

EUROPEAN COMMISSION

PRESS RELEASE

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Antitrust: Commission obtains from Google comparable display of specialised search rivals

The European Commission has obtained an improved commitments proposal from Google in the context of the ongoing antitrust investigation on online search and search advertising. In its proposal, Google has now accepted to guarantee that whenever it promotes its own specialised search services on its web page (e.g. for products, hotels, restaurants, etc.), the services of three rivals, selected through an objective method, will also be displayed in a way that is clearly visible to users and comparable to the way in which Google displays its own services (see also MEMO/14/87). This principle will apply not only for existing specialised search services, but also to changes in the presentation of those services and for future services.

Commission Vice President in charge of competition policy, Joaquín Almunia, said: "My mission is to protect competition to the benefit of consumers, not competitors. I believe that the new proposal obtained from Google after long and difficult talks can now address the Commission's concerns. Without preventing Google from improving its own services, it provides users with real choice between competing services presented in a comparable way; it is then up to them to choose the best alternative. This way, both Google and its rivals will be able and encouraged to innovate and improve their offerings. Turning this proposal into a legally binding obligation for Google would ensure that competitive conditions are both restored quickly and maintained over the next years."

Google had already made significant concessions regarding the other concerns raised by the Commission:

- Google will give content providers an extensive opt-out from the use of their content in Google's specialised search services if they so wish, without being penalised by Google.
- Google will remove exclusivity requirements in its agreements with publishers for the provision of search advertisements; and
- Google will remove restrictions on the ability for search advertising campaigns to be run on competing search advertising platforms.

An important aspect of the proposal is that Google's compliance with these commitments would be supervised by an independent monitoring trustee. The commitments would cover the European Economic Area (EEA) for 5 years.

The Commission will in the coming period inform the complainants in this case of the reasons why it believes Google's offer is capable of addressing the Commission's concerns. The complainants will then have the opportunity to make their views known to the Commission before the Commission takes a final decision on whether to make Google's commitments legally binding on Google.



Background on the Commission's concerns

(see also <u>MEMO/13/383</u>)

In March 2013, the Commission formally informed Google of its preliminary conclusion that the following four types of business practices by Google may violate EU antitrust rules prohibiting the abuse of a dominant position (Article 102 of the Treaty on the Functioning of the European Union – TFEU):

- (i) The prominent display, within Google's web search results, of Google's own specialised web search services as compared to competing specialised web search services (i.e. services allowing users to search for specific categories of information such as restaurants, hotels or products). First, users are not aware of the promotion of Google's services within the search results. Second, competitors' results that are potentially as relevant are significantly less visible and even sometimes not directly visible to users they are more difficult for the user to find, for instance because the user has to scroll down the screen to see them or has to go to a subsequent search results web page. The Commission is concerned that this practice unduly diverts traffic away from Google's competitors in specialised search towards Google's own specialised search services, by reducing the ability of consumers to find a potentially more relevant choice of specialised search services.
- (ii) The use by Google without consent of original content from third party web sites in its own specialised web search services.
- (iii) Agreements that oblige third party web sites ("publishers") to obtain all or most of their online search advertisements from Google.
- (iv) Contractual restrictions on the transferability of online search advertising campaigns to rival search advertising platforms and the management of such campaigns across Google's Adwords and rival search advertising platforms.

The Commission considers that these practices can harm consumers by reducing choice and stifling innovation in the fields of specialised search services and online search advertising.

Procedural background

Article 102 of the Treaty on the Functioning of the European Union (TFEU) prohibits any abuse by one or more undertakings of a dominant position within the internal market or a substantial part of it in so far as it may affect trade between Member States. Article 54 of the EEA Agreement contains the same prohibition for the territory of the EEA Contracting Parties (Iceland, Liechtenstein and Norway).

The Commission opened the investigation in November 2010 (see $\underline{\text{IP}/10/1624}$). In the context of this investigation, the Commission is looking into 18 formal complaints against Google's business practices.

In March 2013 the Commission formally informed Google of its preliminary conclusions, raising four antitrust concerns. Google proposed a detailed text of commitments to address the four concerns on 3 April 2013. The Commission sought feedback from stakeholders on these commitments through a market test launched on 25 April 2013 (see IP/13/371). The Commission then informed Google that additional improvements to its commitments were required to adequately address the Commission's concerns. Google offered changes to its commitments in October 2013 (see SPEECH/13/768). The Commission sought feedback on Google's revised commitments from complainants and other relevant market participants and, after taking into account that feedback, informed Google that its proposal of October 2013 was not yet sufficient to fully address the Commission's competition concerns. Google has now submitted a second improved offer.

Article 9 of the EU's Antitrust Regulation (Regulation 1/2003) allows the Commission to end antitrust proceedings by making commitments offered by a company legally binding. Such a decision does not conclude on whether EU antitrust rules have been infringed but legally binds the company to respect the commitments. If the company breaches these commitments, the Commission can impose a fine of up to 10% of its annual worldwide turnover, without having to find an infringement of Articles 101 or 102 TFEU.

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