

Google warned or face court over antitrust issues

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Whoever controls information/knowledge controls the world

CIA partner and international Wi-Fi [HACKING](#) company extraordinaire, Google, faces extreme measures if it doesn't alter its data management/search policies, the Guardian reports. However, with chairman, Eric 'sweetie' Schmidt, scheduled to attend the [Bilderberg](#) gathering again this year whatever measures are taken be sure they will not inhibit information juggernaut Google from illegally hacking, manipulating searches and continuing to suppress/censor data in the future.



Google chairman, Eric Schmidt

Europe's antitrust chief has given Google until 2 July to offer changes in its search results and advertising rules or face the threat of being taken to court and potentially huge fines.

Joaquin Almunia, the head of competition policy, has set out in a private letter the European commission's concerns on how Google's dominance - where in Europe it has about 90% of searches - could be harming competition.

Almunia's letter is only one of many battles the US company is fighting against the threat of government regulation. The US and South Korea are also investigating whether it is abusing its near-monopoly in search, while in Europe, accusations that it is invading people's privacy and even snooping on online conversations are coming under scrutiny from French and German regulators.

In a statement, Google told the Guardian: "We operate in over 100 countries around the world, and the internet is disruptive by its nature. It's understandable that our business should attract scrutiny and sometimes complaints in a few of those countries. We're always happy to answer questions authorities may have about our business."

Unusually, Almunia has indicated that he is ready to deal with Google, rather than taking it to court - evidence, a Google spokesman suggested, that "we've have been co-operating with their investigation and that issues can be solved through conversation".

Yet the investigations are mounting up so rapidly that many doubt Google can escape some strictures. For the company which in 2001 adopted the motto "don't be evil" as a counterpoint to Microsoft, which was then being sued for monopolistic practices in the US and Europe, it is a strange reverse.

"What's happened is that Google's popularity and virtually unprecedented success have made it a target," says Whit Andrews, an analyst with the IT research company Gartner. "Google doesn't understand why when it provides a superior product, which it believes it operates transparently - why everybody then seems to want to stop it."

He says that "instinctively, Google believes it's providing the best search engine, and that that should indemnify it from the slings and arrows of government interference".

But it hasn't. Almunia, in his letter on 26 May to Google's executive chairman, Eric Schmidt, says that among his concerns are the ways Google treats links to its own "vertical search" services - specialist topics such as shopping, news or travel - preferentially to rivals. Such complaints from a small British shopping search site called Foundem helped trigger the abuse of monopoly investigation in November 2010. It is not illegal, as such, to have a monopoly in search; but it's certainly illegal to use that to handicap rivals in other fields.

Schmidt last week said he had not seen the specifics of Almunia's complaint, but was happy to talk to him. "He's encouraging us to have a conversation, and we completely agree. We disagree that we are in violation in general," he said in London.

If Almunia prevails - as he is expected to, one way or another - then Google will have to change its search results, and perhaps even give rivals in some fields star billing. That will be galling for the company as it tries to extend its hegemony across shopping, travel, and news. Yet it may be the only practical way out.

But the European commission is only the start. In France, the data protection commissioner, the CNIL, has written to Google demanding more detail about the changes in its privacy policies. "The answers provided by Google are often incomplete or approximate," tuts the CNIL, which has given the company until 8 June to explain how the data it collects about users - that's pretty much everyone in Europe - is processed and how long it is stored.

In Germany, the district attorney in Hamburg is considering a prosecution under wiretapping laws. A key driver was a report published in April by the US federal communications commission (FCC) about Google's collection of data from wireless internet connections to homes and businesses while it was compiling its Street View picture maps in 2010 and 2011.

The Hamburg data protection commissioner found Google's Street View cars were collecting not only the names and locations of networks, but also data being transmitted without password protection. Although each capture lasted less than a second, that could be up to a megabyte of data - equivalent to a number of emails. One incriminating one in France included a married man seeking an affair, the CNIL found.

What the FCC report revealed was that the data collection was not, as Google repeatedly insisted, a mistake. A Google engineer wrote the code to do it, told colleagues about it, suggested it be reviewed by lawyers (it wasn't), and when the collection was complete tried analysing it to see if there was anything Google could use for future services.

In Germany, where individual privacy is taken extremely seriously and has extra legal protections, this has triggered a long-running investigation by the Hamburg district attorney, which has not yet decided whether to prosecute Google. If they don't, then the Hamburg data protection commissioner, Dr Johannes Caspar, will be waiting. The FCC report, he says, makes any infringement worse: "We have to think about the probability of Google in this case doing something

wrong, which is to store data of conversations of people via the internet. It was just decided by one employee, he talked about it and so the circle of people who knew about it was bigger. So we have to think about the responsibilities of the management of Google."

In the US, the federal trade commission is investigating both Google's tweaking of vertical search to favour its own products — though Schmidt told a Senate hearing last September the situation was more complicated, and that what the senators saw as favouritism for Google products was a confusion between price comparison and sales sites.

So are the FTC or Senate likely to pursue Google for tweaking search results to favour its own, as the Department of Justice pursued Microsoft in 1998 for insisting that Windows licences must come with Internet Explorer? "Microsoft made key errors: consumers began to perceive it as taking advantage of them. PCs cost a lot, Office cost a lot, but the operating system was becoming less important, so Microsoft became vulnerable to regulatory attack."

If the mood towards Google changes in the US - if it is felt to be taking advantage of users - a similar change might follow, but not in an election year, he suggests.

Certainly, some in the US have become disenchanted with Google: Jeffrey Katz, chief executive of Nextag, a price comparison site, told the Guardian that when Google was a young startup, he was happy to work with it. Now, he says, "they control peoples' view of the net - and it isn't a level playing field." About 90% of users never go past the first page, so anything off there is unlikely to be seen; while Google's products consistently feature among the top three, so they are "above the fold" of the page, not even requiring scrolling to see and click on them. "It's not accidental," Katz says. "It's undeniable. What's questionable is why more people aren't speaking up about it. Maybe they're worried about what Google will do."

He says the claim, repeatedly made, by Schmidt and other Google executives such as chief executive Larry Page, that the competition is just a click away, is "such a disingenuous statement by billionaires". He said: "Why would the average person do that? Ask them what other search engines exist and they'll fall silent."

Andrews thinks there is more chance that European regulators will act than American. "In an election year, trying to put Larry Page's head on the battlements isn't going to pay off for a US regulator unless Google makes a mistake that leaves it with a villain's role." In Europe, he thinks, the mood is different: "European citizens turn to regulators to be their conscience. It's much more likely there will be substantive action in Europe." With the clock ticking to Almunia's deadline in July, Google must hope to avert that.

Pending and playing out: the charges against Google

- European commission: the antitrust commissioner has given Google until 2 July to respond to concerns that Google favours its own products over rivals' in areas such as shopping and travel; that it copies rival sites' content to display in search results; that it bans rival advertisers from showing ads on pages it controls; and that it prevents advertisers exporting details of their campaigns with Google. If the two sides can't agree, a costly court battle will follow.

- European commission: Motorola Mobility, which makes mobile phones and set top boxes, and which has been owned by Google since last week, is being investigated under antitrust rules for instigating lawsuits with Microsoft and Apple over "standards-essential" patents for technologies such as 3G and video decoding. It could face fines; Google has shown no signs of dropping the

lawsuits.

- US: the federal trade commission is investigating Google's hacking of the iPhone's browser to plant cookies which could track people, bypassing a setting intended to block them. It could demand a swingeing per-person per-day fine that would amount to tens of millions of dollars.
- US: the FTC is considering whether to bring a case like the EC's over "vertical search" and promotion of Google products in travel and shopping.
- European commission: the antitrust commissioner has begun investigating whether smartphones running Google's Android software, which now make up more than half of smartphone sales worldwide, give Google an unfair advantage. By default, they use Google's browser and hook up to its email and calendar services.
- Germany: the Hamburg district attorney is considering whether to sue Google over collection of data from open wireless internet networks.
- France: the data protection commissioner, the CNIL, is leading a Europe-wide investigation of Google's change to its privacy policy earlier this year. Google has until 8 June to respond to questions about precisely what data it processes and how long it stores it.
- Korea: the Fair Trade Commission on Monday inspected Google offices in Seoul, following complaints from two rival search companies, Daum and Naver, that Google is restricting mobile service providers and smartphone makers from putting other mobile search portals into the Android phone software before they are sold. Daum and Naver together have about 79% of the desktop search market in South Korea, compared to Google's 9%, but Android phones make up a much bigger proportion of smartphone sales.

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