

February 6, 2024

Hon. Lina M. Khan, Chair  
Federal Trade Commission  
600 Pennsylvania Avenue NW  
Washington, D.C. 20580

Dear Chair Khan:

We write on behalf of a coalition of organizations deeply concerned about Big Tech companies' control over the rapidly evolving landscape of artificial intelligence (AI) and in support of the Federal Trade Commission's (FTC) inquiry into generative AI investments and partnerships, specifically, the agency's 6(b) inquiry into Alphabet, Inc., Amazon.com, Inc., Anthropic PBC, Microsoft Corp., and OpenAI, Inc.

Like the FTC, the United Kingdom's Competition and Markets Authority<sup>1</sup> and The European Commission<sup>2</sup> are concerned about the competitive landscape and announced investigations into Microsoft's involvement in and control over OpenAI on December 8, 2023 and January 9, 2024 respectively. The UK is reviewing "whether the partnership has resulted in an acquisition of control—that is, where it results in one party having material influence, de facto control, or more than 50% of the voting rights over another entity—or change in the nature of control by one entity over another." The European Commission followed suit announcing an investigation to review "whether Microsoft's investment in OpenAI might be reviewable under the EU Merger Regulation."

The alliance between both companies poses a threat not only to the integrity and independence of AI research and development but also to the competitive landscape of this critical technology. Microsoft's rights to OpenAI's intellectual property—including the ChatGPT and Dall E 3 models—gives Microsoft unparalleled access to OpenAI's most valuable assets without any federal oversight or regulatory approval.<sup>3</sup>

Our concern is further heightened by the broader context—the dominance of a few key players in the realm of cloud computing casts a long shadow over AI.

The supposed success of companies like OpenAI and Anthropic is often touted as evidence of a competitive market. However, the reality is that these emerging stars are significantly reliant on, and beholden to, the infrastructure and resources of these tech giants. The drama over the firing of OpenAI's CEO is reported to have emanated over concerns that its leader was abandoning the non-profit ethos in favor of the "hasty commercialization of OpenAI products."<sup>4</sup> OpenAI's increasing commercial emphasis underlines the susceptibility of such organizations to profit-maximizing corporate interests, undermining the original mission of developing AI that is beneficial and accessible to all.

The concentration of AI development within a small group of powerful corporations is detrimental to market competition and poses significant risks to consumer rights, data privacy, and the ethical

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<sup>1</sup> CMA seeks views on Microsoft's partnership with OpenAI: <https://www.gov.uk/government/news/cma-seeks-views-on-microsofts-partnership-with-openai>

<sup>2</sup> Commission launches calls for contributions on competition in virtual worlds and generative AI: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_85](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_85)

<sup>3</sup> Microsoft emerges as big winner from OpenAI turmoil: <https://www.reuters.com/technology/microsoft-emerges-big-winner-openai-turmoil-with-altman-board-2023-11-20/>

<sup>4</sup> How OpenAI's origins explain the Sam Altman drama: <https://www.npr.org/2023/11/24/1215015362/chatgpt-openai-sam-altman-fired-explained>

development of AI technologies.<sup>5</sup>

Given these concerns, we applaud the FTC’s effort to thoroughly investigate the “investments and partnerships formed between generative AI developers and cloud service providers.”<sup>6</sup> An investigation is crucial for ensuring a diverse and competitive AI industry prioritizes public interest and ethical standards over corporate gain.

Thank you for your attention to this critical matter and for launching a comprehensive investigation into these dominant players to ensure a diverse and competitive AI industry prioritizes public interest and ethical standards over corporate gain.

Sincerely,

NextGen Competition  
Demand Progress Education Fund  
Open Markets Institute  
Revolving Door Project

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<sup>5</sup> AI in the Public Interest: Confronting the Monopoly Threat:

<https://www.openmarketsinstitute.org/publications/report-ai-in-the-public-interest-confronting-the-monopoly-threat>

<sup>6</sup> FTC Launches Inquiry into Generative AI Investments and Partnerships: <https://www.ftc.gov/news-events/news/press-releases/2024/01/ftc-launches-inquiry-generative-ai-investments-partnerships>