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Microsoft CEO: Google merits regulatory scrutiny

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Microsoft Corp. CEO Steve Ballmer speaks in Santa Clara, Calif., Tuesday, March 2, 2010. Ballmer intends to keep the regulatory heat on Google as his company strives to lessen its rival's dominance of Internet search. (AP Photo/Paul Sakuma)

(AP) -- Microsoft Corp. CEO Steve Ballmer intends to keep the regulatory heat on Google as his company strives to lessen its rival's dominance of Internet search.

In an appearance Tuesday at a search engine conference, Ballmer said Microsoft believes Google Inc. has done a number of things to gain an unfair advantage in the Internet's lucrative search advertising market. He didn't specify the alleged misconduct.

"We are expressing some of the issues and frustrations we see" with antitrust regulators, Ballmer said. "Sometimes (it's) unsolicited, sometimes because we have been asked."

Google, which didn't immediately respond to a request for comment Tuesday, has said its actions are aimed at providing better experiences for Web surfers and advertisers.

Microsoft already has helped convince U.S. regulators that Google would break antitrust laws in two proposed deals: a search advertising partnership with Yahoo Inc. that was scrapped in 2008 and a digital books settlement that still needs federal court approval.

Ciao, an online shopping comparison service owned by Microsoft, also has filed an antitrust complaint against Google in Europe. Regulators there say they are looking into those allegations and similar ones made by two other sites, Foundem and ejustice.fr.

Microsoft, the world's largest software maker, has had its own troubles with regulators. Its bundling of personal computer software triggered a court dispute with the U.S. Justice Department that culminated in the company changing the way it packages software with its Windows operating system. Microsoft later tussled with EU regulators, too.

Since Microsoft's own antitrust showdown started in the late 1990s, more people are relying on their computers chiefly as a conduit to the Internet. The evolution has turned Google's Internet gateway and other online services into a major threat to Microsoft, which has tried to respond by investing billions of dollars in search technology.

Microsoft has made little headway so far. Even with some progress since unveiling an upgraded search engine called Bing nine months ago, Microsoft remains a distant third in the U.S. search market.

Ballmer is counting on Microsoft's 10-year search partnership with No. 2. Yahoo to help close the gap.

When the alliance kicks in late this year, Microsoft will start processing search requests on Yahoo's Web site and pay most of the ad revenue to its new partner. As Microsoft fields more search requests, Ballmer expects the company to collect more data that it could analyze and use to help improve search results. That, in turn, could help the company lure away Google users.

"There is an advantage to having the power of two, as opposed to the power of one," Ballmer said.

When asked if he thought Microsoft would overtake Google in Internet search, Ballmer indicated it probably will be a long time before there's a changing of the guard.

"I don't know how old I will be when that will happen," said Ballmer, 53.

As part of its efforts to challenge Google, Microsoft has sought help from Twitter and Facebook - two popular services for sharing information and photographs.

Microsoft, like Google and Yahoo, pays an undisclosed sum for better access to Twitter's index of short messages. In a bigger partnership, Microsoft spent $240 million for a 1.6 percent stake in Facebook and processes search requests on that site.

Responding to questions, Ballmer played down the possibility of Microsoft buying Twitter or Facebook, which are both privately held.

Shares of Microsoft, which is based in Redmond, Wash., fell 56 cents, or 1.9 percent, to close Tuesday at $28.46. Google, based in Mountain

View, Calif., gained $8.37, or 1.6 percent, to $541.06, while Sunnyvale-based Yahoo lost 6 cents to $15.73.