

Apple leverages idea of switching to Bing to pry more money out of Google, Microsoft exec says

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Apple was never serious about replacing Google with Microsoft's Bing as the default search engine in Macs and iPhones, but kept the possibility

open as a "bargaining chip" to extract bigger payments from Google, a Microsoft executive testified Wednesday in the biggest U.S. antitrust trial in a quarter century.

"It is no secret that Apple is making more money on Bing existing than Bing does," Mikhail Parakhin, Microsoft's chief of advertising and web services, said in U.S. District Court in Washington. The comment drew a laugh from the courtroom. Parakhin was describing Microsoft's years of futility trying to supplant Google on Apple devices.

Analysts estimate Apple collects \$15 billion to \$20 billion a year in revenue-sharing payments from Google in return for giving its [search engine](#) the coveted default slot on Apple's devices. The revenue is generated when users click on advertisements in search results.

The U.S. Department of Justice accuses Google of using similar agreements to lock out rival search engines such as Bing and Yahoo, stifling innovation. The trial began Sept. 12 and is expected to continue into November.

Another witness, the founder of startup Branch Metrics, testified that Google's exclusive contracts with [phone companies](#) and equipment manufacturers sabotaged his company's attempts to market a search engine for apps on smartphones.

Alexander Austin said his Palo Alto, California-based company was forced to scale back what its product could do to avoid running afoul of Google's agreements with companies like Samsung and Verizon that make Google's search engine the default choice on digital devices. Branch Metrics had hoped to do for smartphone apps what Google had done for searching the internet—and to collect advertising revenue when users clicked on apps such as DoorDash.

"We had very high hopes and good feedback from advertisers," he said.

But Branch Metrics' potential partners worried that the app search product, called Discovery, would violate their lucrative agreements with Google. Branch Metrics had to limit the app results and to avoid links to the internet. The result was that it could not monetize its app search engine.

"It felt like there was injustice being done that a product like this could not see the light of day," Austin said.

Google lawyer Ken Smurzynski, questioning Parakhin earlier, sought to knock down one of the government's key arguments: that Google's existing market dominance allows it to collect massive amounts of user data to improve [search results](#) and widen its lead over competitors.

Google's team counters that dramatic improvements in artificial intelligence mean search engines can improve results without relying on user data. Smurzynski introduced a document in court that included comments about that from Microsoft CEO Satya Nadella.

"AI will fundamentally change every software category, starting with the largest category of all—search," Nadella said in February [blog post for Microsoft](#).

But Parakhin compared AI to driverless cars: not quite ready for prime time. Asked by U.S. District Judge Amit Mehta whether a search engine could be built solely off [machine learning](#), he replied: "We've seen companies try. We haven't seen anybody succeed."

Mehta likely won't issue a ruling in the antitrust case until early next year. If he decides Google broke the law, another trial will determine how to curb its market power.

One option would be to bar the Mountain View, California-based company from paying Apple and others to make Google the default [search engine](#).

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