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Cloud and Competition Policy: Part VIII - Cloud service-AI partnerships: The FTC's Section 6(b) Report and its antitrust implications in the Trump 2.0 administration

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ABSTRACT

The U.S. Federal Trade Commission's Section 6(b) Report investigated three partnerships between major cloud service providers (Alphabet/Google, Amazon, and Microsoft) and leading AI developers (Anthropic and OpenAI). Conducted under the Biden administration, the report highlights previously non-public details on the structure and outcomes of these CSP-AI partnerships. It also identifies competitive dynamics, such as access to resources and information sharing, that could raise future competition concerns in the AI ecosystem. The significance of the report remains uncertain, as the Trump 2.0 administration's emphasis on AI innovation and global AI dominance appears to be shifting the course of FTC enforcement priorities.

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I. Introduction

*“AI technology shows remarkable promise. It could be a driving force for innovation, economic growth, and increased productivity for American workers in the coming years. AI may also be the most significant challenge to Big Tech firms’ dominance since they achieved that dominance. These two possibilities require the [FTC] to strike a careful and prudent balance.”*¹

1. As the development of generative artificial intelligence (AI) technology rapidly advances with widespread commercial deployment, the need for capital-intensive computing resources to support these advancements also continues to grow. AI developers increasingly rely on large cloud service providers (CSPs) to supply the necessary servers, databases, networking, and other services needed to train, test, and operate AI models. But as AI development and deployment have escalated, so too has the scrutiny of competitive market dynamics in AI ecosystems, particularly as they relate to the relationships between CSPs and AI developers.

2. In January 2024, the United States Federal Trade Commission (FTC) launched a Section 6(b)² inquiry

1. Concurring and Dissenting Statement of Commissioner Andrew N. Ferguson, Joined by Commissioner Melissa Holyoak, Regarding the FTC Staff Report on AI Partnerships & Investments 6(b) Study, Matter Number P246201, Jan. 17, 2025 (Ferguson Concurrence/Dissent), at 1, https://www.ftc.gov/system/files/ftc_gov/pdf/ferguson-ai-6b-statement.pdf.

2. Section 6(b) of the Federal Trade Commission Act (Section 6(b)), 15 U.S.C. § 46(b). Section 6(b) empowers the FTC to require an entity to file “annual or special (. . .) reports or answers in writing to specific questions” to provide information about the entity’s “organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals.” The FTC’s Section 6(b) authority also enables it to conduct wide-ranging studies that do not have a specific law enforcement purpose. Section 6(f) of the FTC Act authorizes the FTC to “make public from time to time” portions of the information that it obtains, where disclosure would serve the public interest. 15 U.S.C. § 46(f).

focused on recent partnerships and investments involving three of the world's largest CSPs (Alphabet/Google, Amazon, and Microsoft) and two of the most prominent AI developers (Anthropic and OpenAI).³ The FTC authorized this investigation so that it could better understand these CSP-AI collaborations and their competitive impact on the rapidly evolving AI landscape. In announcing the Section 6(b) inquiry, FTC Chair Lina M. Khan stated that “[o]ur study will shed light on whether investments and partnerships pursued by dominant [CSP] companies risk distorting innovation and undermining fair competition.”⁴

3. Nearly a year after the FTC’s Section 6(b) investigation was initiated, and during the waning days of President Joe Biden’s administration, the FTC issued a staff report on its Section 6(b) study of the CSP-AI partnerships.⁵ The Section 6(b) Report details key aspects regarding the structure and characteristics of partnerships between Microsoft-OpenAI, Amazon-Anthropic, and Google-Anthropic, including the equity and revenue-sharing rights retained by the CSPs and certain consultation, control, and exclusivity rights the CSPs gained through their investments with the AI developers.⁶ The Section 6(b) Report also outlines some potential competition implications, including that the CSP-AI partnerships may (i) impact access to certain inputs, such as computing resources and engineering talent, (ii) increase CSP switching costs for the AI developer partners, and (iii) provide CSP partners with access to competitively sensitive technical and business information that may not be available to others.⁷

4. Building on the foundation of the Section 6(b) Report, this article will examine the partnerships between CSPs and AI developers, as viewed through

the FTC’s current antitrust lens. It will also (i) provide background on the FTC’s motivations for conducting the Section 6(b) inquiry, (ii) identify and analyze the key findings from the Section 6(b) Report, including details of the major CSP-AI partnerships and their significant contractual terms, and (iii) discuss potential competition concerns under U.S. antitrust law that may arise from these new partnerships. Finally, the article will discuss the likely approach the current FTC leadership will take in maintaining a competitive balance between AI developers and CSPs, as well as the future legal considerations to watch as the AI industry and its regulatory scrutiny evolve.

II. Background and context

5. On October 30, 2023, President Biden signed Executive Order 14110, titled Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence (Biden AI Order), which established new U.S. standards for AI safety, security, and innovation across industries.⁸ In particular, the Biden AI Order warned of the potential deployment of AI technology in ways that could “lessen market competition” and declared that the federal government will stop “unlawful collusion” and address “risks from dominant firms’ use of key assets such as semiconductors, computing power, cloud storage, and data.”⁹ The order also encouraged the FTC to consider whether to exercise its powers under the Federal Trade Commission Act “to ensure fair competition in the AI marketplace and to ensure that consumers and workers are protected from harms that may be enabled by the use of AI.”¹⁰

6. Less than three months after the Biden AI Order was issued, the FTC held its first-ever Tech Summit focused on competition risks surrounding AI. The summit consisted of three panels, outlining AI-related competition concerns surrounding chips and

3. FTC AI Investments 6(b) Order and Resolution, Jan. 25, 2024 (Section 6(b) Order), https://www.ftc.gov/system/files/ftc_gov/pdf/P246201_AI_Investments_6%28b%29_Order_and_Resolution.pdf.

4. FTC, press release, FTC Launches Inquiry into Generative AI Investments and Partnerships, Jan. 25, 2024 (Jan. 25, 2024, Press Release), <https://www.ftc.gov/news-events/news/press-releases/2024/01/ftc-launches-inquiry-generative-ai-investments-partnerships>.

5. FTC Staff Report on AI Partnerships & Investments 6(b) Study: Partnerships Between Cloud Service Providers and AI Developers, Jan. 2025 (Section 6(b) Report), https://www.ftc.gov/system/files/ftc_gov/pdf/p246201_aipartnerships6breport_redacted_0.pdf.

6. FTC, press release, FTC Issues Staff Report on AI Partnerships & Investments Study, Jan. 17, 2025 (Jan. 17, 2025, Press Release), <https://www.ftc.gov/news-events/news/press-releases/2025/01/ftc-issues-staff-report-ai-partnerships-investments-study>.

7. Ibid.

8. Executive Order 14110: Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, Oct. 30, 2023, <https://bidenwhitehouse.archives.gov/briefing-room/presidential-actions/2023/10/30/executive-order-on-the-safe-secure-and-trustworthy-development-and-use-of-artificial-intelligence/>.

9. Ibid. at Sec. 2(b)–(c).

10. Ibid. at Sec. 5.3(a).

cloud computing, data and models, and consumer applications.¹¹ FTC Chair Khan opened the summit by criticizing the FTC’s “hands-off” approach to tech consolidation in the late 1990s, the results of which she described as a heavily consolidated tech industry today. She stressed in her remarks that the FTC would strictly scrutinize AI markets to prevent similar consolidation.

7. FTC Commissioner Rebecca Kelly Slaughter delivered a similar message at the Tech Summit. She highlighted the problem of entrenchment and the need for the FTC to ensure adequate competition in both AI markets and markets for key AI inputs, such as chipmaking, chip design, cloud computing, and data collection. Commissioner Slaughter also emphasized that there is no “AI exception” to the antitrust laws and stressed that even partnership agreements that do not require notification under the HSR Act¹² may be anticompetitive.

8. On the same day as the Tech Summit, the FTC announced its Section 6(b) inquiry. To assist the FTC in gathering evidence for its study, compulsory orders were issued and sent to the companies involved in three separate multi-billion-dollar investments: Microsoft and OpenAI, Amazon and Anthropic, and Google and Anthropic.¹³ The orders required information regarding the strategic rationale and practical implications behind the partnerships, analysis of the transactions’ competitive impact, competition for AI inputs and resources, and information provided to other government entities, including foreign governments.¹⁴

9. During the Tech Summit, Commissioner Slaughter also criticized the CSP giants for structuring these transactions in ways designed to avoid the HSR Act reporting requirements, and she suggested that the Section 6(b) inquiry was necessary for the FTC to better understand these AI partnerships.¹⁵ While many transactions involving large mergers, acquisitions, and joint ventures require parties to provide notice to the FTC and the U.S. Department

of Justice-Antitrust Division (DOJ) under the HSR Act, due to the nature of these particular CSP-AI partnerships and their investment structures, the companies involved had not been required to report these transactions under the HSR Act.¹⁶

III. The Section 6(b) Report’s findings

10. Three days before the change in administrations from President Biden to President Donald Trump, the FTC released the Section 6(b) Report that summarized the findings of its Office of Technology Staff. Although the FTC voted 5-0 in favor of issuing the report, Republican Commissioners Andrew Ferguson and Melissa Holyoak each issued a concurring and dissenting statement, joined by the other. The Republican commissioners agreed that the Section 6(b) Report “adds valuable insights gleaned from company documents produced in response to the [FTC’s] Section 6(b) orders”¹⁷ and “enhances awareness of how key technology companies have operated in this important and dynamic area of our economy.”¹⁸ They disagreed, however, with the inclusion of a section in the report titled “Areas to Watch Regarding Potential Implications of the AI Partnerships,” which they believed was too speculative given the quick and narrow scope of the Section 6(b) inquiry.¹⁹

11. In announcing the Section 6(b) Report, the FTC

11. See FTC Tech Summit, Jan. 25, 2024, <https://www.ftc.gov/news-events/events/2024/01/ftc-tech-summit>. A video recording and transcript are available.

12. Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act), 15 U.S.C. § 18a.

13. Jan. 25, 2024, Press Release.

14. Ibid.

15. Ibid.

16. See L. Nylén, Alphabet, Amazon, Microsoft Face FTC Inquiry on AI Partners, Bloomberg News, Jan. 25, 2024, <https://www.bloomberglaw.com/product/blaw/bloomberglawnews/bloomberg-law-news/X6068LHC000000>. Microsoft did not report the OpenAI transaction to the agencies because its investment did not amount to control of the company under the HSR Act, and OpenAI, as a nonprofit entity, is exempt from HSR reporting requirements regardless of the transaction’s value. In the case of Google and Amazon, their deals with Anthropic were structured as convertible notes, a type of debt that will convert to equity at the startup’s next funding round. Those types of investments do not require HSR Act notification to the agencies until the notes are converted.

17. Ferguson Concurrence/Dissent at 1.

18. Concurring and Dissenting Statement of Commissioner Melissa Holyoak, Joined by Commissioner Andrew N. Ferguson, *AI Partnerships and Investments 6(b) Study*, Matter Number P246201, Jan. 17, 2025 (Holyoak Concurrence/Dissent), at 1, <https://www.ftc.gov/legal-library/browse/cases-proceedings/public-statements/concurring-dissenting-statement-commissioner-melissa-holyoak-joined-commissioner-andrew-n-ferguson>.

19. Ferguson Concurrence/Dissent at 1.

staff reported that the three CSP-AI partnerships between Microsoft-OpenAI, Amazon-Anthropic, and Google-Anthropic included more than USD 20 billion in cumulative financial investment and substantial non-monetary value exchange.²⁰ Because of the size of these financial relationships and the new connections between these large technology companies, the FTC sought to better understand the motivations and impact on the cloud computing and AI industries. Through its document requests and investigation, the FTC gained access to previously non-public information on partnership terms that have potential implications on competition, innovation, and consumer welfare. And although the Section 6(b) Report redacts the specific companies and terms from the non-public document submissions cited in the report, the anonymized descriptions still provide helpful insight to the public on significant areas to watch.

12. As context and background for the FTC's findings, the Section 6(b) Report outlines the technological landscape of AI and cloud computing, including the key layers of the "*AI technology stack*" recognized by the agency.²¹ This "tech stack" is a guide to how the FTC views the interplay between different AI layers and is helpful for understanding the partnerships. The significant partnership terms discussed in the Section 6(b) Report can be broadly organized into three categories: (i) control, notice, and revenue-sharing rights, (ii) cloud spending and partner exclusivity, and (iii) information and resource sharing.

1. Control, notice, and revenue-sharing rights

13. Prior public reporting on the CSP-AI relationships disclosed that the CSPs had obtained non-voting ownership and revenue-sharing interests in their AI developer partners. Non-public documents submitted in response to the Section 6(b) orders confirmed these reports. At least one of the CSPs had

internal discussions of potential investment outcomes from its ownership interests, including the outright acquisition of the AI developer by the CSP partner.²² Beyond ownership interests, the internal documents provide specificity on the types of revenue sharing that resulted from the partnerships. The Section 6(b) Report explains that revenue sharing is "*part of multiple partnerships in various ways*," including income for CSPs tied to the success of their partner's AI models.²³

14. Although company-specific information is often redacted, the Section 6(b) Report highlights CSP partner opportunities for input and advanced notice on upcoming AI developer business decisions.²⁴ As examples, Microsoft occupied an observer seat on the OpenAI board until 2024 and one individual served contemporaneously on the boards of both Microsoft and OpenAI for over three years.²⁵

2. Cloud spending and partner exclusivity

15. The CSP-AI partnerships discussed in the Section 6(b) Report are not as simplistic as an AI developer partner on one side and a CSP partner on the other side. Each CSP partner is also developing its own AI models and products.²⁶ And even the exchange of funds through the partnerships is not just a simple investment of money flowing from one side to another. The investments provided by the CSPs to the AI developers are often flowing back to the CSPs through fees charged to the AI developer for the use of the CSP's platform and services. The public reporting alone shows that the AI developers' spending commitments are in the multiple billions of dollars. These dollars committed by the AI developer partner are spent on the computational tasks required for the AI developer's projects, which require significant computing resources to train and fine-tune

20. Behind the FTC's 6(b) Report on Large AI Partnerships & Investments, FTC Technology Blog, Jan. 17, 2025, (Behind the 6(b) Report), <https://www.ftc.gov/policy/advocacy-research/tech-at-ftc/2025/01/behind-ftcs-6b-report-large-ai-partnerships-investments>.

21. The AI technology stack is a framework used by the FTC that is "*not exhaustive (. . .) [but] meant to be illustrative of different technologies that are part of the development, deployment, and use of AI*." Section 6(b) Report at 8–9.

22. Ibid. at 17.

23. Ibid.

24. Ibid. at 18.

25. Ibid.

26. Microsoft is developing a family of in-house AI models, internally referred to as MAI (Microsoft AI), which includes Microsoft products such as Copilot. Google is developing multiple AI models, with a primary focus on the Gemini family of models. Amazon is developing a family of AI foundation models called Amazon Nova, which includes specific models for advanced multimodal reasoning, unified speech, text generation, and image/video generation.

the AI models, respond to consumer prompts for AI-generated information, and host the data. The internal documents submitted in response to the Section 6(b) inquiry show that multiple respondents viewed these CSP-AI partnerships as more than just gaining access to AI infrastructure. The CSPs also perceived large cloud spending commitments by the AI developers as one of the main benefits of the CSP-AI partnerships.

16. Beyond gaining information, revenue, and promised commitments for cloud services, some of the other benefits identified by the FTC staff were restrictive in nature. These constraints include CSP partners requiring exclusive or preferential treatment, such as access to certain products, distribution capabilities, and brand association. Although the details varied for each partnership, the Section 6(b) Report emphasizes that *“in general, multiple partnerships have provisions that impose conditions or restrictions on the ability of AI developer partners to share accrued benefits with other non-partner cloud providers or companies.”*²⁷ These provisions are similar to the publicly disclosed Microsoft/OpenAI relationship, where Microsoft is OpenAI’s *“exclusive cloud provider”* and Microsoft is building a supercomputer *“in collaboration with and exclusively for OpenAI.”*²⁸ The FTC staff also identified exercise of control and restriction through *“parity”* provisions. For example, in one parity provision, an AI developer partner was not allowed to release a model on its own platform before launching the model on the CSP partner’s platform. Nor would the AI developer be allowed to directly offer a *“substantially better”* AI model to businesses or consumers, rather than through the CSP partner’s platform.²⁹

3. Information and resource sharing

17. At a general level, it is readily apparent that the CSP-AI partnerships provide value to both sides of the relationships—the AI developer partners receive scarce and highly sought-after cloud computing resources, while the CSPs obtain access to cutting-edge AI models and insight on the related financial, market, and usage data. The Section 6(b) Report

provides additional details derived from non-public documents regarding the valuable information and resources shared in these partnerships.

18. One respondent noted that the partnerships facilitate the computing resources necessary for an AI developer to stay competitive in the market. And to entice AI developer partners to enter these partnerships and share their valuable findings and innovation, CSPs provided discounted cloud service rates to the AI developer partners for commitments to use the CSPs’ services. These discounts offered through the partnerships were *“significantly larger than certain publicly advertised discounts.”*³⁰ CSP partners were willing to offer these discounted rates, in part, because of the access to high-level intellectual property and research from the market-leading AI developers.³¹ At least one CSP viewed these partnerships as opportunities to learn about the AI model development so as to compete in the AI model space, while another CSP saw the investment as an *“alternative”* to significant internal AI model development.³²

19. In addition to the AI technology itself, the CSP-AI partnerships provide CSP partners with access to confidential financial and performance information, such as the AI partner’s customer counts. For at least one partnership, the exchange of this type of information was specifically required. With this level of company and product-specific information, CSPs can analyze the AI landscape and consider areas where the CSP might create or further develop its own products and services to compete in AI markets. This type of non-public information from an AI developer partner allows the CSP to better understand the future cloud needs for next generations of AI systems and then make more informed decisions on investments in the CSP’s business infrastructure, such as the build-out of data centers and development of its own chips. The FTC staff further explained that some of the exchanged information could provide a CSP partner with insights on rival CSPs. The example highlighted in the Section 6(b) Report was revenue information from the use of an AI developer partner’s model on a rival CSP’s *“Model-as-a-Service”* (MaaS)³³ platform.

27. Section 6(b) Report at 19.

28. Ibid. at 20, 22.

29. Ibid. at 19.

30. Ibid. at 21.

31. Ibid. at 22.

32. Ibid.

20. Information and resource sharing between CSP and AI partners is not a one-way street. The Section 6(b) Report discloses that CSP partners were able to share significant amounts of valuable training data with their AI developer partners that otherwise would be unavailable for training their AI models.³⁴ The CSPs studied in the Section 6(b) Report all retrieved and maintained significant amounts of consumer and user information as part of their other businesses, including search, social media, and advertising technology. For example, both Google and Microsoft operate large-scale web crawlers for their search engine products. The documents cited in the Section 6(b) Report contain specific discussions about the sharing of search engine data, customer data, and traffic information from a CSP partner's products and services.³⁵

21. The partnerships also allow the CSP and AI developer partners to grow and support each other's businesses.³⁶ For the CSP partners, they were able to receive feedback from top-tier AI developers and collaborate on the CSP's in-house semiconductor chips. For the AI developer partners, expanding access to their models through the CSP partners' cloud platforms and integration in the CSP partners' preexisting products were seen as major opportunities for exposure to new customers.³⁷

IV. The Section 6(b) Report's potential competition concerns

22. Although the CSP-AI partnerships studied in the Section 6(b) Report have provided significant procompetitive benefits to both the CSP and AI partners involved in the collaborations, the combinations and exchanges of information,

resources, and control through these partnerships can also create potential competition concerns within the cloud service market and the developing AI markets. As described in the Section 6(b) Report's findings, through these partnerships, the CSPs (each a major player in multiple technology markets) are working to assure their continued growth and expansion of shares in the AI-related markets. The FTC uses the illustration of an "AI technology stack"—consisting of AI semiconductor chips, cloud computing, data and models, and AI applications—as it seeks to further understand these developing AI markets. The Section 6(b) Report does not attempt to define a specific AI market, and it does not use the word "monopoly," even in its discussion of the potential competitive implications from the studied partnerships. Instead, the FTC staff makes clear that even after analysis of the respondents' submitted documents, it is not enough to develop conclusions on antitrust markets or violations: "[T]his report is not a formal legal or economic analysis of the partnerships or markets and should not be interpreted as such. The observations discussed in this report are limited to a narrow set of information and documents submitted by the five 6(b) respondents through September 2024. A comprehensive analysis of the subject partnerships is beyond the scope of the report. The technologies discussed in this report are rapidly evolving, and therefore the implications of the partnerships may continue to evolve."³⁸

23. Although the Section 6(b) Report does not define any antitrust markets or find that any antitrust violations have occurred, the final section of the report does outline three general areas to watch regarding potential antitrust implications of the CSP-AI partnerships.

1. Access to AI-related inputs

24. The Section 6(b) Report describes the potential that a CSP partner might consider favoring its own internal AI development efforts by limiting computing resource inputs for both partner AI developers and non-partner AI developers. Computing resources are a key input for generative AI developers, and an inability to access them could impact both current AI developers and potential future entrants.³⁹ In internal documents, one CSP

33. MaaS allows a business to access and integrate prebuilt AI models into AI applications. See What Is Model as a Service (MaaS)?, Microsoft, <https://azure.microsoft.com/en-us/resources/cloud-computing-dictionary/what-is-models-as-a-service-maas>.

34. Section 6(b) Report at 25–26.

35. Ibid. at 26.

36. Ibid. at 23, 26–27.

37. Ibid. at 28–29.

38. Ibid. at 1–2; see also Ferguson Concurrence/Dissent.

wrote that “we face a problem today where scarce GPU resources are being disproportionately used by a few large customers who are getting steep discounts (...) [which is] driving hoarding behavior.”

⁴⁰ Another open question is whether the CSP-AI partnerships may consolidate access to the AI engineering talent pool in the hands of a limited number of firms. ⁴¹

2. Increased switching costs

25. Another general area of concern identified in the Section 6(b) Report relates to the potential negative impacts on the AI developer partners if the CSP partners restrict their use of multiple CSPs or make it more difficult for the AI developers to change CSPs. For example, the CSP-AI partnerships all reportedly included billions of dollars in cloud computing spending commitments by the AI developer partners.

⁴² Multiple partnerships also have provisions that impose conditions or restrictions on the ability of AI developer partners’ ability to operate with other CSPs or companies. ⁴³ In addition, the Section 6(b) Report describes potentially lengthy migration times between AI-specialized cloud services and AI chips, which could create technical barriers that may make it difficult for an AI developer to switch to another CSP. ⁴⁴

3. Access to competitively sensitive technical and business information

26. A third area of potential concern identified in the Section 6(b) Report is the ability of CSP partners to access competitively sensitive technical and business information from AI developers that may be unavailable to others, including generative AI models, AI development methods, confidential chip co-design plans, and customer usage and revenue numbers. ⁴⁵ This information could potentially be

used to develop the CSP’s own internal AI models and applications, some of which may compete with those of its AI developer partner. CSP partners also receive financial and strategic business information—including non-public, potentially sensitive information—through the partnerships as well as through their role as cloud service platforms.

⁴⁶ In internal documents, one CSP highlighted: “If we wait for our own models to mature, we risk not participating in developing the necessary IP to build, operate, and secure these applications. By partnering with [REDACTED], we can more quickly learn the ‘art’ of refining and reinforcing these types of models.” ⁴⁷

V. The significance of the Section 6(b) Report in the Trump 2.0 administration

27. Three days after the Section 6(b) Report was released, Donald Trump began his second term as president of the United States. The same day he was inaugurated, President Trump repealed the Biden AI Order on the basis that it “hinder[ed] AI innovation and impose[d] onerous and unnecessary government control over the development of AI.” ⁴⁸ In place of the Biden AI Order, President Trump issued Executive Order 14179, titled Removing Barriers to American Leadership in Artificial Intelligence (Trump AI Order). ⁴⁹ In contrast to the Biden AI Order’s emphasis on antitrust enforcement in the AI sector, the Trump AI Order stresses the importance of innovation—seeking to “sustain and enhance America’s dominance in AI to promote human

39. Behind the 6(b) Report.

40. Section 6(b) Report at 30.

41. Behind the 6(b) Report.

42. Section 6(b) Report at 20.

43. Ibid. at 33.

44. Ibid. at 34.

45. Ibid. at 34–37.

46. Behind the 6(b) Report.

47. Section 6(b) Report at 36.

48. The White House, Fact Sheet: President Donald J. Trump Takes Action to Enhance America’s AI Leadership, Jan. 23, 2025 (White House Fact Sheet), <https://www.whitehouse.gov/fact-sheets/2025/01/fact-sheet-president-donald-j-trump-takes-action-to-enhance-americas-ai-leadership/>.

49. Executive Order 14179: Removing Barriers to American Leadership in Artificial Intelligence (Trump AI Order), Jan. 23, 2025, Federal Register, 90 FR 8741, <https://www.federalregister.gov/documents/2025/01/31/2025-02172/removing-barriers-to-american-leadership-in-artificial-intelligence>.

*flourishing, economic competitiveness, and national security.”*⁵⁰ Based on the premise that the Biden AI Order “*hampered the private sector’s ability to innovate*” with “*unnecessarily burdensome requirements for companies developing and deploying AI*,” the Trump AI Order directs the heads of any agency that took action under the Biden AI Order to “*suspend, revise, or rescind such actions.*”⁵¹ Antitrust issues are not expressly mentioned in the Trump AI Order or the related press release. Instead, the Trump AI Order emphasizes the need to foster innovation and a concern about ideological bias in AI systems.

28. Also, on the same day that President Trump took office, Lina Khan announced her resignation as chair of the FTC,⁵² and two days later, Commissioner Ferguson was officially designated as the FTC’s new chair.⁵³ Two months later, President Trump fired the two remaining Democrat FTC commissioners, Alvaro Bedoya and Rebecca Kelly Slaughter.⁵⁴ And on April 16, 2025, Republican Mark Meador was sworn in as the newest FTC commissioner, joining Chair Andrew Ferguson and Commissioner Melisa Holyoak.⁵⁵ Thus, within three months from the date the Section 6(b) Report was issued, the composition of the FTC had flipped from a 3-2 Democrat commissioner majority to a 3-0 Republican commissioner majority.

29. Given the sweeping leadership changes that have occurred at the FTC under the Trump 2.0 administration, it remains to be seen what significance, if any, the Section 6(b) Report will have on future FTC efforts to enforce the antitrust laws in the AI sector. A few subsequent events provide some clues as to the direction the FTC may be headed.

30. Commissioner Holyoak, speaking at a conference on January 30, 2025, advocated for a less aggressive

antitrust enforcement approach in the AI sector, emphasizing the need to avoid actions that could hinder innovation or involve unclear regulations.⁵⁶ While acknowledging the high stakes of AI and its potential concentration among a few firms, she stressed the importance of the FTC focusing on stopping fraudulent conduct and enhancing its understanding of the AI industry. Commissioner Holyoak also highlighted concerns about ideological bias, aligning with sentiments from the Trump AI Order, and underscored AI’s critical role in America’s economic and national security.⁵⁷

31. More recently, Commissioner Holyoak gave remarks at The USA AI Summit 25, U.S. Leadership in AI: The Emerging Global Order.⁵⁸ During her speech, she said that the FTC is closely watching “*clouds on the horizon*” of the competitive landscape for AI large language models, despite strong existing competition among key players like OpenAI, Google, Meta, Anthropic, xAI, and DeepSeek. She warned that market conditions—including high fixed costs, economies of scale, and network effects—may eventually drive global consolidation, reducing competition. Such consolidation could raise national security and data privacy concerns if a foreign adversary-subsidized AI firm gained dominance.⁵⁹ Commissioner Holyoak concluded her remarks by observing that “[g]ray clouds on the horizon do not guarantee a storm, but it does suggest that we pack the umbrella.” As a U.S. antitrust enforcer, “*that means we have to remain vigilant about the accumulation and abuse of market power, even if the market is competitive, like today.*”⁶⁰

32. Another clue related to the current FTC’s antitrust enforcement approach for CSP investments in AI developers is included in a recent statement by FTC Chair Ferguson regarding a merger settlement involving other high-tech companies. On May 28, 2025, the FTC authorized the filing of an

50. White House Fact Sheet.

51. Trump AI Order at Sec. 5.

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60. Ibid.

administrative complaint and proposed order in the matter of *Synopsys, Inc. and Ansys, Inc.*⁶¹ The order, which was filed in connection with the merger settlement, required the two companies to divest certain optical, photonic, and power consumption tools used by software engineers for the development of high-tech applications. In announcing the settlement, Chair Ferguson issued a statement touching on some of the procompetitive benefits discussed in the Section 6(b) Report: *“Innovation does not occur randomly. New ideas do not appear in the market on their own. Taking an idea from its inception to a product offering requires capital, and lots of it. Innovation and competition therefore require healthy capital markets. Upstarts cannot take on dominant incumbents without tremendous resources. And investors will not contribute these resources if they cannot realize a return on that investment. (. . .) Less investment means less fuel for the fires of innovation, which in turn could stunt the development of new technology and economic growth.”*⁶²

33. This tension between the necessity of capital investment, demands for return, and future equity stakes may soon be rearing its head in one of the partnerships studied in the Section 6(b) Report. On June 17, 2025, the *Wall Street Journal* reported that OpenAI executives have discussed the option of accusing Microsoft of anticompetitive behavior in connection with their partnership as a pressure tactic.⁶³ This potential option is reportedly tied to disputes over the partnership terms, including the amount of equity in OpenAI that Microsoft would own if OpenAI converts into a for-profit company.⁶⁴ Negotiations reportedly have seen Microsoft’s potential stake range in OpenAI between 20% and 49%. Public accusations of anticompetitive behavior directed at Microsoft could certainly lead to a deeper review of the companies’ partnership terms by the FTC or DOJ.

VI. Conclusion

34. The Section 6(b) Report resulted from an FTC investigation that was launched and completed under the prior Biden administration. This study and the findings in the Section 6(b) Report were shaped by the Biden AI Order’s emphasis on the prevention of anticompetitive practices and the protection of consumers and workers from potential harms associated with AI technologies. The FTC’s approach underscored the importance of maintaining fair competition in the relevant AI markets, particularly in light of the growing influence of dominant CSP firms leveraging key technological assets.

35. Now, the political and regulatory winds have changed under the FTC’s current Republican leadership, guided by a new executive order from President Trump. The Trump AI Order prioritizes innovation and seeks to bolster America’s leadership in AI technology by reducing what it perceives as burdensome regulations that could stifle the private sector’s ability to innovate. This focus appears to have shifted away from antitrust concerns, with an emphasis on fostering innovation and addressing ideological biases in AI systems.

36. Despite these political changes, the Section 6(b) Report remains a beneficial resource, offering *“valuable insights gleaned from company documents”*⁶⁵ and enhancing *“awareness of how key technology companies have operated in this important and dynamic area of our economy.”*⁶⁶ But given the Trump 2.0 administration’s current regulatory priorities, it seems unlikely that the FTC will pursue antitrust enforcement actions against the CSP-AI partnerships if such actions could impede AI development and innovation. Instead, the FTC is more likely to exercise its enforcement powers if it perceives that the large CSPs are leveraging their dominance in cloud services to stifle innovation or restrain AI developers from access to necessary inputs for the development and testing of new AI technologies. g

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See also:

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