

Antitrust Regulators Take Aim at Google

By Yu Tanebe, J.D. Candidate 2017 | September 19, 2015

Technology giant Google Inc. ([NASDAQ: GOOGL](#)) is facing mounting scrutiny from antitrust regulators across several continents.

Last month, Google received a preliminary report from the Competition Commission of India who, after a three-year investigation, voiced concerns about the [company's dominant position](#) in search and online advertising, and its anti-competitive behavior.

More recently, Russia's Federal Antimonopoly Service, the country's antitrust regulator, found Google guilty of ["abusing its dominant market position."](#) The agency's probe began in February 2015 after Yandex NV, Russia's biggest internet firm, accused Google of unfair practices with respect to how the company bundles apps with its Android mobile operating system. While the probe did not find the company guilty of "unfair competition practices," the agency was expected to issue a full ruling on the case later this month.

Inquiries in one jurisdiction have emboldened regulators in others, with investigations [spanning from Brazil to South Korea](#). Among them, arguably the biggest is the antitrust investigation by the EU commission, who [filed formal charges](#) against the company in April 2015. The commission charged Google with abusing its dominance in the European online search market to favor its own shopping search service over those of rivals. Google controls over 90% of the market in some countries, and the commission asserts that the company has a [legal obligation](#) not to discriminate against rivals. In addition, the EU launched separate inquiries into Google's Android operating system, as well as allegations that the company ["scrapes" web content](#) from rival sites to use in its own online services.

The ramifications of being found guilty could potentially include billions of dollars in fines, and demands that the company change its business practices to accommodate local laws and regulations.

The EU's investigation into Google's alleged anti-competitive behavior is the most visible antitrust case on the continent in the past decade. Google recently provided a [formal response](#), conceding little and disclaiming any wrongdoing. While the prospect of a drawn-out legal battle can seem daunting, it also allows the company to keep operating as it currently does. The EU could take another 18 months before issuing a final ruling, and Google would still retain the ability to appeal those rulings in front of European courts, which could extend the legal battle for a further six or seven years.

In the U.S., Google settled with the Federal Trade Commission in 2013, agreeing to voluntarily change some of its business practices to give advertisers more flexibility in using other advertising platforms.

Rival companies and individuals are also preparing to bring their own cases against the tech giant for individual damages. However, any judgements in such court cases would likely be put on hold until the EU commission's decision, which will be legally binding on national courts. If Google chooses to settle with the EU, potential complainants suing for damages may lack the legal precedent required for a favorable judgment.

As Google launches new ventures and expands its market penetration, regulatory scrutiny poses the greatest obstacle. Perhaps in anticipation, Google announced a sweeping reorganization in August 2015 that will separate its search and advertising business from its other ventures, the latter which will be managed by a new holding company, Alphabet Inc.