Antitrust, Innovation, and Product Design in Platform Markets: Microsoft and Intel

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Abstract

The Antitrust Division’s Microsoft case and the Federal Trade Commission’s Intel case both rested on claims that antitrust intervention was necessary to preserve innovation in technological platforms at the heart of the personal computer. Yet, because those very platforms support markets are among the most innovative in the American economy, injudicious intervention might well have jeopardized the very innovation that antitrust should promote. In this article, we review the role of platforms in technological innovation and consider how antitrust standards should apply to them. We then examine how Microsoft resolved antitrust issues affecting platform design at various stages of the litigation and show how that experience informed the allegations and the settlement in Intel. We are particularly concerned with the parallel claims in the two cases that Microsoft and Intel each used its control over the design of a dominant platform to hinder innovations that might have made a complementary product a better substitute for the platform. This exercise should help guide future applications of monopolization standards to high technology platforms.