

# Microsoft skewers Google in EU antitrust complaint

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In this Nov. 10, 2010 file photo, the company logo is displayed is at Google headquarters in Mountain View, Calif. Search engine giant Google Inc. is making Kansas City, Kan., the first place to get its new ultra-fast broadband network, the company announced Wednesday, March 30, 2011. (AP Photo/Paul Sakuma, file)

(AP) -- Microsoft Corp. escalated its attack on Google Inc. by complaining to European regulators Thursday that its fiercest rival is an Internet bully that abuses its dominance of online search and advertising.

The allegations against Google crystallize the piecemeal gripes that Microsoft has been making about Google's business practices for the past few years. It's also an ironic twist for Microsoft, whose control over how software operates on most personal computers has made it a

frequent target of the types of complaints it's now making against Google.

This marks the first time that Microsoft has lodged a formal antitrust complaint with a government agency against one of its own rivals.

In doing so, Microsoft hopes to encourage the European Commission to dig deeper into an investigation opened four months ago into Google's business practices.

The European inquiry was spurred by complaints made by several smaller websites. They contended Google was unfairly burying them in search results and highlighting the company's own services instead.

The sites behind the initial complaints included Ciao, an online-shopping site owned by Microsoft, and Foundem, a price-comparison site that belongs to a technology trade association backed by Microsoft.

Given that, Google said Microsoft's latest complaint was unsurprising.

"We continue to discuss the case with the European Commission, and we're happy to explain to anyone how our business works," Google spokesman Al Verney said.

Although the specifics of Thursday's European complaint were confidential, Microsoft General Counsel Brad Smith outlined the basics in a blog posting.

Microsoft has made most of these accusations before in public statements or forums.

It contends Google is making it difficult for mobile phones that rely on its Windows software to access Google's YouTube video site. Google is

promoting its own phones software, Android, and has been accommodating with Apple Inc.'s iPhone, according to Microsoft. Google CEO Eric Schmidt was on Apple's board when the iPhone was introduced in 2007.

Microsoft also accused Google of making it difficult for advertisers to transfer their data used to manage online marketing campaigns to rival search engines. And Microsoft said Google has programmed its search formulas in ways that drive up prices that its rivals have to spend to buy ads shown alongside Google's search results.

The complaint also paints Google as a hypocrite. Microsoft says Google has made it increasingly difficult for Microsoft's Bing and other search engines to index the videos on YouTube, an apparent contradiction to Google's crusade to make content openly accessible.

Google has been particularly critical of Facebook's refusal to open up data within its social network. Microsoft owns a 1.6 percent stake in Facebook, and Bing has been granted better access to Facebook profiles.

"Unfortunately, Google has engaged in a broadening pattern of walling off access to content and data that competitors need to provide search results to consumers and to attract advertisers," Smith wrote in his blog post.

Microsoft has a business incentive to undermine Google, which processes about two out of three every search requests in the U.S. and an even higher ratio in other parts of the world, including many countries in Europe.

After investing billions in its search technology during the past few years, Microsoft is desperate to close the market gap. Toward the end, Microsoft teamed up with Yahoo Inc. last year and, together, they now

have nearly 30 percent of the U.S. market.

To protect its search engine, Google previously has complained about the way Microsoft had set up its market-leading Web browser, Internet Explorer, to make it less likely that people would install software known as toolbars from competitors.

"Antitrust has become a competitive weapon used by both companies," said Boston University law professor Keith Hylton, who specializes in antitrust issues. "This is troubling because you never know quite what to make of the complaints."

Previous complaints against Microsoft had thrust that company into a court battle with the U.S. Justice Department in the late 1990s. European regulators have imposed heavy fines for anticompetitive practices involving its Windows operating system and Internet Explorer.

Google has been fined in France and admonished in Canada for inadequate privacy controls but so far hasn't been penalized in an antitrust investigation. If European regulators conclude Google engaged in anticompetitive behavior, it could fine the company up to 10 percent of annual revenue, which is expected to surpass \$35 billion this year.

Microsoft's move could exacerbate the legal and public-relations troubles already facing Google, which is based in Mountain View, Calif.

The filing comes a week after a federal judge rejected a proposed legal settlement that would have given Google the digital rights to millions of out-of-print books. The judge concluded the agreement would have walled off its Internet search rivals from valuable content.

Meanwhile, the U.S. Department of Justice is reviewing whether Google's proposed \$700 million acquisition of airfare tracker ITA

Software would give it an unfair advantage in online travel.

Microsoft, which is based in Redmond, Wash., came out against both deals as part of broader coalitions.

The state of Texas is also looking into Google's business practices.

Microsoft's decision to get involved in Europe's Google probe is a natural step, said Federico Etro, an economics professor at the University of Venice who has studied the case.

But he doesn't see this as merely another round in the jousting between two companies that don't like each other. He said online search is very complex market, with multiple consumer and economic issues to sort out.

Shares of Microsoft fell 22 cents, or 0.9 percent, to close Thursday at \$25.39, while Google shares rose \$4.92, or 0.8 percent, to \$586.76.

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