

Google faces legal assault over web search results

by Lucy Battersby via jan - SMH Friday, Dec 7 2012, 6:51am

international / prose / post

Anti-trust regulators in Europe and the US are getting closer to launching a case against Google for manipulating search results. US Federal Trade Commission chairman Jon Leibowitz and vice-president of the European Commission, Joaquin Almunia, met in Brussels on Monday to discuss whether to accept a voluntary undertaking from Google or to crack down on it using competition laws.



The online giant faces court action and fines in Europe if the regulators do not accept its offer, which is still confidential, and long court cases in the US. The fine could be \$US4 billion, or 10 per cent of its 2011 revenues, according to Reuters.

"We are in the process of conversation with Google to try to reach a settlement, but we are not there yet," Mr Almunia said on Wednesday.

The commission is concerned Google's automated advertising marketplace, AdWords, discriminates against other comparison shopping sites and consumer review sites by ranking Google's comparison site higher.

Tolerance of Google's global dominance is growing thin, particularly among competitors who have been squeezed out of the market or see few opportunities for their innovations to compete.

This week a representative of the Initiative for a Competitive Online Marketplace (ICOMP) visited Australian regulators, politicians and companies to rally support.

"We are on the cusp in Europe and the US of either Google offering voluntary undertakings to the anti-trust agencies ... or those cases going full steam ahead with the idea of taking substantial enforcement action on Google and possibly imposing fines," ICOMP's legal counsel, David Wood, said.

"Almost all the traffic is being driven to the Google results whether [or not] they are the most relevant. It is using the ownership of the platform to drive traffic to its own pages at the expense of its competitors."

ICOMP fears Google's dominance kills other search engines and discourages innovation while using its position as a search engine to leverage Google's expansion into other online services.

A spokesman said Google "believe in providing our users with the best possible experience when they search for answers" and is prepared "to fight over-regulation by government that threatens our ability to deliver the best experience for users".

In Australia Google gets 86 per cent of all search advertising expenditure.

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