

Google closes in on deal in EU antitrust case

February 5 2014, by Juergen Baetz



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 is offering new and "far-reaching" concessions to the European Union's antitrust watchdog that are likely to be enough to settle allegations it is abusing its dominant position in Internet searches, the EU said Wednesday.

EU Antitrust Commissioner Joaquin Almunia said that he's "strongly convinced" the new proposals sufficiently address the competition concerns, marking a major milestone in the three-year-old case.

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

Google will guarantee to display results from three competitors in a similar way to its own whenever it promotes its specialized search services like Google shopping, the EU Commission said. 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.

"Without preventing Google from improving its own services, it provides users with real choice between competing services presented in a comparable way; it is then up to them to choose the best alternative," he added.

Google has a market share of about 90 percent of Internet searches in Europe, compared with around 70 percent in the U.S.

Google's offer will now be sent to the 18 original plaintiffs for evaluation before the Commission makes a final decision in the coming months on a settlement in the case opened in late 2010.

Once a settlement will be reached, the concessions will be legally binding for Google for five years across the 28-country European Union, the world's largest economy.

"We will be making significant changes to the way Google operates in Europe," said Kent Walker, Google's general counsel. "We have been working with the European Commission to address issues they raised and look forward to resolving this matter."

A settlement would avoid a more confrontational and lengthy procedure that could result in fines worth up to 10 percent of the company's annual revenue, or about \$5 billion for the firm based in Mountain View, California.

Google's compliance with the terms of the deal would be monitored by a trustee chosen by the European Commission who would work independently of the Commission and the company, Almunia said.

"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 file charges.

Google's competitors, however, were not impressed with the concessions to the EU. Internet commerce lobby group Icomp said the Commission should have given Google's competitors more time to test the concession in depth, using a so-called market test.

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

Google has already offered several concessions to the EU. It will give content providers an opt-out from its specialised search services if they want, without being penalized by Google, the Commission said. Google will also remove some exclusivity requirements in agreements with publishers.

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

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