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Last year, I predicted the government's case to block the merger of AT&T and Time Warner would most likely be **the antitrust case of the decade**. That may prove to be an understatement. Since then, a pipeline has filled with megadeals awaiting the case's outcome, which the judge presiding over the fight has said will **come in less than two weeks**.

Rarely has Wall Street awaited a court ruling with such bated breath. Comcast, which earlier bid for the bulk of 21st Century Fox's entertainment assets but lost out to Disney, is readying a new bid to disrupt that deal. Verizon approached CBS about a deal last year, one reason CBS is trying to avoid a merger with Viacom. (Verizon executives have cast doubt on such a deal.) T-Mobile has been so emboldened as to bid for Sprint, after having the government block such a proposal just four years ago.

Gene Kimmelman, former general counsel for the Justice Department's antitrust division and chief executive of Public Knowledge, an advocate for an open internet, predicted that if AT&T wins, "the floodgates could really open up." "You've already got Comcast," he added. "Verizon and Charter Communications won't be far behind."

Many on Wall Street seem to have decided that an AT&T victory is all but a sure thing. In one sign of growing investor confidence that the deal would go through, Time Warner shares have been inching higher this year, currently trading above $93, after cratering last fall when the government **filed its lawsuit**. It's not hard to see why investors expect the companies to prevail. Court challenges to so-called vertical mergers like this one — Time Warner supplies content to AT&T — are less likely to succeed than those against mergers of direct competitors. That is because they don't reduce the number of competitors. Until now, the government hadn't litigated a vertical merger case in decades. The government's post-trial legal brief was conspicuously short on precedents, because there aren't many.

Raising the government's degree of difficulty: To completely block the deal, the Justice Department must prove not only that the merger violates the law, but that less drastic remedies, such as restrictions on what AT&T can do with Time Warner programming, won't be effective. (To gain approval to acquire NBCUniversal in 2011, Comcast agreed to 150 conditions, including promising to not withhold programming from competing video distributors and to not slow or block its rivals' internet traffic. Those conditions expired this year.)

So a government win would be considered a major upset. That doesn't mean it can't happen. A number of influential antitrust experts have rallied to the government's side, and some, like Harvard Law School's Susan Crawford, have gone so far as to predict a Justice Department victory. I spoke with several this week, and they made a persuasive case that, whatever the outcome, the AT&T-Time Warner deal is no ordinary vertical merger.

Looming over this deal are AT&T's size and influence in cable, wireless and satellite communications. It's the nation's largest telecommunications company, the second-largest broadband provider, the second-largest mobile service provider and, with its DirecTV business, the largest pay TV distributor. (DirecTV also offers internet service.) The Justice Department cited AT&T's market dominance in blocking its proposed acquisition of T-Mobile, a direct competitor, in 2011. "It's not that vertical mergers per se are bad or good," Mr. Kimmelman said, "but they're better when there are unique creative elements and when there isn't dominance in one of the markets. We don't have either of those conditions here." AT&T, he noted, doesn't bring any special management skills or experience in a field like entertainment.

As a presidential candidate in October 2016, Donald Trump struck a chord when he criticized the proposed AT&T-Time Warner combination: "It's too much concentration of power in the hands of too few." "What Trump expressed in the campaign is the feeling of the American people that five companies have too much control," said Ms. Crawford, author of "Captive Audience: The Telecom Industry and Monopoly Power in the New Gilded Age." The case "raises issues that hit both American pocketbooks and ideals."

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Being too big and powerful isn't illegal, but it often sets the tone for antitrust actions, Mr. Kimmelman said. Trump has his finger on the pulse of a public that's distrustful of dominant companies in general, and broadband providers in particular," he said. "People feel dependent on them because they have very few service providers." The legal standard under the Clayton Act is whether a merger will "substantially lessen competition." Those few words have been the subject of decades of litigation, and they suffer from the inherent problem of trying to predict the future.

The heart of the government's case is that AT&T, because of its size and power, can weaponize popular Time Warner content like HBO, CNN and sports programming to harm competitors and ultimately drive up prices. It could do this, the government argues, in a number of ways. AT&T could simply withhold programming from competitors, thereby forcing consumers to switch to AT&T broadband or DirecTV. It could extract higher prices for Time Warner content from competing distributors, a cost that would likely be passed on to consumers. Or it could harm Time Warner's rival content producers by freezing them out of the AT&T distribution network.

Time Warner's top-rated content could be used as a "sledgehammer," Ms. Crawford warned. Even vertical mergers, she wrote in **a column** for Wired magazine, "can have pernicious consequences for consumers" when they take place in "this heavily concentrated, stagnant and essentially noncompetitive marketplace."

AT&T and Time Warner have deemed these arguments absurd, since Time Warner must distribute its content on as many platforms as possible. AT&T has also pledged not to withhold programming from rival distributors. AT&T argues that it's not about to pay $85.4 billion for a company with more than $20 billion in debt and then embark on a strategy that would slash its revenue and profits.

The government's supporters make the point that, should the deal be blocked, consumers wouldn't have to worry about these possibilities, now or in the future. Nor would government regulators have to spend years monitoring AT&T for possibly anti-competitive behavior. "I'm not an absolutist," Mr. Kimmelman said. "There's no doubt there may be synergies and efficiencies and potentially better products that might benefit consumers. But AT&T also has an incentive to drive up prices for Time Warner content. The bottom line is, they're not paying $108 billion to replicate what Time Warner does now." – ***New York Times***

Facebook Inc. is close to announcing a first crop of news shows for its video platform Watch that will likely include content from Fox News and CNN, capping months of turbulent talks and several strategy shifts by the social-media company, people familiar with the matter said.

The news programs being negotiated, which would be financed by Facebook and run exclusively on the platform, include one from Fox News hosted by Shepard Smith, some of the people said. A few of the shows could be announced as early as next week and will officially launch in July, other people said. Facebook has been negotiating with a number of big-name media companies and digital upstarts **to provide news programming**, part of its broader push to help reliable information drown out fabricated articles and rumors on the platform.

The company has been under pressure since the 2016 election to stamp out misinformation on its site. Executives faced combative questions at the company's annual meeting Thursday on several issues, including fake accounts, data privacy and fabricated news articles. Facebook now is trying to promote what it calls high-quality news, partly through the deals for Watch, **a video-focused platform** that officially launched last summer. As part of the discussions, Facebook staffers have asked some potential partners to detail their ethical standards, including corrections policies, people familiar with the talks said.

But talks with news organizations remain in various stages, with several outlets unlikely to have reached deals to participate by the time Facebook announces its first news partners. Among the companies still in discussions are News Corp's Dow Jones & Co., parent of The Wall Street Journal, BuzzFeed and digital-media company ATTN, people familiar with the matter said. Group Nine Media's NowThis plans to participate but won't begin rolling out programming until later this year, a person familiar with the matter said. A spokeswoman for CNN, a unit of Time Warner Inc., declined to comment. Fox News didn't return a request for comment. A spokeswoman for Dow Jones declined to comment. 21st Century Fox and Wall Street Journal parent News Corp share common ownership.

The discussions between Facebook and some publishers started in late February, some of the people said. Facebook has said it is hoping to feature a mix of daily and weekly shows as well as live coverage in the news section of Watch. The company has offered some publishers between $1 million and $3 million for one-year contracts, according to people involved in the discussions. But some publishers have balked at the terms while others have been turned off by Facebook's shifting strategy, people familiar with the discussions said.

The back-and-forth between publishers and the social network is a contrast to the industry's eagerness to join past Facebook initiatives, such as its 2016 push into live video and its 2015 effort to promote rapidly loading articles, called Instant Articles. Those previous experiments didn't initially work out for many publishers, who have said they didn't view them as financially lucrative.

In their discussions about Watch, some publishers have been irritated by Facebook's lack of answers about how it would promote news shows and engage users, people familiar with the discussions said. Early on, Facebook was looking primarily at daily shows but later shifted its focus to weekly and monthly shows, some of the people said. In one case, Facebook officials suggested payment amounts, only to introduce different amounts later on during talks, a person who discussed a deal with Facebook said. In another case, Facebook halted discussions with a publisher, only to resume them weeks later asking for different ideas, according to a person familiar with that deal.

In some cases, Facebook has pushed for terms that allow it to cut ties with a publisher after as few as three months, according to some of the people familiar with the deal terms. The company has sought a cancellation clause that would allow it to not air shows that are underperforming, making it difficult for publishers to hire people to work on the Facebook shows, some of the people said. "As ever with Facebook, these are shifting sands and we are still trying to pin down the economic viability of such a project," a person familiar with the talks with Facebook said.

For the Journal, talks have focused on a possible weekly business-focused broadcast that would look at events in the coming week. Details about how much Facebook would pay for the programming and how they would be structured are still being discussed, people familiar with the matter said. Fox News has already begun shooting test footage for a five-to-10 minute show featuring Mr. Smith, one of the network's marquee news anchors, a person familiar with the matter said. – ***Wall Street Journal***