

Google Lawsuits and Social Impact: A Breakdown

By Chinmay Varshneya

Google LLC ([GOOG](#)) currently faces three key antitrust lawsuits stemming from the United States Justice Department and several state Attorney Generals, all of which the tech giant has denied and plans to contest. Let's break them down, one by one.



The first lawsuit by the DOJ and 11 state AGs claims that Google has been using anti-competitive strategies to maintain dominance over the web search domain. The lawsuit's October press release repeatedly refers to Google as the "monopoly gatekeeper to the internet" and claims that the company has created agreements that result in its products coming pre-installed in software while blocking the pre-installation of other web search applications. It especially names the multibillion-dollar deal with Apple which makes Google the default search engine for Safari. Furthermore, the DOJ claims that this dominance allows it to continue buying "preferential treatment" creating a "self-reinforcing cycle of monopolization".

The second case, filed on December 16th, claims that Google exerts an unfair monopoly by being the most dominant middleman in the buying and selling of digital

advertisements. This Texas-led case is backed by a coalition of around 10 state AGs. Most notably, they claim that Google and Facebook have entered an illegal price-fixing deal (known as “Jedi Blue”) to monopolize online advertisements. Essentially, Google has an open bidding system in which companies pay to run ads through Google’s service and Facebook is supposedly receiving preferential treatment in this process.

On December 17th, the third lawsuit was filed. This one is led by the Colorado AG and again claims that Google unfairly maintains a monopoly on online search. This suit charges Google with manipulating web searches to direct users away from specialty search engines such as Fandango or Yelp.

Google’s defense revolves around the idea that users choose Google because it is the best product, not because they have no other option. It also claims the Jedi Blue deal is being misrepresented because Google has deals with several companies that can all place bids for ads.

On MSCI’s ESG ratings, Google has fallen from AA (an exception score) to BBB (making it average). It performs especially poorly in corporate behavior, pointing towards Google’s antitrust allegations as being a major cause for this drop. Obviously, a monopoly is not an ethical company from a governance perspective, and therefore, until this lawsuit is settled (which will take a couple of years), the Investrain ESG Fund is bearish on Alphabet stock.

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