

Microsoft: Google likely to face questions on ads

January 26 2010, By AOIFE WHITE , AP Business Writer

(AP) -- Microsoft Corp.'s top lawyer said Monday that Google will inevitably have to answer questions about its huge market share in selling advertisements linked to results from its search engine.

Microsoft's general counsel Brad Smith said the search advertising market has become "the fundamental economic engine for content online" and "the gateway to content on the Internet."

"Whenever you have a company that has more than a 90 percent [market share](#) in a key market, it is inevitable that people will have questions to ask. We say that with some experience," he said after giving a speech in Brussels.

Unlike Microsoft, [Google](#) Inc. has never been formally investigated by the European Union executive and the only EU scrutiny of its advertising business came when it asked regulators to approve its \$3.1 billion purchase of online ad tracker DoubleClick. The EU waved through the deal in March 2008.

French President Nicolas Sarkozy said earlier this month that French [antitrust regulators](#) should look at Google's dominant position in the online ad sector.

However, the European Commission, which would deal with any Europe-wide competition problem, has said it sees no issue with Google's dominant position in advertising unless there is "any implication or

suspicion" that it is abusing its near-monopoly to hike prices or squeeze rivals and suppliers.

Smith confirmed that Microsoft sees Google as a direct rival, saying they were both active in some of the same product markets.

Microsoft trails Google in search, with a European market share of 2 percent. But Microsoft provides the most-used Web browser, [Internet Explorer](#), which competes with Google's Chrome and others.

Smith laid out his vision of what regulatory changes are needed to keep pace with a shift toward cloud computing - where software services are used online, on-demand, instead of stored on a user's computer.

He said that calls for new thinking on data privacy, saying ultimately a global treaty on data protection or free trade agreements may be needed to govern the constant data transfers across the world that will be part of cloud computing.

He said Europe's 27 governments should set an EU-wide deadline on how long companies should store data - Smith suggested 12 months - to replace the current patchwork of limits between six months and two years.

Microsoft also advocates a federal privacy law in the United States, he said, and is concerned about different laws emerging at state level.

Smith said security concerns may require giving the right to cloud service providers - such as Microsoft - to take legal action to sue hackers or others who try to hack into data hosted in "the cloud."

He said Microsoft's vision of cloud computing saw its own proprietary software in use alongside open source programs - with both using "open

formats" to allow different software to work smoothly together.

EU regulators fined Microsoft in 2004 for not providing technical information to rivals that wanted to make software compatible with Microsoft's servers. The company last year promised changes to share some data on its products with others.

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