

# Attorney General James Files Second Antitrust Lawsuit in Six Months to End Google's Illegal Monopolies

*AG James Co-Leads Bipartisan Coalition of 37 AGs in Alleging Google Illegally Maintains App Store Monopolies, Unfairly Edges Out Competition*

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 37 attorneys general in [filing a lawsuit against Google LLC for its illegal and anticompetitive conduct that has sought to maintain the company's monopoly power in the mobile app distribution and in-app payment processing markets](#). Through a series of exclusionary contracts and other anticompetitive conduct in the Google Play Store, Google has deprived Android device users of robust competition that could lead to greater choice and innovation, as well as significantly lower prices for mobile apps. Attorney General James and the coalition — co-led by the attorneys general of Utah, North Carolina, and Tennessee — also accuse Google of requiring app developers selling in-app digital content through apps purchased via Google's Play Store to use Google Billing as a middleman, forcing app consumers to pay Google's commission — up to 30 percent — indefinitely.

“Google has served as the gatekeeper of the internet for many years, but, more recently, it has also become the gatekeeper of our digital devices — resulting in all of us paying more for the software we use every day,” said **Attorney General James**. “Once again, we are seeing Google use its dominance to illegally quash competition and profit to the tune of billions. Through its illegal conduct, the company has ensured that hundreds of millions of Android users turn to Google, and only Google, for the millions of applications they may choose to download to their phones and tablets. Worse yet, Google is squeezing the lifeblood out of millions of small businesses that are only seeking to compete. We are filing this lawsuit to end Google's illegal monopoly power and finally give voice to millions of consumers and business owners.”

## Google Closed the Android App Distribution Ecosystem to Competitors

Google launched its Android Operating System (OS), originally marketing it as an “open source” platform. By promising to keep Android open, Google successfully enticed original equipment manufacturers (OEMs) — such as Samsung — and mobile network operators (MNOs) — such as Verizon — to adopt Android, and, more importantly, to forgo developing their own app stores to compete with Google's Play Store. Once Google obtained a “critical mass” of Android OS adoption by app developers and users, Google moved to close the Android OS ecosystem — and the relevant Android App Distribution Market — to any effective competition by, among other things, requiring OEMs and MNOs to enter into various exclusive contracts and other restraints. These contractual restraints not only disincentivize, but restrict OEMs and MNOs from competing, or fostering competition, in the relevant

market. Today's lawsuit alleges that Google's conduct constitutes unlawful monopoly maintenance, among other claims.

In aid of Google's efforts, Attorney General James and the coalition further allege that Google engaged in the following conduct, all aimed at enhancing and protecting its monopoly position over Android app distribution:

- Google imposes technical barriers that strongly discourage or completely prevent third-party app developers from distributing apps outside the Google Play Store. Specifically, Google builds into Android a series of misleading security warnings and other barriers that discourage users from downloading apps from any source outside Google's Play Store, effectively foreclosing app developers and app stores from direct distribution to consumers.
- Google has not allowed Android to serve as an "open source" for many years, effectively cutting off potential competition. Google forces OEMs that wish to design their devices to use Android to enter into agreements called "Android Compatibility Commitments" or ACCs. Under these "take it or leave it" agreements, OEMs must promise not to create or implement any variants or versions of Android that deviate from the Google-certified version of Android.
- Google's required contracts foreclose competition by forcing Google's proprietary apps to be "pre-loaded" on essentially all devices designed to run on the Android OS, and requires that Google's apps be given the most prominent placement on devices' home screens.
- Google "buys off" its potential competition in the market for app distribution. Google has successfully persuaded OEMs and MNOs not to compete with Google's Play Store by entering into arrangements that reward OEMs and MNOs with a share of Google's monopoly profits.
- Google forces app developers and app users alike to use Google's payment processing service — Google Play Billing — to process any payments for purchases of digital content made in apps obtained through the Google Play Store. Thus, Google is 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. By forcing this tie, Google is able to extract an exorbitant processing fee for each transaction, as high as 30 percent, and many times higher than payment processing fees charged in competitive markets.

The coalition claims that Google's conduct violates Sections 1 and 2 of the Sherman Act; New York's Donnelly Act; and a number of New York's consumer protection laws, including Executive Law 63(12) and General Business Law § 349, as well as various other states' antitrust and consumer protection

laws. The coalition requests that the court halt Google’s illegal conduct and restore a competitive marketplace. The states also seek to obtain redress for consumers through treble damages and disgorgement for unjust profits, in addition to civil penalties.

Attorney General James co-leads today’s lawsuit against Google after similarly [co-leading a separate antitrust lawsuit against Google last December](#). Attorney General James co-led a bipartisan coalition of 38 attorneys general in suing Google for its illegal, anticompetitive conduct that has sought to maintain the company’s monopoly power in the general search services and search advertising markets.

Joining Attorney General James in co-leading the coalition in filing this lawsuit are the attorneys general of Utah, North Carolina, and Tennessee. The four attorneys general are joined by the attorneys general of Alaska, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, Florida, Idaho, Iowa, Indiana, Kentucky, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma, Oregon, Rhode Island, South Dakota, Vermont, Virginia, Washington, West Virginia, and the District of Columbia.

For New York, this matter is being handled by Assistant Attorneys General Bryan Bloom and Morgan Feder, and Bureau Chief Elinor Hoffmann — all of the Antitrust Bureau. The Antitrust Bureau is a 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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- › [February 2021](#)
- › [January 2021](#)
- › [December 2020](#)