

RESEARCH SUMMARY

Harm to the Competitive Process in the *Google* Case

The government charged that Google unlawfully exercised monopoly power over internet search, in violation of the Sherman Act. But the mere possession of monopoly power is not unlawful, and the question is whether Google *improperly* maintained monopoly power. In “Harm to the Competitive Process in the *Google* Case,” Gregory J. Werden argues that the company did not breach antitrust law by harming the competitive process. Rather, Google “competed on the merits” and is entitled to the rewards of its success.

Google Competed on the Merits

United States v. Google LLC focused mainly on the partnerships the company entered into with Apple and others to promote the use of Google’s search engine and thus increase its advertising revenue. The government was required to prove that Google did not compete on the merits in entering these partnerships and thus harmed the competitive process.

To bolster its position, the government appealed to past cases in which a dominant supplier bribed distributors to deal with it exclusively. But the Google case is different.

The evidence did not show that Google’s partners were disinclined to favor one search engine over others. Browser developers independently determined that having a default search engine was best for users, who were free to change the preset defaults, and Google became the default by being the best. Moreover, the trial evidence indicated that if Google were stripped of its default status, it would retain its dominant usage share.

Partnering for Mutual Benefit

The government has failed to show that Google’s actions harmed the competitive process.

- As a general matter for distributors, dealing exclusively with one supplier or partner can be more profitable than dealing with several or many.
- Partnering with a search engine was the best way, and perhaps the only way, for browser developers such as Apple to share in the bounty of search advertising revenue.
- Google was the logical choice for search-engine partner because it had the best search engine.

Brilliant Ideas + Hard Work = Success

Google is the world's leading provider of search services. In rising to that position Google did not violate antitrust law or harm the competitive process. Brilliant ideas and hard work brought Google the enormous success it has achieved.

Google's partners made rational business decisions to promote one search engine over others. Doing so served the interests of their customers and allowed the partners to capture a share of the huge revenues generated by search advertising.