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Google rejects EU anti-trust allegations as flawed (Update)

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Google said accusations by EU anti-trust regulators that it illegally abuses its market dominance "are wrong"

Google rejected on Thursday a complaint by Europe's competition watchdog that the Internet giant is abusing its dominance in Web searches to promote its own products.

The European Commission, the EU's executive body, alleged in April that Google has improperly favored its shopping comparison service in its own search results, in a high-stakes case that could lead to billions of euros in fines.

Google Senior Vice President Kent Walker said in a blog post that the commission's conclusions "are wrong as a matter of fact, law, and economics."

Google said it submitted a rebuttal of the European Commission's case of around 150 pages with economic, data and legal analysis to back up its position.

The commission aims to ensure fair competition in the 28-nation European Union and it is concerned about Google's dominant market position. The company processes about 90 percent of the searches in the EU, compared to 66 percent in the U.S.

Critics contend that online consumers are unable to see compelling alternatives from other merchants who either refuse or can't afford to pay to be catapulted into a high spot in Google's shopping rankings. Google charges merchants to be in its shopping results, unlike its general index that logs links from all websites.

EU competition spokesman Ricardo Cardoso confirmed that the European Commission had received Google's reply.

"We will carefully consider Google's response before taking any decision on how to proceed and do not want to prejudge the final outcome of the investigation," he said.

Walker said that Europe's anti-trust regulator offers "a peculiar and problematic" solution to the issue by demanding that Google show advertising sourced and ranked by other companies within its own advertising space.

Such a move "would harm the quality and relevance of our results," he said.

The firm, based in Mountain View, California, believes that such an obligation can only be legally justified in cases where a company has a duty to provide essential supplies to a rival, such as in the gas or electricity sector.

The European Commission's allegations, if substantiated, could lead to similar accusations over other services highlighted in Google's search results, such as travel recommendations and merchant reviews, mounting a challenge to the digital advertising system that generates most of the company's revenue.

It has already opened an inquiry into whether Google is using the Android operating system to unfairly drive traffic to its services on mobile devices.

If regulators can prove Google has been breaking the law in Europe, it could prove costly even for a company as rich as Google.

The EU can impose fines of 10 percent of annual revenue, or around $6 billion, and force the company to overhaul its system for recommending websites in Europe.

U.S. antitrust regulators looked into similar allegations about Google abusing its search dominance to thwart regulators and closed their investigation in 2013 without requiring any significant changes because they found no evidence that Google's practices were harming consumers.