



Ecosystem Entanglement

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Ecosystem Entanglement

- Propositions
 1. Gatekeepers are (supposed to be) each other's strongest challengers
 2. Entanglement between them inhibits such competition
 3. This is a problem for the DMA, but the DMA doesn't solve it
 4. Antitrust can & should be used to spur competition, which requires
 - taking the perspective of collusion
 - imposing 'enemy remedies'

Ecosystem Entanglement



'Apple lives in an ecosystem and it needs help from other partners, it needs to help other partners. And relationships that are destructive don't help anybody in this industry ... We have to let go of this notion that for Apple to win Microsoft has to lose. ... So, the era of setting this up as a competition between Apple and Microsoft is over as far as I'm concerned.'

— Steve Jobs, Macworld '97

Ecosystem Entanglement

- Apple–Microsoft no exception
 - Google–Apple (board, iPhone)
 - Microsoft–Facebook (investment, ad system)
- Platforms are key complementors (+investors) in each other's ecosystems
 - 'Co-opetition', 'frenemies'
 - Theoretical incentive to avoid entanglement: rents, opportunism
 - Replacement sometimes happens (Apple Maps, iWork Suite)
 - Other times, it doesn't (Apple–Google Search)
 - Direct effect: no Apple search engine
 - Ripple effect: no non-WebKit browser, iOS Play Store...

The Digital Markets Act

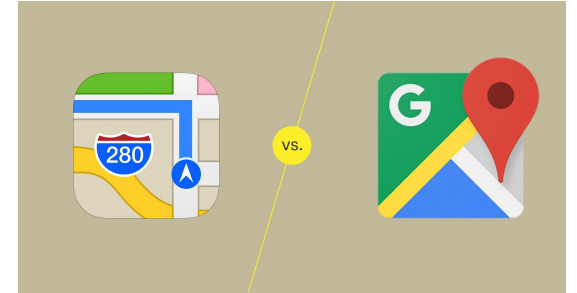
- Problem for DMA
 - Goal: contestable (or *contested*) markets
 - Gatekeepers as each other's strongest challengers, e.g., search
 - DMA open to such rivalry ↔ Data Act
 - Rivalry inhibited by ecosystem entanglement (ability not incentive)
- No solution in DMA: regulates ecosystems *internally*
 - e.g., choice screen obligation for browsers/search engines/AI agents
 - options
 1. amend DMA (obligations, 'entanglement provision')
 2. focus enforcement on compliance benefitting startup challengers

Antitrust assessment

- Mechanism is collusive
 - Share of monopoly profit > respective duopoly profit
 - Theory of multi-market contacts
- Assessment under Article 101 TFEU (§1 Sherman Act)
 1. Restrictive by object (*per se*)
 - Pay-for-delay schemes: paying for non-entry
 - Google–Apple, Google–Meta ('Jedi Blue')
 2. Restrictive by effect (RoR)
 - Joint ventures: productive vs purely financial
 - Google–Yahoo! vs Microsoft–Yahoo!
 - AI partnerships

Enemy remedies

- Choice screens cannot be shown where they matter most
 - *Google Android* (2018)
 - *U.S. v Google* (2024)
- ‘Enemy remedies’, modelled on Google–Apple Maps
 1. Frame ecosystem entanglement as (also) collusion
 2. Disentangle: prohibit contracts privileging complements
 3. Extra push: prohibit ecosystem orchestrator from contracting with *anyone* for provision of complement
 - + increase enemies (divestitures without line-of-business restrictions)?
- Counterarguments: strengthen ecosystems, ‘won’t do it’



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