

# EUROPEAN COMMISSION INVESTIGATES HARM TO EUROPEAN CONSUMERS AND INNOVATION CAUSED BY GOOGLE'S ABUSE OF DOMINANCE

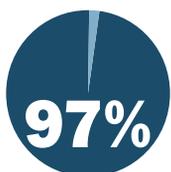
The Internet is a critical driver of the economy, society and everyday life. In mid-year 2012, over 518 million unique visitors (over 63% of the population) went online in the EU. With more than one trillion Web pages on the Internet and more appearing every day, search is the principal means by which consumers find businesses online and online businesses reach consumers.

As of March 2013, Google controlled 93% of the search engine market in Europe, and over 97% of mobile search in Europe. Google also controls over 87% of search advertising revenue and 92% of impressions. In 2012, Google generated \$43.6 billion (over €33.4 billion) through search advertising, nearly 95% of its total revenue. Google's abuse of its dominance in search and search advertising threatens to undermine innovation, consumer choice and competition. As a result, Google's business practices are now under investigation by the European Commission and multiple international competition enforcement authorities.

## IN EUROPE, GOOGLE CONTROLS



SEARCH

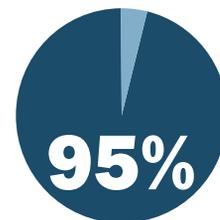


MOBILE  
SEARCH



SEARCH  
ADVERTISING

AND IN 2012, GOOGLE  
GENERATED **\$43.6 BILLION**  
(OVER €33.4 BILLION)  
FROM SEARCH ADVERTISING



OF GOOGLE'S REVENUE  
COMES FROM ADVERTISING

## JOAQUIN ALMUNIA, EUROPEAN COMMISSION VICE PRESIDENT, SAID ON 21 MAY 2012 THAT GOOGLE IS ENGAGED IN FOUR POTENTIAL ABUSES OF DOMINANCE (VIOLATIONS OF EU LAW).

In response to complaints, the European Commission (Commission) began an informal antitrust investigation in early 2010. After reviewing the evidence, the Commission announced on 30 November 2010 that it would proceed with a full, formal antitrust investigation.

News reports have indicated that more than 17 companies filed formal complaints with the Commission, including FairSearch members Foundem, Microsoft, Twenga, Expedia, and TripAdvisor.

In July 2012, the Commission announced it would enter technical discussions with Google.

Almunia has said he believes Google is “diverting traffic” from other sites and that he fears it is an “abuse of this dominant position” in search. Google submitted a formal settlement offer in late January.

“We could have an accord after the summer vacations, if this all works,” Almunia said.

If Google's proposal is not sufficient to remedy the EC's concerns, Almunia has indicated the Commission will adopt a Statement of Objections (see box at right).

### ALLEGATIONS:

Commissioner Almunia outlined Google's four potential abuses of dominance:

- 1) Preferential treatment in the display of its own vertical search services;
- 2) Unauthorized copying and use of content from competing vertical search services;
- 3) Advertising agreements that result in de facto exclusivity; and
- 4) Restrictions on the portability of advertising campaigns from the AdWords platform

A **Statement of Objections** is a formal written step in Commission antitrust investigations in which the Commission informs the targeted party of the legal objections raised against them, and the evidence supporting the objections.

**A COMMISSION FINDING THAT GOOGLE VIOLATED ANTITRUST LAWS WOULD LIKELY RESULT IN FINES AND REMEDIES.** Given the volume of online commerce Google controls, any potential fine could be significant. Fines are designed both to sanction the parties involved as well as to deter future anticompetitive conduct. They are determined based on the volume of sales associated with the infringing conduct and adjusted based on a number of factors, including duration of the violation as well as any aggravating or mitigating circumstances.

Even more important than fines, the Commission may also impose remedies aimed at restoring competition. Remedies may require or prohibit certain behaviour by Google. Google may seek to settle with the commission before a final decision, accepting remedies, a fine, or both.

**TECHNOLOGY FIRMS ASK FOR HELP**

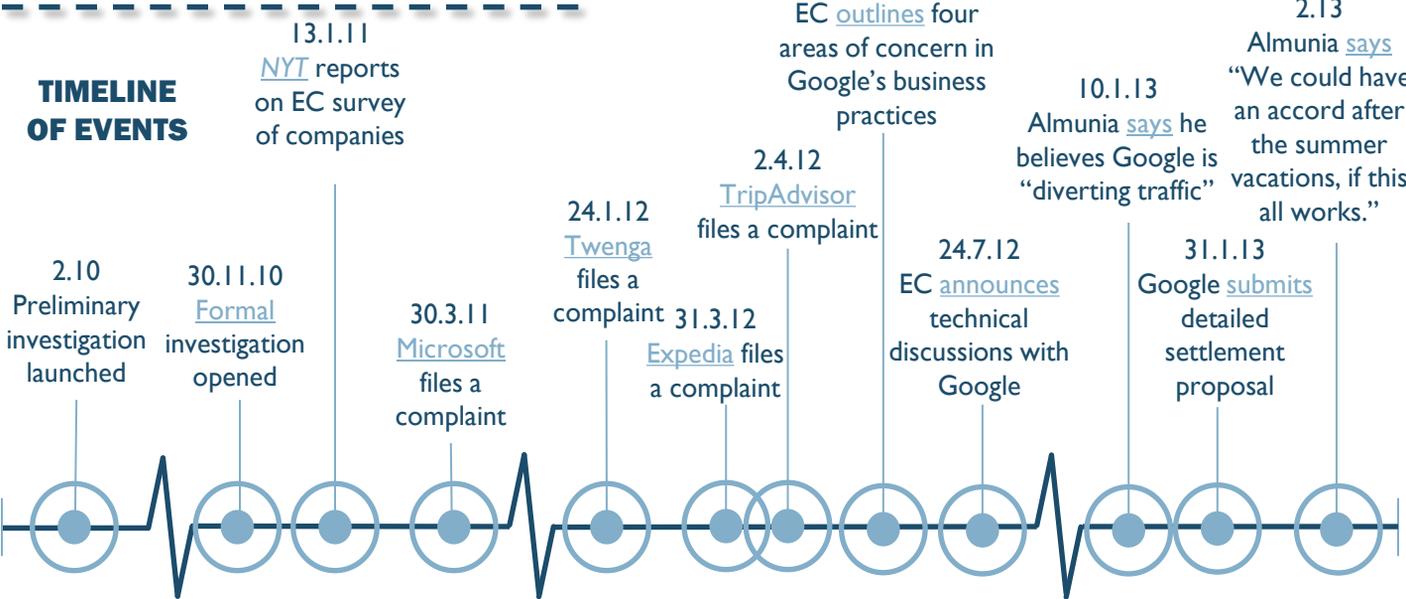
"The abusive practices of Google strengthened considerably in 2011 with a clear willingness to eliminate all forms of competition in several sectors such as video, hotel and product searches, and airfare searches, despite anti-trust probes in Europe and the United States. In this context, Twenga has asked the European Commission to quickly make the US giant stop its anti-competitive actions, which undermine innovation and jobs in the European Union." Bastien Duclaux, [Twenga](#) co-founder (24.1.12)

"We ask the competition regulator to investigate Google as a matter of urgency because our small company is being destroyed by Google." [Deal du Jour](#) complaint to the EC (31.7.11)

"Google has made it impossible for us to monetise our own technology." Bruno Guillard, [lplusV](#)'s founder and manager (22.2.11)

**THE COMMISSION HAS A LONG HISTORY OF PURSUING DOMINANT COMPANIES** which abuse their monopoly power to harm innovation, competition, and consumers. Often, the Commission's Statements of Objection have set the stage for action by other competition authorities around the globe.

The Commission's action in the Intel case demonstrates its leadership in complex, multi-national cases involving abuse of monopoly power in high-tech markets, as well as the coordination between international antitrust regulators. In the case of Intel, the Commission issued an SO against Intel in 2007, and levied a record €1.06 billion (\$1.45 billion) fine in May 2009. Following the Commission fine, Intel settled an antitrust lawsuit filed against it by AMD for \$1.25 billion in November 2009. And the U.S. Federal Trade Commission (FTC) settled its own investigation of charges of anticompetitive conduct against Intel in August 2010.



**CONCERNED ABOUT THE THREAT POSED BY GOOGLE'S ABUSE OF DOMINANCE? STAND UP FOR CONSUMERS AND INNOVATION AT [WWW.FAIRSEARCHEUROPE.ORG](http://WWW.FAIRSEARCHEUROPE.ORG)**

