominance.[2]

In addition, these distribution agreements have also cemented Google's second monopoly in online advertising. The increase in users caused by Google's search engine dominance means Google has an increase in advertisers across its platforms. Google's advertising revenue from its distribution agreements is significantly higher than its next closest competitor, Microsoft's Bing. In 2021, Google's revenue from advertising accumulated to $146 billion, whereas Bing's revenue accumulated to less than $22 billion.

Witnesses from advertising companies brought evidence that solidified the anticompetitive effects of Google's distribution agreements. Advertising companies correlate the amount spent on text ads to the appropriate market share. As a result, most advertising companies spend roughly 90% of their budget on advertising on Google's search engine, and 8-10% on Bing. Google's dominance means that as long as they can maintain a certain concentration, advertisers will advertise on Google's platform regardless of changes in the price or quality of the advertisements. This anti-competitive effect led to the court's ruling that Google's actions are monopolistic, designed to create and maintain a hegemony over the search engine and advertising markets.[3]

This case will set a precedent and affect the outcome of Apple and Amazon's pending lawsuits regarding the illegal maintenance of monopoly power within the smartphone and online retail markets. The court's decision to limit the power of Google raises questions about whether they will do the same in the Apple and Amazon cases. However, these newer antitrust cases are slightly different given that they violate other aspects of antitrust law. For example, Amazon's case alleges that the company violates the Sherman Antitrust Act's Section 1, "conspiracy in the restraint of commerce." The Federal Trade Commission (FTC) has argued that Amazon charges smaller businesses extra fees, knowing that they rely on Amazon to stay in business.[4]

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[2] United States v. Google LLC, 661 US (2023). https://casetext.com/case/united-states-v-google-llc
[3] Kang, C., & McCabe, D. (2024, May 3). *U.S. Antitrust Case Against Google Is Just the Start*. The New York Times. https://www.nytimes.com/2024/05/03/technology/google-apple-amazon-meta-antitrust.html
[4] Graham, V. (2023, September 26). *FTC sues Amazon for illegally maintaining monopoly power*. Federal Trade Commission. https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-sues-amazon-illegally-maintaining-monopoly-power

Furthermore, the FTC hopes to address Amazon's anti-discounting measures, raising prices and providing lower-quality service for consumers. If *United States v. Google LLC.* Establishes a precedent to continue limiting and regulating "Big Tech" companies, could lead to positive, pro-competitive effects that benefit independent businesses, producers, and consumers.[5]

Antitrust laws are passed to protect the free, competitive market and ensure fair business practices for consumers. By prohibiting actions such as tying agreements and predatory pricing, these laws aim to establish more fair, and often lower prices for consumers while ensuring that competition within these markets will promote innovation. However, when applied to technology markets, while consumers may benefit from lower prices from more competition, it can also be argued that technological innovation will slow down. Established corporations with larger revenues, while perhaps technology monopolies, also have furthered technological innovation at a pace that would be hard for emerging companies. An increase in competition within these markets may lead to more product options for consumers, however, it could also lead to a decrease in innovation overall. Therefore, it might be harder for startup companies to create and produce costly new technology than for larger companies.

Ultimately, *United States v. Google LLC* will lead to positive, pro-competitive effects within the technology markets. The decision will likely lead to further investigations and similar outcomes within other pending cases. While these decisions will be noteworthy in themselves, it is also important to consider how the court will decide to enact upon this case. Questions about whether to break up the companies will undoubtedly lead to new market structures and practices, including an opportunity for emerging companies to compete with developed companies. Furthermore, consumers will experience these pro-competitive effects through lower prices for the same goods. These effects could also open the market to local and independent companies that have newer products and technologies. Whether innovation or the quality of goods will be stifled, these effects will certainly contribute to a new era for the technology market.

[5] McCabe, D., & Grant, N. (2024, August 13). U.S. Said to Consider a Breakup of Google to Address Search Monopoly. *The New York Times*. https://www.nytimes.com/2024/08/13/technology/google-monopoly-antitrust-justice-department.html