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13 **UNITED STATES DISTRICT COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**

15
16 CALIFORNIA CRANE SCHOOL, INC.,
on behalf of itself and all others similarly
17 situated,

18 Plaintiff,

19 vs.

20 GOOGLE LLC, ALPHABET, INC., XXVI
HOLDINGS, INC., APPLE, INC., TIM
21 COOK, SUNDAR PICHAI, and ERIC
SCHMIDT,
22

23 Defendants.

Case No:

**COMPLAINT FOR VIOLATIONS OF
SECTIONS 1 AND 2 OF THE SHERMAN
ANTITRUST ACT (15 U.S.C. §§ 1 AND 2)**

CLASS ACTION

DEMAND FOR JURY TRIAL

24
25 1. This is a private antitrust suit brought under Sections 4 and 16 of the Clayton
26 Antitrust Act (15 U.S.C. 15, 26) for actual and potential damages and injunctive relief caused
27 by reason of and made necessary by the Defendants' past, present and substantially
28

1 threatening continuation of violations of Sections 1 and 2 of the Sherman Antitrust Act (15
2 U.S.C. 1, 2).

3 2. The Defendants Apple and Google agreed that Apple would not compete in the
4 search business in competition with Google.

5 3. In exchange for Apple's commitment not to compete in the search business in
6 competition with Google, Google agreed to share its profits from the search business with
7 Apple and, in addition, to pay Apple extra billions of dollars.

8 4. Apple agreed to assist Google in building its search business for their mutual
9 benefit.

10 5. For Google to be able to generate sufficient billions of dollars to pay to Apple,
11 Apple agreed that Google would be the only search engine automatically included in all of
12 Apple's devices.

13 6. Apple's agreement to include Google as the initial search engine on all of
14 Apple's devices gives Google a substantial and unfair anticompetitive advantage over other
15 search providers, actual and potential, including Yahoo!, DuckDuckGo, Bing, and others.

16 7. Apple and Google agreed to suppress, eliminate, and/or foreclose other search
17 providers and/or potential search providers, and non-Google favored advertisers.

18 8. These agreements were formed, confirmed, reconfirmed, and negotiated from
19 time to time in private, secret, and clandestine personal meetings between the Chief Executive
20 Officers and Chairmen of Apple and Google.

21 9. The architects of the combination during the early 2000's were Steve Jobs, the
22 CEO and Chairman of Apple, and Eric Schmidt, the CEO and Chairman of Google.

1 10. More recently, the continued combination to eliminate competition between
2 Apple and Google for the search business has been re-affirmed by Tim Cook, the CEO of
3 Apple, and Sundar Pichai, CEO and Chairman of Google.

4 11. The meetings between the CEOs and Chairmen of Apple and Google were
5 clandestine to fraudulently conceal the agreement not to compete in the search business.
6

7 12. The Plaintiffs do not know when the agreement was originally formed but
8 allege that it began with Messrs. Jobs and Schmidt and that it has continued in force under
9 Messrs. Cook and Pichai.

10 13. Some of the secret meetings have been photographed and taped by bystanders
11 who chanced to notice the conspirators meeting together.

12 14. These meetings were undertaken to promote the shared vision that Apple and
13 Google would act in effect as one company that was merged without merging. Apple and
14 Google invented the word “co-opetitive” to describe their unlawful combination and
15 conspiracy.
16

17 15. These CEOs and Chairmen knew and understood that their agreements were
18 illegal under the Antitrust Laws of the United States. The CEOs and Chairmen had been
19 advised that their agreement to divide the market would violate the antitrust laws.

20 16. Notwithstanding the advice of their counsel, the CEOs and Chairmen of Apple
21 and Google insisted on going forward with the agreement in contumacious disregard of the
22 law, thereby waiving any privilege that otherwise would attach to communications with their
23 counsel.
24

25 17. The overall purpose of the Defendants’ agreement was to eliminate the
26 potential competition of Apple entering the search business.
27
28

1 18. In furtherance of the unlawful agreement, the Defendants engaged in the
2 following acts and means, among others, to ensure the success of the agreement:

- 3 a. secret meetings between the CEOs;
- 4 b. profit-pooling;
- 5 c. payment of billions of dollars every year by Google to Apple;
- 6 d. automatic inclusion of Google search on Apple devices, to the exclusion
7 of other search companies, and non-Google favored advertisers;
- 8 e. agreement that Apple would not compete;
- 9 f. the recognition and agreement that the more Google made the more
10 Apple made; and
- 11 g. elimination of Apple as a potential competitor in the search business.

12 19. More than half (50%) of Google's search business was conducted through use
13 of Apple devices.

14 20. Because more than half of Google's search business was conducted through
15 Apple devices, Apple was a major potential threat to Google, and that threat was designated
16 by Google as "Code Red."

17 21. Google paid billions of dollars to Apple and agreed to share its profits with
18 Apple to eliminate the threat and fear of Apple as a competitor.

19 22. Google viewed the aspect of Apple as a potential competitor to be "Code
20 Red."

21 23. If Apple became a competitor in the search business, Google would have lost
22 half of its business.

23 24. Google, as of September 2020, controlled 94% of the mobile search engine
24 U.S. market share.

1 25. Google, as of September 2020, controlled 82% of computer search engine U.S.
2 market share.

3 26. For the last 10 years, from 2009 to 2019, Google increased its control of the
4 search engine U.S. market share from 80% to 88%.

5 27. Google charges higher prices to advertisers than would otherwise be the case in
6 the absence of the Google-Apple agreement.
7

8 28. By reason of the agreement between Apple and Google, the prices, the
9 production, the innovation, and the quality of the search business has been substantially,
10 adversely, and anticompetitively affected.

11 29. In addition to the potential and actual damages suffered by reason of the
12 conspiracy, the Plaintiff and the class also charge under Section 16 of the Clayton Act that the
13 illegal payments by Google to Apple and the illegal profit sharing, and all payments by
14 Google to Apple in furtherance of the agreement, must be disgorged under principles of equity
15 on the grounds that these wrongdoers cannot be allowed or permitted to profit from their own
16 wrongdoing.
17

18 30. Because of the fraudulent nature of the clandestine meetings of these CEOs and
19 Chairmen of Apple and Google, and because of the secrecy of their agreements, the exact
20 amounts and times of the payments, rebates, and profit sharing that Google made to Apple are
21 alleged on information and belief.
22

23 31. In any one year, Google paid Apple more than \$1 billion.

24 32. In any one year, Google paid Apple more than \$3 billion.

25 33. In any one year, Google paid Apple more than \$6 billion.

26 34. In any one year, Google paid Apple more than \$9 billion.

27 35. In any one year, Google paid Apple more than \$10 billion.
28

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