

EU, UK to investigate Google and Meta for ad tech antitrust violation

Article

The news: Antitrust regulators in the EU and UK are investigating **Google** and **Meta's** 2018 “Jedi Blue” deal, which allegedly gave Meta preferential access to Google’s ad bidding system and was used to block ad tech rivals, [per](#) The Verge.

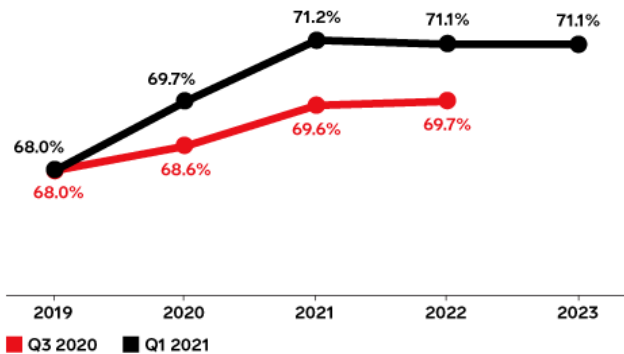
How we got here: The Jedi Blue deal first came under scrutiny when the state of Texas sued Google’s ad business—an effort that 15 state attorneys general are now a part of. But what

exactly is Jedi Blue and why are regulators investigating it?

- In 2017, Meta (then **Facebook**) was gearing up to create its own ad tech system to rival Google's—that is, until Google allegedly reached across the aisle and offered Facebook better rates and access to its ad bidding service if the company didn't build a competing product. Google would receive hundreds of millions of dollars from Facebook over the course of the agreement, and Facebook could save billions that would have gone into its adtech rival.
- Court documents revealed that both companies were well aware of the potential political fallout of the deal, which could violate the Sherman Act and other laws preventing monopolistic behavior, per The Intelligencer. In fact, the agreement included a clause that the companies must jointly respond to and alert each other of any government communications relating to the deal.

Facebook and Google's Share of EU-5 Digital Ad Spending, 2019-2023

% of digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; includes Instagram advertising revenues; includes YouTube advertising revenues; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites
Source: eMarketer, March 2021
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What this means: The EU has led a global wave of regulation and penalties against Big Tech companies, with search and ad technologies coming under especially severe scrutiny, making this investigation the latest in a series of fines, legal challenges, and penalties that have plagued Big Tech in Europe.

- Google in particular has had it rough. There have been so many fines, it's hard to keep track of all of them. Google alone paid the EU **\$5 billion** in 2018 for anticompetitive bundling, **\$1.7 billion** in 2019 for display ad practices, and recently lost an appeal to overturn a **\$2.8 billion** fine from 2017 that alleges it prioritized its shopping service in search results. To top it off, Google is also facing a **\$2.5 billion** lawsuit from a Swedish company for similar actions.
- Meta has also had a tough time, facing fines and a forced sell-off of **Giphy**, which it acquired for \$400 million in 2020. Relations between tech giants and EU regulators have become so tense that Meta has threatened to pull its core apps out of the continent.

Looking forward: It's not just fines and penalties that Google and Meta have to worry about. New and old legislation like the **General Data Protection Regulation** are being used in both the US and EU to significantly affect Big Tech's status quo and force the firms to adopt new data privacy measures and comply with antitrust regulation.

- The Jedi Blue investigations in both markets will take years to produce results, meaning Google and Meta will have plenty of chances to appeal. But their recent record with regulators may mean that they will once again have to face the music.