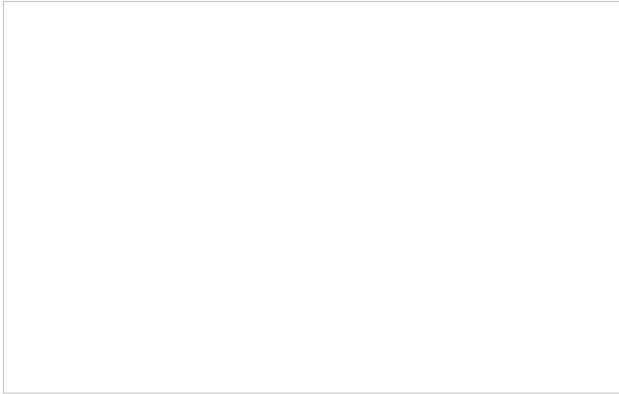


WIRED - EU Formally Accuses Google of Antitrust Violations and Mafia-like Behaviour

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EU Formally Accuses Google of Antitrust Violations



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European competition commissioner Margrethe Vestager gives a press conference at European Commission headquarters in Brussels on November 20, 2014. Emmanuel Dunand/AFP/Getty

Five years ago the European Union began an investigation into whether Google violated its antitrust laws. Now it has finally brought charges against the company as well as open a new investigation into Google's Android operating system.

On Wednesday the EU's executive branch, the European Commission, [announced](#) it had served the company with a formal complaint known as a Statement of Objections. If Google is ultimately found guilty of violating the law, the EU could reportedly level fines as large as \$6.4 billion—roughly 10 percent of Google's operating revenue.

At issue is whether the company uses its position as the dominant search engine company to muscle out competition from specialized search services, specifically comparison shopping sites, by prioritizing its own Google Shopping search results. European shopping search company [Foundem](#) filed a lawsuit against Google in 2010 and triggered the European Commission's investigation. Although the investigation has dragged on for years, new European competition commissioner Margrethe Vestager seems determined to bring it to an end. The European Commission also confirmed that it is opening an investigation into Android as well. Although the operating system is open source, meaning that any manufacturer can install it on the phones and tablets they sell, many core applications, including the Google Play store, are proprietary. Manufacturers must enter into special agreements with Google to include these proprietary apps. The investigation will attempt to determine whether Google is using its position to discourage the inclusion of rival applications on Android-based phones.

Saw It Coming

Google saw this coming. On Tuesday tech news site [Re/code](#) published what it says is a leaked internal memo from Google that acknowledged the EU's move and asked employees not to comment on the matter either internally or externally.

Google's defense is that it's facing increased competition both in search, from services ranging from Bing to Apple's Siri, and in mobile, from iOS and from mobile apps created by companies such as Facebook. The memo includes four graphs showing increased traffic to competing shopping and travel search sites in Europe based on data from comScore.

"All told, consumers have a lot of choice — and they are exercising it," the memo says.

The Federal Trade Commission's Take

Federal Trade Commission staffers quite didn't see it that way in 2012. Earlier this year the *Wall Street Journal* obtained a staff report by the FTC's bureau of competition recommending that the agency bring a lawsuit against Google for unfair practices. The document was apparently released to the paper by mistake. The report lodged several complaints against Google, such as its practice of displaying content from sites such as Yelp and Amazon on its own competing services. "When competitors asked Google to stop taking their content, it threatened to remove them from its search engine," the *Journal* reported.

The paper also reported that the staffers concluded that Google demoted or refused to display links to certain specialized search services, but recommended against an antitrust suit because Google had adequate pro-consumer justifications for its actions. And in a footnote, the staffers wrote that although Google had at one point sought to demote search results for all comparison shopping sites, the company had since tweaked its algorithm based on negative feedback from testers.

Ultimately, the FTC commissioners chose not to pursue a lawsuit and ended the investigation after Google elected to make a few changes to its practices. Most notably it agreed to allow competitors to opt-out of having their content used in its services.

Harsher Climates

Google might not be able to reach as favorable an agreement in the EU, which has been more aggressive in its dealings with the tech industry. Last November the EU's legislative branch, the European Parliament, passed a [resolution](#) recommending that Google's search engine be "unbundled" from the rest of its business.

The European Parliament doesn't actually have the authority to force Google to split-up, according to the *Financial Times*. But it does illustrate how different the climate towards technology companies is in Europe, which has much more strict privacy laws than the U.S. Google was also recently hit with the so-called "Right to be Forgotten Law" that requires it to remove outdated search results that might unfairly damage individual reputations. The policy has already [become a nightmare](#) for the company.

Meanwhile [six European countries](#) are investigating Facebook's privacy practices, such as how it uses "like" buttons to track browsing habits. And many European cities have [banned Uber's controversial car service](#). On the other hand, Google was [fined only \\$189,000](#) in Germany in 2013 for inadvertently but illegally collecting data from private WiFi networks as part of its Street View scanning process, indicating that these cases don't always result in hefty fines or increased regulatory oversight.

Google still has time to negotiate with the European Commission. But it will certainly face a harsher environment there than in the U.S.