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by K K

Epic Games v. Apple Inc.

Name

Institution Affiliations

Course Title

Date

What is the "product" provided by the App Store? Who are the App Store customers?

In this case, the App Store provides fortnite, a video gaming application developed by Epic Games. Fortnite had been installed by over 150 million users, producing global in-app revenue of over $1.2 billion. App Store has global customers who have gained trust in the safe and secure platform it creates, where the users can have faith in the apps it provides. App Store aso provides other gaming app products created by different developers.

Antitrust complaints require the court to define the relevant product market and, as noted in the case, both Epic Games and Apple offer their definitions. Briefly describe whether or not you think the following products should be included in the relevant product market in addition to iOS gaming apps:

   a. iOS non-gaming apps

The iOS non-gaming apps can be included in the relevant iOS relevant market. These non-gaming apps have their appropriate submarket and also create unique and competitive pressure for gaming apps despite that they differ with some form and degree of market competition. The addition of non-gaming apps can help maintain the gaming apps on toes, increasing their growth ability and hence creating a competitive advantage.

   b. other mobile gaming apps (e.g., Android, Nintendo Switch)

It might be disadvantageous to include other mobile apps in Apple's relevant market because most of them, especially android comes along with advertisements and bugs which iOS do not like. App Store has created a very strong trust base in their customers, hence introducing other mobile gaming apps may kill the trust App Store has secured in its customers.

   c. console games (e.g., PC, Xbox, PlayStation)

The market structure of console games is the oligopoly market structure. By including console games in the iOS relevant market can help reduce the virtual monopoly App Store has been enjoying for quite some time.

   d. cloud-based gaming

Cloud-based gaming models our current gaming market, with its revenue estimated to increase up to more than five billion US dollars by next year and technology advances. Cloud-based gaming is the best big thing that App Store should not hesitate to include in its relevant market. Online gaming services are live solely in the cloud, hence customers eliminate the need to buy, maintain or upgrade any gaming systems such as consoles. They don't also have to buy any extra gaming machines to play the games; hence it's the ultimate goal for App Store.

Epic alleges that Apple illegally tied access to the App Store to the use of a second product, In-App Purchase. Are these two separate products? Based on our discussion of tying, is this an example of illegal tying?

The second product, that is, the iOS In-App Payment Processing Market is completely different from the first purchase method used by App Store, that is, the iOS App Distribution Market. App

Store undertakes the unlawful actions of creating a payment processing system that is part of two products to maintain a form of monopoly in its purchases, which allows App Store to take up to 30% revenue cut on App purchases made using the in-app purchase system. According to Sweeney claims, the iOS App Store's monopoly protects only its income, and not device or app security.

This is a form of illegal tying that the App Store uses to continue with its unreasonable restraining of virtual trade between the app developers and customers. App Store has created a monopoly such that there is no way to allocate apps within iOS other than using the Store. Therefore, it may be regarded as a tie between the functional system (the tying product) and the App Store (tied product). By creating this tie, the result is that there remains no other means of paying for apps in the App Store than via IAP. The App Store tying is considered illegal because it treats the products in query as different products. The customers are incapable of acquiring the tying product with the tied one.

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