

App store antics: Legal screws tighten for Google, Apple

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David Barnard owes his entire livelihood to Apple.

In 2008, he sold his car to start a company building apps for the

fledgling iPhone. He's since found success making what he self-deprecatingly calls "boring" apps, including ones that check the weather or help drivers monitor their gas use.

But his conflicting feelings sum up a growing debate—playing out in courts and parliaments around the world—over whether both Apple and Google are abusing their monopoly over the app market.

In a world first, South Korean MPs passed a law Tuesday banning the two [tech giants](#) from forcing [app developers](#) to use their payment systems.

Until now, those restrictions have allowed Apple to take a cut of up to 30 percent from payments made inside apps downloaded via the App Store, and Google to do the same through its Play Store.

The tech giants, whose [operating systems](#) run on 99 percent of the world's smartphones, have argued this is fair recompense for providing the platforms that allow apps to be downloaded in the first place.

And to some extent, Barnard agrees. "Apple enabled me to build a business, which I'm incredibly grateful for," he said from his home in Texas. "But it comes with some pretty big trade-offs."

Barnard said he had witnessed frustrating cases of companies building clever apps, only for Apple to release similar features that work better with the phone's technology "in ways that developers can't compete with".

And with tens of billions of dollars floating through Apple and Google's payment systems as apps become increasingly integrated into people's shopping and entertainment habits, the commission charges have come in for particularly [fierce opposition](#).

Epic legal battles

The fees are at the heart of a bitter lawsuit between Apple and Epic Games, maker of the phenomenally successful video game Fortnite.

The game lets players spend real money on digital items like clothing and weapons. It sounds frivolous, but the trial revealed that this translated to at least \$100 million collected by Apple.

Furious over these lost profits, Epic is also suing both Apple and Google in Australia and has filed complaints with EU and UK competition authorities, in what competition lawyer Pierre Zelenko described as a "worldwide battle" against the tech giants.

"They're piling on the pressure on multiple fronts to have more chances of a recognised authority coming out in their favour," the Linklaters lawyer said.

Epic are not the only challengers taking on the [app market](#) overlords.

In July, 37 US states banded together to sue Google, alleging that the Play Store represents an illegal monopoly.

They claim Google used various strategies to prevent viable competitors to the Play Store emerging, including offering to pay Samsung to make its Galaxy Store less appealing.

Consumers are meanwhile waging class actions against both companies in the US and UK, while France's competition authority has joined forces with an alliance of start-ups to take Apple to court.

'Toxic' mess?

Analysts say the new South Korean law could set a precedent as US and European lawmakers debate similar proposals to ban tech giants from forcing customers to use their app stores and payment systems.

Both Apple and Google have sought to fend off criticism that its hefty fees strangle smaller businesses, by taking a reduced 15 percent from companies earning less than \$1 million a year from app sales.

Last week, Apple also proposed a settlement to a class action that would see it pay \$100 million to smaller developers like Barnard.

The offer "clarified" the company's policies to state that developers can use information collected inside apps—like customers' email addresses—to tell them about payment efforts that don't involve handing money to Apple.

But developers have complained that the changes are much less radical than Apple claims.

"I've finally come to the conclusion that it's going to take regulation to get Apple to do right by developers and ultimately customers," Barnard said.

Both tech giants have argued that their stores help consumers by vetting apps, offering better security and privacy.

Without the App Store, Apple chief Tim Cook told the Epic trial, the app marketplace would be "a toxic kind of mess".

Barnard broadly agrees that Apple's system makes life easier for consumers, and that it's entitled to reward itself for that.

But he also thinks the vast amounts the company is paying itself are

untenable.

"It's time for Apple to rethink how much they charge," he said.

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