

Google facing wide-ranging US antitrust probe

June 23 2011



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The newspaper, citing "people familiar with the matter," said the FTC is preparing to serve Google with civil subpoenas "signaling the start of a wide-ranging, formal antitrust investigation."

The Journal said the five-member commission will send Google the formal demands for information "within days" and other companies were likely to receive requests for information about their dealings with Google.

The FTC declined to comment on the report and there was no immediate response to a request for comment from the Mountain View, California-based Google.

Google, which controls around 65 percent of the lucrative US Internet search market, has been the target of numerous antitrust investigations by the FTC and the US Department of Justice in recent years.

But the Journal said the FTC's probe "is the most serious to date" in the United States because it will examine "fundamental issues relating to Google's core search advertising business."

The newspaper said the FTC probe is expected to take a year or more to unfold and "won't necessarily lead to any federal allegations of wrongdoing against the company."

Google makes most of its money from search-related advertising.

According to digital marketing firm eMarketer, Google's share of net US search advertising revenue will grow 38.9 percent this year to \$10.92 billion, giving Google a 75.9 percent share of overall US search revenue.

The Journal said the probe will look at whether Google "unfairly channels users to its own growing network of services at the expense of rivals."

European Union competition watchdogs opened an investigation into similar allegations in November and the US state of Texas is also conducting a probe into whether Google abused its power in the online search advertising arena.

Two US senators, Herb Kohl of Wisconsin and Michael Lee of Utah, wrote to Google earlier this month asking that chief executive Larry

Page or executive chairman Eric Schmidt attend a hearing in Washington on competition issues in Internet search.

Google proposed that chief legal officer David Drummond testify instead but the senators said in a letter to Google obtained by AFP that they would "strongly prefer" for Page or Schmidt attend the hearing.

"A hearing on this important topic would be incomplete without the direct perspective and views from one of Google's top two executives," they said.

The Senate panel could issue a subpoena compelling Page or Schmidt to testify but the senators said they would "very much prefer to work this out by agreement rather than needing to resort to more formal procedures."

Google has faced increasing scrutiny from US and European regulators as it has grown over the years from a scrappy startup into an Internet powerhouse.

According to The Wall Street Journal, the Justice Department is currently conducting an antitrust review of Google's recent \$400 million acquisition of Internet advertising company Admeld.

In April, US Justice Department approved Google's entry into the online travel sector with its \$700 million purchase of flight data firm ITA Software but it insisted on a number of concessions from Google.

Several online travel sites, including Expedia, Kayak and Travelocity, had sought to block the Google-ITA deal, claiming it would give Google too much control over the lucrative online travel market and lead to higher prices.

In late March, the FTC reached a settlement with Google over Google Buzz, the social networking tool rolled out last year which spawned a slew of privacy complaints.

Under the settlement announced by the US regulator, Google is required to implement a comprehensive privacy program and will be subject to independent privacy audits every two years for the next 20 years.

Also in March, a US judge dealt a setback to Google's plans for a vast digital library and online bookstore, rejecting a copyright settlement hammered out by the Internet giant with authors and publishers.

In 2008, Google abandoned a plan to forge a joint search advertising partnership with Yahoo!, citing a desire to avert a "protracted legal battle" with US regulators.

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