



The Daily Dish

An Epic Primer

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Eakinomics: An Epic Primer

AAF Technology & Innovation Policy Analyst Juan Londoño has a fine new [primer](#) on the Epic v. Apple lawsuit. Recall that Epic is the developer of *Fortnite*, a gaming sensation. It was distributed to iOS operating systems, such as iPhones, exclusively via the Apple App Store. This meant it was bound by the Apple terms of service, which included a [commission fee](#) of 30 percent on in-app purchases. In August 2020, Epic updated *Fortnite* to bypass the latter of these fees, collecting purchases directly from users. This move violated the agreement between Epic and Apple; Apple responded by removing *Fortnite* from the app store; and Epic promptly sued. (For the record, a parallel disagreement exists between Epic and Google for the Android operating system.)

At this point, it is fair for the reader to ask, “Eakinomics, who cares?” After all, businesses get into contract disputes all the time, contract disputes lead to litigation all the time, you’d prefer getting another cup of coffee to reading about it all the time, and there is no reason a think tank devoted to public education on federal policy issues should be sticking its nose into an ongoing lawsuit anytime.

Except this time.

Why? As Londoño puts it: “In its lawsuit against Apple, Epic Games accuses Apple of [holding monopoly power](#) on both the ‘iOS app distribution market’ and the ‘iOS in-app payment processing market.’ It supports this claim by pointing out Apple’s App Store is the only distribution service available to iOS users, due to its restrictions. For developers to publish in the App Store, they must use Apple’s payment processing service, per the App Store guidelines. Epic claims that this business model constitutes a monopoly and is anti-competitive....”

These notions of [monopoly power and restricted competition](#) lie at the heart of many recent

actions by regulators and proposed legislation by lawmakers in Congress and state legislatures. Thus, the lawsuit may play an important role in shaping the future of tech and competition policy, both via the resolution of the case and through the arguments and evidence produced by each side. The success of the United States in the internet ecosystem is due to regulatory restraint and a continued adherence to a “light touch” approach to intervening in competition. The lawsuit puts both policy positions at risk.