

A judge has branded Google a monopolist, but AI may bring about quicker change in internet search

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The Google sign is shown over an entrance to the company's building in New York on Sept. 6, 2023. Credit: AP Photo/Peter Morgan, File

A federal judge has branded Google as a ruthless monopolist bent on

suffocating its competitors. But how do you go about creating alternatives to a search engine that's synonymous with internet exploration?

It's a process that may take years to unfold as Google appeals the landmark decision issued Monday by U.S. District Judge Amit Mehta.

And with that kind of time frame looming, the forces of technological upheaval may make the exercise moot.

The rise of artificial intelligence may reshape the landscape more quickly and profoundly than any judge ever could. The way consumers navigate the internet is more likely to be affected by advances in AI products—such as OpenAI's ChatGPT and Google's own Gemini—before a nearly 4-year-old case brought by the U.S. Justice Department is finally resolved.

Even so, Mehta's 277-page ruling Monday creates challenges for Google that company founders Larry Page and Sergey Brin probably didn't envision when they set out to revolutionize internet search while attending Stanford University as graduate students. They eventually dropped out to start a Silicon Valley company in 1998 that adopted "Don't Be Evil" as a motto that also was meant to serve as its corporate conscience.

Page and Brin, who remain the controlling shareholders of Google's corporate parent Alphabet Inc., also cast their cuddly startup as a crusader for technology that would be far better than the products coming out of Microsoft, the industry's reigning kingpin at the time. Microsoft's dominance of personal computer software and anticompetitive tactics during the 1990s spurred another Justice Department case that ended up hobbling Microsoft and helped make it easier for Google to build its lead in search and then expand into maps,

cloud computing, email (Gmail), web browsers (Chrome) and video (YouTube).

Now, the script has been flipped, with Google facing potential legal constraints, while a resurgent Microsoft has been making early headway in AI with a major helping hand from its investment in OpenAI. In one of the most dramatic scenarios that most experts think is unlikely to happen, Google might be forced to break up its business similar to how AT&T—once known as "Ma Bell"—ended up spinning off its telephone subsidiaries into separate "Baby Bells" more than 40 years ago.

It will be left to Google CEO Sundar Pichai, who took over the company's leadership from Page in 2015, to minimize the distractions caused by the legal skirmishing still to come and remain focused on an industrywide pivot to AI technology that's expected to be as revolutionary as the mobile computing shift by Apple's introduction of the iPhone in 2007.



Google CEO Sundar Pichai leaves the federal courthouse in Washington during closing arguments in the antitrust case against Google on Oct. 30, 2023. Credit: AP Photo/Jose Luis Magana, File

The debate about how Google should be overhauled will begin Sept. 6 with a hearing scheduled in Washington, D.C., before Mehta, who also presided over the 10-week trial last year that led to his antitrust decision.

Google also will be pursuing an appeal, based on its long-held contention that it has done nothing wrong but build and maintain a search engine that has been far superior to anything else for more than 20 years. The Mountain View, California, company also maintains that competition is just a few clicks away, with consumers still free to go to other options, such as Microsoft's Bing, DuckDuckGo and, more recently, AI-powered

alternatives such as Perplexity and ChatGPT.

Although Mehta praised the quality of Google's search engine in his ruling and acknowledged the company initially became the people's preferred choice in its early days, he concluded it resorted to unfair tactics to maintain its leadership during the past decade. Google did it, Mehta said, mainly by negotiating lucrative deals to cement a position as the default search engine on the iPhone and wide range of other devices, including PCs.

Those deals, which totaled \$26 billion in 2021 alone, meant Google automatically processed search requests unless consumers took the time to manually go into their settings and choose another option—something that few do. The default option then helped Google collect valuable insights that enabled the company to improve its search engine in ways that rivals couldn't because they lacked the same data.

Default requests processed accounted for 60% of Google's search traffic in 2017, Mehta pointed out in his ruling, and that volume in turn created more opportunities to sell the ads that generate the majority of its parent company's \$307 billion in annual revenue.

Mehta's focus on the default search deals in his ruling make it likely he may decide to ban them after the next trial phase is completed, according to antitrust experts. That could have implications for other companies besides Google, especially Apple, which pockets about \$20 billion annually from an arrangement that is currently scheduled to continue through 2026, with options to extend the alliance into 2028.

Apple didn't respond to a request for comment about Mehta's decision, but its executives have depicted the decision to make Google the default search engine on the iPhone and other products as a convenience to its customers—most of whom prefer to use Google.

But an order preventing Apple from doing default search engine deals with Google could do more than just siphon away revenue. It might also require Apple to spend heavily to develop its own search technology—an endeavor that Google estimated would cost more than \$30 billion as part of 2020 analysis that Mehta cited in his ruling. Then, it would cost Apple an additional \$7 billion annually to sustain its own search engine, according to Google's analysis.

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