After Microsoft and Intel, EU regulator sights may fall on Google

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A visitor walks past the logo of Internet search engine giant Google at a trade fair. After Microsoft and Intel, the next big US technology giant to find itself in the sights of EU competition regulators may be Google with its ubiquitous Internet search engine and online ad business.

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That at least is one of the main arguments in Microsoft's defence against its latest EU antitrust charges, which accuse the software giant of illegally tying its Internet Explorer web browser to its Windows operating system.

After fining Intel a record 1.06 billion euros (1.45 billion dollars) on Wednesday for abusing its dominant market power, the European

Commission is moving ahead with fresh legal action against Microsoft on Internet Explorer.

The thrust of Microsoft's defence is in effect that "if one company benefits from this case, it is Google," according to a source close to the matter.

Microsoft has indicated that what is at stake in the web browser case is the search engine market and the lucrative online advertising market, two central business lines for Google.

The commission wants Microsoft to include multiple web browsers pre-installed on Windows and not only its Internet Explorer so that consumers can choose which one they want to use.

Microsoft's answer is that Google could negotiate with computer makers to get exclusive rights to have its Chrome browser made the default browser or GoogleSearch the default search engine.

"This case is not about Google," a spokesman for the Internet giant said. "It's about giving consumers more choice and real competition between web browsers which are the entry point to the Internet."

One Brussels-based antitrust law expert said that it was "particularly interesting that Microsoft, after so many problems with European competition law, is (now) ready to use it to its advantage."

However, he stressed that the key question was not whether a company has a dominant market share but rather if it used it to squeeze out rivals unfairly.

"It's perfectly allowed to have a dominant position but it's forbidden to abuse it," the expert said, asking not to be named.

"I understand that they want to take a shot at a potential competitor," the expert said. "But you can't give up trying to fix one competition problem on the pretext that it would create another one somewhere else."

Despite Google's dominance, "it is tolerated now by authorities," noted Brussels-based lawyer Spyros Pappas.

"Competition decisions should take into account other dimensions" such as protection of consumers' personal data, he said.

The commission lost a chance when it gave its blessing in March 2008 to Google's takeover of Internet ad tracking giant DoubleClick despite concerns from privacy advocates and consumer groups.

Whether Brussels decides to go after Google or not, US competition authorities are taking a closer look at the company.

The announcement on Monday in Washington of US plans for more aggressive antitrust enforcement led to speculation that Google would be the first big target under the tighter policy.

"The recent developments in the marketplace should make it clear that we can no longer rely upon the marketplace alone to ensure that competition and consumers will be protected," the US Department of Justice antitrust chief Christine Varney said.

Earlier this month, Google acknowledged that it has been contacted by the US Federal Trade Commission regarding potential legal conflicts caused by chief executive Eric Schmidt and director Arthur Levinson being on the board of Apple, the iconic developer of the iPod MP3 player.