

EU court rejects TikTok challenge against new EU digital rules

July 17 2024



The Digital Markets Act forces platforms like TikTok to change their ways.

TikTok lost an appeal Wednesday to escape new digital rules that seek to rein in the power of big tech after an EU court rejected its challenge.

A landmark European Union law known as the Digital Markets Act (DMA) entered into force in March, and regulators believe it will create a fairer market.

The European Commission designated six "gatekeepers" under the DMA facing the curbs: Google parent Alphabet, Amazon, Apple, Meta, Microsoft—and TikTok owner ByteDance, the only non-US [company](#).

The EU said in May that Booking would also have to apply the law and gave the online travel agent six months to prepare for compliance.

The decision by the Luxembourg-based General Court is the first judgment on a DMA challenge by big tech, with cases lodged by Apple and Meta still pending.

"The Court dismisses ByteDance's action," it said. TikTok can appeal against the ruling within two months and 10 days of the decision.

TikTok had insisted it was the "most capable challenger" to entrenched players in the digital sphere, but the court dismissed that argument.

"TikTok had succeeded in increasing its number of users very rapidly and exponentially, reaching, in a short time, half the size of Facebook and of Instagram, and a particularly high engagement rate, with young users in particular, who spent more time on TikTok than on other social networks," the court said in a statement.

The judges acknowledged that in 2018, video sharing app TikTok was indeed a challenger but it had since then "rapidly consolidated its position and even strengthened that position over the following years" despite the launch of similar rival services.

Unhappy big tech

"We are disappointed with this decision. TikTok is a challenger platform that provides important competition to incumbent players," a spokesperson said in a statement.

"While we will now evaluate next steps, we already took measures to comply with the relevant obligations of the DMA ahead of last March's deadline."

But the [court](#) determined "ByteDance met the quantitative thresholds laid down in the DMA".

For Brussels to name a company as a gatekeeper, they must fulfill certain conditions.

The criteria include having more than 45 million monthly active users in the EU and more than 10,000 yearly active business users established in the bloc.

Digital companies with an annual turnover in the EU of at least 7.5 billion euros (\$8.2 billion) or a [market value](#) of above 75 billion euros also face the new curbs.

If a company violates the law, the EU can impose fines of up to 10 percent of a company's total global turnover. This can rise to 20 percent for [repeat offenders](#) and in the most severe circumstances, the EU can order the break-up of companies.

It is the second defeat in the courts for TikTok over the DMA. It lost a bid in February to suspend the strict new rules pending the judgment handed down Wednesday.

Big tech is not happy about the new law. Apple, contesting the DMA in the courts, has been vocal in its criticism, saying it puts users' security at

risk.

© 2024 AFP

Citation: EU court rejects TikTok challenge against new EU digital rules (2024, July 17)
retrieved 16 August 2024 from <https://techxplore.com/news/2024-07-eu-court-tiktok-digital.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.