Anti-Google Strike Force Helps Regulators Make Anti-Trust Case

Profile picture for user Tyler Durden
by Tyler Durden

A "loose knit crew of rivals" are eager to help the government with its anti-trust probe of Alphabet, Inc., according to the Wall Street Journal. Competitors of Google are doing everything they can to try and help the Justice Department in their probe, including readying documents and data in anticipation of meetings with regulators.

Many of the competitors have argued that large technology platforms **illegally abuse their market power.** Some of them have found support in Europe, where regulators have fined Google for monopolistic practices three times already. Google has paid the fines, but is also challenging them in court.

Now, rival companies are stepping up their lobbying in the United States, where antitrust investigations have been divided among the Department of Justice and the Federal Trade Commission. Lawyers that specialize in antitrust law say that any probe could take years to complete. Google is preparing its case as well, while at the same time overhauling its lobbying effort in Washington, as we reported days ago.

Google has already successfully navigated regulator scrutiny of previous mergers in 2012 and 2013. It had persuaded the FTC in the past to *not* pursue a possible antitrust case by agreeing to change some business practices.

The competitors that have aligned themselves with regulators (and against Alphabet) include companies like TripAdvisor, Yelp and Oracle. Oracle has briefed European antitrust regulators about Google's use of data to target ads and was a successful plaintiff against Google’s alleged anti-competitive behavior which led to a €4.3 billion fine last year.

Wall Street Journal parent corporation News Corp., along with other publishers, claim Google siphons ad revenue away from content creators. All of these companies obviously welcome further scrutiny into Google’s business practices. Additional companies have privately criticized Google, even though they haven’t made their critiques public.

Jason Kint, chief executive of Digital Content Next said: ***“There is a lot more concern that you hear behind closed doors.”***

Private testimony was paramount in the Federal Trade Commission’s previous probe of Google, where companies like Microsoft provided regulators information on their business practices. And last month a veteran of the online advertising industry told the Senate Judiciary committee that they should consider breaking up technology giants.

Brian O’Kelley, former chief executive of AppNexus said:

> “We need to assume that internet giants, like any other big companies, will use their assets to maximize profit and strategic value. Either break up the internet giants or force them to treat their component parts at arm’s-length.”

In addition to the information gathered by US companies, regulators can gather evidence from overseas. During the FTC’s 2012 probe, both US and European investigators shared documents and updated each other during regular phone calls. EU antitrust officials say they’re willing to cooperate again with the US once it opens its probe. Regulatory agencies often need a company’s permission before sharing information with another regulator, but companies don’t usually object to it, so as not to antagonize the regulators.

And anti-trust probes are often more straightforward and direct in the EU versus the United States because the European commission has the power to launch an investigation and to decide on the fines and remedies by itself. The company then has the option of appealing in court, but the reputational damage is done and the appeal can take years. In the US, however, the Justice Department would have to bring the lawsuit in a federal district court.

Thomas Vinje, a partner at Clifford Chance said: ***“In that sense it is more difficult. Unless you move quickly and impose serious and effective remedies, it’s a waste of time.”***