

Federal District Court Rejects the FTC's Monopolization Case Against Meta Platforms

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On November 18, 2025, the U.S. District Court for the District of Columbia [rejected](#) the Federal Trade Commission's (FTC's) lawsuit alleging that Meta Platforms (formerly Facebook and hereinafter Meta) committed monopolization by acquiring Instagram and WhatsApp more than a decade ago. The court [concluded](#) that Meta does not currently possess monopoly power in light of competition from TikTok and YouTube. This Legal Sidebar provides an overview of the FTC's lawsuit and the court's decision. It concludes by discussing considerations for Congress.

Background

The FTC [filed](#) its lawsuit against Meta in 2020, alleging that the company engaged in an anticompetitive course of conduct by acquiring Instagram and WhatsApp in 2012 and 2014, respectively, and by refusing to allow competing products to interoperate with Facebook. When acquired by Meta, [Instagram](#) was a comparatively small but growing photo-sharing service. [WhatsApp](#) was a popular messaging app. The FTC [reviewed](#) both transactions, but [declined](#) to challenge them at the time. In its 2020 lawsuit, the FTC [contended](#) that the acquisitions helped Meta unlawfully preserve a monopoly in “personal social networking services.” The agency [alleged](#) that Meta's purchase of Instagram allowed Meta to neutralize a nascent competitor to Facebook, while the WhatsApp deal was [motivated](#) by Meta's fear that WhatsApp would ultimately become a rival by adding social networking functionalities to its messaging product. The complaint also [asserted](#) that Meta had denied key application programming interfaces to software developers that produced competing apps, further solidifying its dominant position. The FTC [alleged](#) that this course of conduct amounted to unlawful monopolization of the market for personal social networking services in violation of [Section 2 of the Sherman Act](#).

In 2021, the district court [dismissed](#) the FTC's initial complaint, concluding that the agency failed to plead sufficient facts to plausibly establish that Meta had monopoly power. The court also [held](#) that the FTC's claims targeting Meta's interoperability restrictions were not viable because Meta had lifted the restrictions in 2018. Those claims thus failed, the court reasoned, because [Section 13\(b\) of the Federal Trade Commission Act](#) (the FTC Act) authorizes injunctive relief only for ongoing or imminent antitrust violations.

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The FTC filed an [amended complaint](#) challenging the Instagram and WhatsApp acquisitions, which included more detailed allegations of monopoly power. In 2022, the court [denied](#) Meta's motion to dismiss that complaint. The case ultimately proceeded to a six-week bench [trial](#) in the spring of 2025.

The Court's Decision

To prevail on a monopolization claim, a plaintiff must [establish](#) that the defendant possesses monopoly power and achieved or maintained that power through means other than “competition on the merits.” Monopoly power [entails](#) an ability to maximize profits by charging a price substantially above the competitive level. It can be [proven](#) directly (i.e., with evidence that a firm is charging substantially more than the competitive price) or indirectly (i.e., with evidence that a firm has a dominant market share and is protected by entry barriers). In the FTC's lawsuit against Meta, the court [held](#) that the relevant inquiry regarding monopoly power is whether Meta *currently* possesses such power—not whether Meta had monopoly power at the time of the Instagram and WhatsApp acquisitions. The court [based](#) this determination on Section 13(b) of the FTC Act, which, as discussed, authorizes injunctive relief only for ongoing or imminent antitrust violations.

The court ultimately [concluded](#) that Meta lacks monopoly power. The FTC had attempted to establish monopoly power with both direct and indirect evidence. The agency's direct case consisted of [three general claims](#): (1) that Meta has long earned significant profits, (2) that Meta has degraded the quality of its apps, thereby raising their quality-adjusted price, and (3) that Meta price discriminates by showing some users more ads than others. The court rejected each of these arguments for the reasons discussed below.

Profitability. The court [found](#) that the FTC failed to show that factors other than monopoly power—such as large technology investments, strong management, and efficiency—were not responsible for Meta's high profitability. The court also [faulted](#) the agency for failing to produce evidence that Meta is significantly more profitable than other successful tech firms.

Quality-Adjusted Prices. The court was [unpersuaded](#) by the FTC's allegations of quality degradation, finding that Meta's products had continuously improved. Here, the court [rejected](#) the FTC's contention that higher ad volumes on Facebook and Instagram represent an increase in those apps' quality-adjusted price. Ad volume, the court [reasoned](#), is merely one aspect of an app's overall quality. The court also [found](#) that the quality of the ads on Meta's platforms—measured by factors such as attractiveness and relevance to users' interests—had increased. As a result, the court was unable to conclude that higher ad loads demonstrated a decline in the overall quality of Facebook and Instagram. The court went on to analyze the FTC's arguments that negative [consumer sentiment surveys](#) and Meta's alleged [underinvestment](#) in “family and friends” content suggested a decline in product quality. Consumer surveys, the court [found](#), were influenced primarily by the tone of media coverage surrounding Meta and were not probative of the quality of its apps. The court also [concluded](#) that Meta's emphasis on “unconnected” videos from strangers over posts from family and friends was a response to consumer preferences, not an example of quality degradation.

Price Discrimination. The court [rejected](#) the FTC's argument that monopoly power could be inferred from Meta's practice of showing more ads to users who appear unlikely to reduce their usage of Facebook and Instagram in response. Price discrimination, the court [reasoned](#), is a ubiquitous phenomenon and establishes only that Meta has the power to price above marginal cost—not that Meta has the level of market power sufficient to qualify as a monopolist.

The court also [concluded](#) that the FTC failed to prove monopoly power through indirect market-share evidence. To calculate market shares, courts must determine which firms fall in and out of the relevant market. Market definition is often [hotly contested](#): typically, plaintiffs seek to establish a narrow market,

while defendants maintain that they face many competitors. The Supreme Court has [explained](#) that a relevant product market consists of all alternatives that are “reasonably interchangeable by consumers for the same purposes.” To assess reasonable interchangeability, courts use two methods: the “[hypothetical monopolist test](#)” (HMT) and a series of qualitative factors from the Supreme Court’s 1962 decision in *Brown Shoe Co., Inc. v. United States*. Under the HMT, the relevant product market [consists](#) of the smallest grouping of products for which a hypothetical monopolist could profitably impose “a small but significant and non-transitory increase in price or other worsening of terms” for at least one product in the group. The *Brown Shoe* [factors](#) include a product’s “peculiar characteristics and uses”; industry or public recognition of a market as a “separate economic entity”; unique production facilities; and distinct customers, prices, and sensitivity to price changes.

The FTC’s indirect case [rested](#) on its claim that Meta competes in a market for personal social networking (PSN), which consists of only four apps: Facebook, Instagram, Snapchat, and a much smaller rival called MeWe. The FTC [contended](#) that consumers principally use PSN apps to keep in touch with family and friends and that other social media apps—which mainly feature unconnected content from strangers—are not reasonable substitutes for PSN apps. Meta [argued](#) that the relevant market is broader and includes the video-sharing platforms TikTok and YouTube. Meta [claimed](#) that, while content from family and friends may have been central to its apps in the past, consumers now use Facebook and Instagram primarily to watch the same types of unconnected videos that are featured on TikTok and YouTube. Posts from family and friends, the company [said](#), have become less important to its apps as users post less frequently.

The court sided with Meta on market definition, [relying](#) on both observational and experimental evidence to conclude that consumers regard TikTok and YouTube as reasonable substitutes for Facebook and Instagram. The observational evidence included consumers’ [shift](#) away from Meta’s apps and toward TikTok when the latter entered the U.S. market in 2018, in addition to a study by Meta [concluding](#) that YouTube and TikTok are the most popular substitutes when consumers reduce their usage of Facebook or Instagram. The court also [found](#) that the following natural and field experiments confirmed this observational evidence:

- an [experiment](#) conducted by one of Meta’s expert witnesses, who paid subjects to reduce their Facebook or Instagram usage and found significant substitution to YouTube and TikTok;
- an October 2021 [outage](#) of Facebook and Instagram, which coincided with TikTok and YouTube experiencing higher increases in usage than other apps, including Snapchat;
- [India’s 2020 ban of TikTok](#), which was followed by significantly greater use of Facebook and Instagram than experienced by a synthetic control country constructed by a Meta expert witness;
- TikTok going [offline](#) for roughly half a day in January 2025, which coincided with Facebook and Instagram receiving the largest shares of reallocated time; and
- a 90-minute YouTube [outage](#) in 2018, which coincided with increased Facebook usage and helped convince Meta to invest in video offerings.

Synthesizing this evidence, the court [concluded](#) that “[w]hen consumers cannot use Facebook and Instagram, they turn first to TikTok and YouTube,” and that “[w]hen they cannot use TikTok or YouTube, they turn to Facebook and Instagram.” The court went on to determine that this competition from TikTok and YouTube significantly restrains the extent to which Meta could profit by degrading the quality of its services, citing the [magnitude](#) of substitution to TikTok and YouTube and Meta’s [investment](#) of billions of dollars to respond to competitive threats from those apps. While the court [acknowledged](#) that it could not apply the HMT directly in Meta’s case, it concluded that, based on the above findings, TikTok and YouTube belong in the relevant product market under the HMT’s general analytical framework.

The court [found](#) that the *Brown Shoe* factors confirmed this conclusion. Specifically, the court determined that

- Facebook and Instagram have come to [resemble](#) TikTok and YouTube in emphasizing unconnected videos;
- the “[dominant way](#) that people use Meta’s apps to share [content] with friends”—direct messages—is “the same way they share content from TikTok or YouTube”;
- industry insiders [view](#) TikTok and YouTube as competing with PSN apps;
- TikTok and YouTube would not need to develop [radically different technology](#) to enter a putative PSN market; and
- Meta’s apps do not [feature](#) different customer bases, prices, or sensitivity to price changes than TikTok or YouTube.

After concluding that Facebook and Instagram compete in a market that includes TikTok and YouTube (along with Snapchat and MeWe), the court proceeded to the issue of market share. Courts typically [require](#) a share of at least 60% to find monopoly power. Using “total time spent” as the measure of market share, the court [found](#) that Meta does not possess a large enough share to qualify as a monopolist. While the relevant market-share figure is [redacted](#) from the opinion, the court cited authority holding that a share under 50% falls “below any accepted benchmark for inferring monopoly power.” The court also explained that, even if YouTube is [excluded](#) from the market, Meta’s market share does not rise to the level sufficient to suggest monopoly power.

Based on its finding that the FTC failed to prove monopoly power, the court [entered](#) judgment in favor of Meta.

Considerations for Congress

The FTC has [said](#) that it is “deeply disappointed” with the court’s decision and that it is reviewing its options. An appeal may prove challenging; much of the district court’s analysis is based on factual findings that an appellate court would likely review only for [clear error](#).

That the court did not ultimately analyze the competitive effects of Meta’s acquisitions is in part the result of the FTC’s decision to litigate the case as a monopolization lawsuit instead of bringing claims under [Section 7 of the Clayton Act](#). Under Section 7—which proscribes anticompetitive acquisitions, including those that have been [consummated](#)—plaintiffs do not need to prove monopoly power. The court’s determination that Meta is not a monopolist therefore would not have been fatal to a Section 7 case.

The FTC may have pursued a monopolization theory based on a belief that, once a plaintiff proves monopoly power, it faces a lower bar under Section 2 of the Sherman Act than Section 7 of the Clayton Act—particularly in cases involving nascent competition or allegations of multiple anticompetitive acts (“course-of-conduct” claims). These issues have been [points of contention](#) among antitrust commentators.

The possible distinction as to nascent competition involves the causation standard for monopolization liability—i.e., the strength of the causal link between a defendant’s anticompetitive conduct and its monopoly position that a plaintiff must prove. In *United States v. Microsoft*, the D.C. Circuit [held](#) that, where challenged conduct involves the suppression of a nascent competitive threat, the plaintiff faces a “rather edentulous” (i.e., toothless) causation standard. Under that [standard](#), a plaintiff must show only that anticompetitive conduct was “reasonably capable of contributing significantly” to the defendant’s monopoly power. Some observers have [argued](#) that this test is more [relaxed](#) than the showing a plaintiff would need to make under Section 7 of the Clayton Act. In addition, the law governing Section 7

challenges to acquisitions of nascent competitors is [undeveloped](#); almost all cases involving nascent competition have been monopolization lawsuits.

The other advantage [purportedly](#) offered by Section 2 is that courts may assess course-of-conduct monopolization claims based on the cumulative effect of a defendant's allegedly anticompetitive actions. Section 7, by contrast, is [focused](#) on individual transactions, meaning courts may compartmentalize their analysis of separate acquisitions, none of which may be sufficiently objectionable on its own to warrant liability.

These claims are contested. Some commentators have denied that *Microsoft* establishes a lower bar for challenging consummated mergers under Section 2 than Section 7, [arguing](#) that the decision's relaxed causation standard would not apply in a monopolization case involving acquisitions. The Supreme Court has also [said](#) that "the tests for measuring the legality of any particular economic arrangement under the Clayton Act are to be less stringent [for a plaintiff] than those used in applying the Sherman Act." It may be difficult to square this language with the theory that some acquisitions may violate Section 2 without violating Section 7. The appropriate framework for analyzing course-of-conduct claims is also disputed. Several appellate courts have [rejected](#) the proposition that a series of independently lawful acts can violate the Sherman Act when considered in the aggregate. A [petition for certiorari](#) regarding that issue is currently before the Supreme Court, which has invited the Solicitor General to submit its views on the matter.

All of these questions are within Congress's power to clarify. Some Members of Congress have sought to address acquisitions of nascent competitors. In the 119th Congress, [S. 130, the Competition and Antitrust Law Enforcement Reform Act of 2025](#), would amend the Clayton Act to prohibit firms with a market share greater than 50% or that otherwise have "significant market power" in any relevant market from acquiring companies that have a "reasonable probability" of competing with them in the relevant market. In the 117th Congress, [H.R. 3826, the Platform Competition and Opportunity Act of 2021](#), would have prohibited operators of certain large "online platforms" from acquiring other companies unless they made certain showings with clear and convincing evidence. Under the bill, one of the required [showings](#) would have been that an acquired firm did not constitute "nascent or potential competition" to the relevant platform.

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