

Google reaches agreement with EU in antitrust case (Update)

February 5 2014, by Juergen Baetz



European Commissioner for Competition Joaquin Almunia addresses the media, at the European Commission headquarters in Brussels, Wednesday, Feb. 5, 2014. The European Union's antitrust watchdog says Google is offering new and far-reaching concessions to address allegations it is abusing its dominant position in Internet searches. The EU's executive said Wednesday that Google guarantees it will display results from three competitors in a similar way whenever it promotes its own specialized search services like Google shopping. (AP Photo/Yves Logghe)

The European Union's antitrust watchdog on Wednesday accepted "far-reaching" concessions offered by Google to settle allegations it is abusing its dominant position in Internet searches, bringing the three-year-old case close to an end.

Google would significantly change the ways it displays some [search results](#) in Europe in favor of its competitors. But reaching a settlement will spare the company a longer antitrust procedure that could have resulted in fines of up to 10 percent of the company's annual revenue, or about \$5 billion.

EU Antitrust Commissioner Joaquin Almunia said he's "strongly convinced" the U.S. company's proposals—its third attempt to address the competition concerns—are sufficient.

"This is an important step forward," he told reporters in Brussels.

Google's proposals will now be sent to the 18 original plaintiffs for evaluation before the Commission makes a final decision in the coming months. The plaintiffs' initial reactions were negative, but Almunia said he was confident the deal with Google will be upheld.

Under its latest proposal, Google will commit to display results from three competitors in a similar way to its own whenever it promotes its specialized search services like Google shopping, restaurant or hotel searches. It will also label more clearly search results stemming from its own services to allow users to distinguish between natural search results and those promoted by Google.

A shopping search for a gas grill, for example, would yield two boxes of the same size and position at the top of the search results page, one showing three "Google shopping results" and immediately to the left of it three results labeled "Alternatives", according to an example provided by

the Commission.

At present, only Google's own results are displayed prominently above all other search results. The changes will also be valid for search results displayed on mobile devices.



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"Without preventing Google from improving its own services, it provides users with real choice between competing services presented in a comparable way," Almunia said.

The results from three competing search providers would be chosen using Google's web search algorithm. In many cases, the competitors would have to pay for their placement through an auction mechanism, the Commission said.

The EU Commission last year threw out two sets of proposed concessions by Google because they were deemed insufficient.

"We will be making significant changes to the way Google operates in Europe," said Kent Walker, Google's general counsel. "The company now looks forward to resolving the matter for good," he added.

Once a settlement is reached, the concessions will be legally binding for five years across the 28-country European Union, the world's largest economy. The company, based in Mountain View, California, has a market share of about 90 percent of Internet searches in Europe, compared with around 70 percent in the U.S.

"The concessions are far-reaching and have the clear potential of restoring a level playing field with competitors, said Almunia. "No antitrust authority in the world has obtained such concessions."

The U.S. Federal Trade Commission investigated Google in a similar case last year and decided not to take action.



In this Wednesday, Oct. 17, 2012, file photo, people attend a workshop, "New York Get Your Business Online," at Google offices in New York. Google Inc. reports quarterly earnings on Thursday, Jan. 30, 2014. (AP Photo/Mark Lennihan, File)

Google's competitors, however, were not impressed. Internet commerce lobby group Icomp said the Commission should have given Google's competitors more time to examine and test the concessions.

"Without a third party review, Almunia risks having the wool pulled over his eyes by Google," the group said.

FairSearch, a Microsoft-led group of Google's tech [competitors](#) that includes firms like Oracle, Expedia and Tripadvisor, condemned the Commission's move as being "worse than doing nothing."

Its lawyer Thomas Vinje said the proposed commitments will "lock in

discrimination and raise rivals' costs instead of solving the problem of Google's anti-competitive practices."

Google has already offered several [concessions](#) to the EU. It will give content providers an opt-out from its specialized search services, without being penalized regarding its ranking in normal Google searches. Google will also remove some exclusivity requirements in agreements with publishers and make it easier to move online advertising campaigns from its services to rivals' offerings.

A separate antitrust investigation on Google's Android operating system is still ongoing, Almunia said.

More information: Screenshots illustrating Google's concessions can be found online: [europa.eu/rapid/press-release MEMO-14-87_en.htm](http://europa.eu/rapid/press-release_MEMO-14-87_en.htm)

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