

Debate erupts in France over blocking online ads (Update)

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In this Jan.10, 2012 file photo, Xavier Niel , the French internet billionaire and founder of the Internet provider Free delivers his speech in Paris. France's government says Monday, Jan.7, 2013 it has persuaded the leading Internet provider to stop blocking online advertisements, a controversial move that would have hit online search giants such as Google. Free last week started automatically blocking ads for some users. Many Internet companies such as Google earn big revenues from such ads while offering searches or other services for free. (AP Photo/Jacques Brinon, File)

France's Digital Economy minister said Monday she persuaded a top Internet access provider to stop its controversial policy of blocking online advertisements—a move widely seen as an attack against Google but which has also struck fear among bloggers and online publishers.

Fleur Pellerin met with leading online publishers, advertising gurus and the top executive from Internet service provider Free, which allowed some adverts to be blocked last week when it upgraded the free software on its customers' high-speed modems. The move drew protests from those who get a big share of their revenues through displaying advertising alongside their content.

Speaking to reporters at the Finance Ministry afterward, Pellerin said Free—which is No. 2 to France Telecom's Orange in the French market—had agreed to abandon the "unacceptable" policy during the day, saying "no actor can jeopardize the digital ecosystem in a unilateral way."

Responding to an e-mail Monday from The Associated Press, Free spokeswoman Isabelle Audap said it declined to comment on the issue. Free hasn't specified which types of advertisements—pop-up or otherwise—might have been targeted, or how.

Pellerin said technical analyses were under way, and that she didn't yet have an estimate of financial damage or other fallout from Free's move. French electronic telecommunications regulator Arcep said it sent a letter Friday to Free asking about its policy, and expected a response this week.

Free's move has been widely seen as targeting Google, whose AdServe software is used on many websites. The AdServe system helps online publishers and others target their audiences in exchange for a share of the advertising revenues.

Xavier Niel, a Free vice-president and the top shareholder in its parent company, Groupe Iliad, in the past has argued that Google doesn't pay its fair share for the increasing demands on the Internet's infrastructure—provided by companies such as Free and Iliad—to run services like YouTube, which take up a lot of bandwidth capacity.

Free, which many supporters hail as an innovator that has helped reduce prices for Internet access in France, has said it had 5.2 million high-speed customers as of Sept. 30.

Pellerin said that she would meet with representatives of Google in the coming days. Google did not send anyone to Monday's meeting, which was open to Internet players including content providers and service providers. The minister insisted, however, that ad-blocking—and not Google—was the main focus of Monday's talks, and the two issues should be seen as separate.

A spokesman in Pellerin's ministry said advertisements alongside Google search results were not affected, but rather advertisements hosted on individual Web sites.

Al Verney, a Google spokesman, said: "We are aware of Free's actions and are investigating their impact," and declined to comment further.

Supporters of limiting online ads say Free's move would have given its users more freedom.

Edwy Plenel, a prominent online editor who attended the Monday meeting, called for rules to protect "Internet neutrality" and a "shakeup of a set of rules that allows the most powerful to crush the needs" of regular users.

Google has been beefing up its presence in France including with glitzy

new offices in Paris, but has run into pressure from the government as well as industry leaders—as it has in some other parts of Europe.

In October, French President Francois Hollande told Google CEO Eric Schmidt that his government was considering a new tax for search engines each time they use content from French media—a way to give local content providers a bigger slice of the Internet economy's revenues. Google opposes the plan and has threatened to bar French sites from its search results if the tax is imposed.

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