

Facebook - Meta Built a Social Media Monopoly

The tech giant went to court on Monday in an antitrust trial focused on its acquisitions of Instagram and WhatsApp. The case could reshape its business.

By [Cecilia Kang](#), [Mike Isaac](#) and [David McCabe](#)

Reporting from the E. Barrett Prettyman U.S. Courthouse in Washington

The Federal Trade Commission on Monday [accused Meta of creating a monopoly](#) that squelched competition by buying start-ups that stood in its way, kicking off a landmark antitrust trial that could dismantle a social media empire that has transformed how the world connects online.

In a packed courtroom in the U.S. District Court of the District of Columbia, the F.T.C. opened its first antitrust trial under the Trump administration [by arguing that Meta illegally cemented a monopoly in social networking by acquiring Instagram and WhatsApp when they were tiny start-ups](#). Those actions were part of a “buy-or-bury strategy,” the F.T.C. said.

Ultimately, the purchases coalesced Meta’s power, depriving consumers of other social networking options and edging out competition, the government said.

“For more than 100 years, American public policy has insisted firms must compete if they want to succeed,” said Daniel Matheson, the F.T.C.’s lead litigator in the case, in his opening remarks. “The reason we are here is that Meta broke the deal.”

“They decided that competition was too hard and it would be easier to buy out their rivals than to compete with them,” he added.

The trial — Federal Trade Commission v. Meta Platforms — [poses the most consequential threat to the business empire of Mark Zuckerberg, the company's co-founder](#). If the government succeeds, the F.T.C. would most likely ask Meta to divest Instagram and WhatsApp, potentially shifting the way that Silicon Valley does business and altering a long pattern of big tech companies snapping up younger rivals.

Still, legal experts cautioned that it might be challenging for the F.T.C. to win. That's because the government must prove something unknowable: that Meta, formerly known as Facebook, wouldn't have achieved the same success without the acquisitions. It is also extremely rare to try to unwind mergers approved years ago, legal experts said.

“One of the most difficult things for antitrust laws to deal with is when industry leaders purchase small potential competitors,” said Gene Kimmelman, a former senior official in the Obama administration's Department of Justice. Meta, he added, “bought many things that either didn't pan out or were integrated. How are Instagram and WhatsApp different?”

The efforts continue a yearslong bipartisan pursuit to curtail the vast power that a handful of tech companies have over commerce, the exchange of ideas, entertainment and political discourse. Despite attempts by tech executives to court President Trump, his antitrust appointees have signaled that they will continue the course.

The F.T.C.'s case against Meta is the [third major tech antitrust lawsuit](#) to go to trial in the past two years. Last year, the D.O.J. won its antitrust case against Google for monopolizing internet search. A federal judge is set to hear arguments over remedies, including a

potential breakup, next week. The D.O.J. also completed a separate trial against Google for monopolizing ad technology, which is still being decided by a federal judge.

The Justice Department has also sued Apple, and the F.T.C. has sued Amazon, accusing the companies of antitrust violations. Those trials are expected to begin next year.

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The case against Meta could affect its 3.5 billion users, who on average log onto Facebook, Instagram or WhatsApp multiple times a day for news, shopping and texting. Instagram and WhatsApp have attracted more users in recent years as Facebook, Meta's flagship app, has stopped growing.

F.T.C. Chairman Andrew Ferguson was in the courtroom to listen to the government's opening statement. Meta's chief legal officer, Jennifer Newstead, and Joel Kaplan, its chief global affairs officer, also attended.

Presiding over the case is Judge James Boasberg, 62, the senior judge in the federal court. He is already in the national spotlight for rejecting the Trump administration's effort to use a powerful wartime statute to summarily deport Venezuelan migrants it deemed to be members of a violent street gang.

Judge Boasberg said he had never been a user of Meta's apps, but was familiar with Facebook Live, which has been featured in criminal trials.

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During what is projected to be an eight-week trial, the government and Meta are expected to tell competing versions of the company's 20-year growth story.

The F.T.C.'s argument hinges on Section 2 of the Sherman Antitrust Act of 1890, which forbids a company from maintaining a monopoly through anticompetitive practices.

The F.T.C. accused Facebook, as the company was previously known, of struggling to build a mobile app and fearing that Instagram would rapidly outpace it in popularity. The company overpaid when it purchased Instagram in 2012 for \$1 billion, the F.T.C. argued.

In 2014, as WhatsApp grew, Meta offered to buy the company for \$19 billion — also far above its market value, the government said.

The F.T.C. plans to highlight a paper trail of emails between Meta executives, alongside other evidence, to argue that the company bought the start-ups because they were threats.

In his opening remarks, Mr. Matheson mentioned documents, including what he described as a "smoking gun" 2012 email by Mr. Zuckerberg about the rise of Instagram. In the email Mr. Zuckerberg described the importance to "neutralize a potential competitor."

The F.T.C. lawyer said Meta bought WhatsApp to to keep it from being acquired by competitors like Google, who were trying to use a messaging service to launch

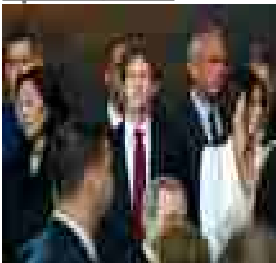
The government is set to call witnesses from Meta, as well as competitors, venture capitalists, economists and media industry executives. Mr. Zuckerberg was expected to be called as the first witness as soon as Monday. The F.T.C. said former chief operating officer, Sheryl Sandberg, and Kevin Systrom, co-founder of Instagram, will testify this week.

F.T.C. v Meta



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Meta: Facebook owner could be forced to sell off Instagram and WhatsApp

The trial could mark a 'new social media world order,' tech expert says

Martyn Landi

Social media giant Meta could be forced to sell off Instagram and WhatsApp as a legal battle begins in the US. Owned by billionaire Mark Zuckerberg, the tech business which also owns Facebook bought Instagram in 2012 and WhatsApp in 2014.

An antitrust lawsuit from the US government now alleges that the firm made these transactions to eliminate competition and create a social media monopoly.

Although both acquisitions were approved by the US Federal Trade Commission (FTC) at the time, the competition watchdog has continued to monitor the outcomes. If it wins the case it could force Meta to sell off both Instagram and WhatsApp.

This would mark a major change in the social media sector landscape, experts say. Mike Proulx, vice president research director at analyst firm Forrester, said the case's possible ramifications, and the ongoing uncertainty around the future of TikTok, could see a "new social media world order" appear.

(Getty Images)

“The ramifications of this trial, coupled with TikTok's future in limbo, potentially puts the very core of the social media market at play. No longer would Meta be its centre of gravity.

“We haven't seen anything like this since around 2006-2011 – social media's earliest days.

“We’d likely see a renaissance of social media start-ups looking to grab a piece of new social media world order.”

Mr Proulx said that, although Facebook is the original and centre pillar of Meta’s empire, it could struggle to compete as a social media power and may need to redirect its focus.

“Meta is trying to make Facebook cool again, but the company’s social media ‘insurance’ is – and has been for a while – Instagram.

“Without Instagram and WhatsApp, what really is Meta? Could Facebook seriously compete with a stand-alone Instagram? Can Threads monetise at scale? Doubtful. And the company absolutely should not hang its hat on its fledgling metaverse ambitions.

“Its AI (artificial intelligence) glasses are a bright spot, as is its broader AI work.

“That means, in a broken-up Meta, the company’s AI initiatives would usurp its social media roots.”

The trial, which begins in Washington DC on Monday, is expected to last several weeks, with Meta founder Mark Zuckerberg and former chief operating officer Sheryl Sandberg both expected to give evidence.

Meta is not the only US tech giant under scrutiny over holding an alleged monopoly, with Google also facing the prospect of being forced to sell its Chrome web browser and break up its online search empire.

After a judge ruled that the firm does hold a monopoly in online search last summer, the US Department of Justice demanded that a court require Google to sell Chrome, among other remedies to end its market dominance – a position it reiterated last month.

Facebook owner Meta faces existential threat at trial over Instagram, WhatsApp

Story by Jody Godoy

By Jody Godoy

WASHINGTON (Reuters) -Facebook parent Meta Platforms faces a high-stakes trial in Washington starting on Monday on claims it built an illegal social media monopoly by spending billions of dollars to acquire Instagram and WhatsApp, in a case where U.S. antitrust enforcers seek to unwind the deals.

The acquisitions more than a decade ago aimed to eliminate nascent competitors who could threaten Facebook's status as the go-to social media platform for users to connect with friends and family, the U.S. Federal Trade Commission claims. It filed the case in 2020 during President Donald Trump's first term.

The FTC seeks to force Meta to restructure or sell parts of its business including Instagram and WhatsApp.

Meta Chief Legal Officer Jennifer Newstead called the case weak and a deterrent to tech investment in a blog post on Sunday.

"It's absurd that the FTC is trying to break up a great American company at the same time the Administration is trying to save Chinese-owned TikTok," she wrote.

The case poses an existential threat to Meta, which by some estimates earns about half of its U.S. advertising revenue from Instagram, while also giving the public its first real measure of how strongly the new Trump administration will follow up on its promises to take on Big Tech.

Meta has been making regular overtures to Trump since his election, nixing content moderation policies Republicans said amounted to censorship and donating \$1 million to Trump's inauguration. Meta CEO Mark Zuckerberg has also visited the White House multiple times in recent weeks.

"The Trump-Vance FTC could not be more ready for this trial," said FTC spokesperson Joe Simonson, adding, "We are blessed with some of the most hardworking and intelligent lawyers in the country who are working around the clock."

ZUCKERBERG EXPECTED TO TESTIFY

Zuckerberg is expected to testify at the trial, where he will face questioning about emails in which he proposed acquiring photo-sharing app Instagram as a way to neutralize a potential Facebook competitor and expressed worry that encrypted messaging service WhatsApp could grow into a social network.

Meta has argued in court papers that its purchases of Instagram in 2012 and WhatsApp in 2014 have benefited users, and that Zuckerberg's past statements are no longer relevant amid fierce competition from ByteDance's TikTok, Google's YouTube and Apple's messaging app.

How users spend time on social media, and whether they consider the services interchangeable, will be core to the case. Meta will point to an increase in traffic to Instagram and Facebook during TikTok's brief shutdown in the United States in January as evidence of competition, according to court records.

The FTC claims Meta holds a monopoly on platforms used to share with friends and family, where its main competitors in the United States are Snap's Snapchat and MeWe, a tiny privacy-focused social media app launched in 2016. Platforms where users broadcast content to strangers based on shared interests, such as X, TikTok, YouTube and Reddit, are not interchangeable, the FTC has argued.

U.S. District Judge James Boasberg said in a ruling in November that while the FTC has enough evidence to move forward, the agency "faces hard questions about whether its claims can hold up in the crucible of trial."

The trial is scheduled to stretch into July. If the FTC wins, it would have to prove at a second trial that measures such as forcing Meta to sell Instagram or WhatsApp would restore competition.

Losing Instagram in particular could prove catastrophic to Meta's bottom line.

While Meta does not release app-specific revenue figures, advertising research firm Emarketer forecast in December that Instagram would generate \$37.13 billion this year, a little over half of Meta's U.S. ad revenue.

Instagram also generates more revenue per user than any other social platform, including Facebook, according to Emarketer.

WhatsApp to date has contributed only a sliver to Meta's total revenue, but it is the company's biggest app in terms of daily users and ramping up efforts to earn money off tools like chatbots. Zuckerberg has said such "business messaging" services are likely to drive the company's next wave of growth.

The case is one of five where the FTC and U.S. Department of Justice accuse Big Tech companies of maintaining illegal monopolies.

Amazon and Apple are both being sued, and Alphabet's Google is facing two lawsuits, including one where a trial is set to begin next week on the government's bid to force Google to sell its Chrome browser.

(Reporting by Jody Godoy in Washington and Katie Paul in New York; Editing by Mark Porter)