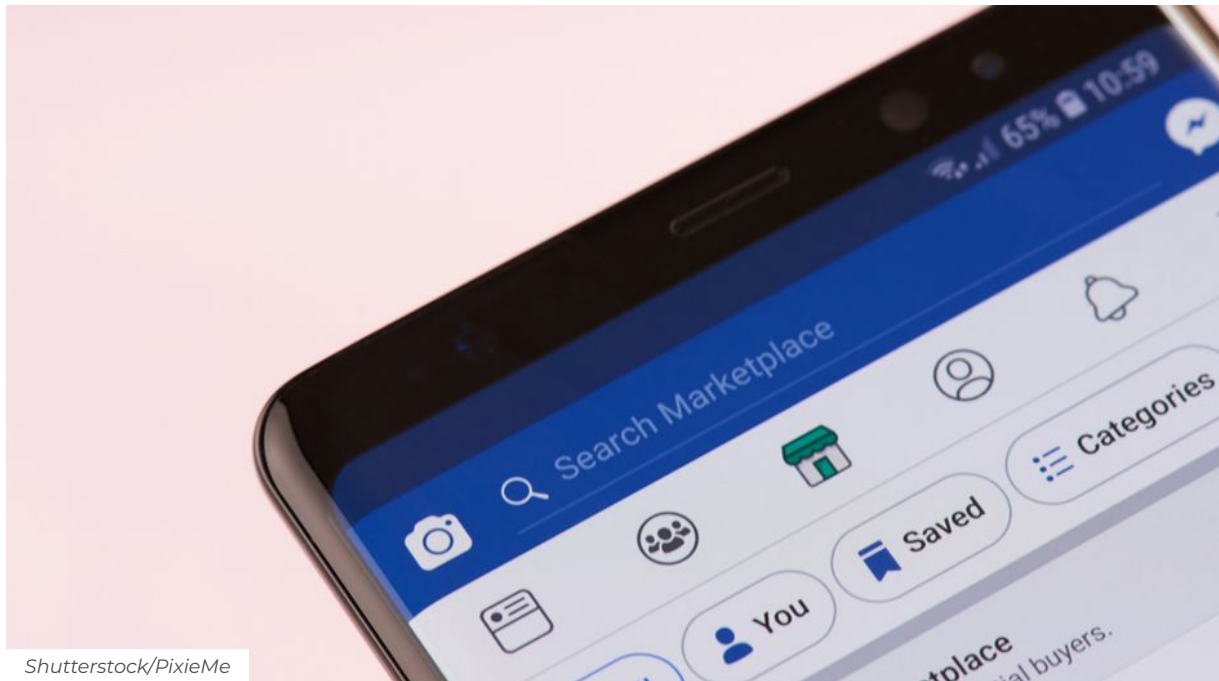


data practices

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04 June 2021



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The UK and EU's antitrust watchdogs have announced parallel investigations into Facebook to examine if it uses data collected through its digital advertising service to obtain an unfair competitive advantage in certain online markets.

The European Commission and the UK's Competition and Markets Authority today launched separate full-scale probes into the social media company, although they said they will "seek to work closely" throughout their investigations.

Both agencies will determine if Facebook's data collection practices give the company an unfair advantage in the online classified advertising sector, while the CMA's probe is also honing in on the company's online dating service.

The commission's in-depth probe follows a preliminary investigation it launched in March 2019. Facebook has already challenged information requests it received as a part of that initial probe, which led to the EU's General Court imposing [restrictions](#) on how the commission could view some 84,000 documents that it ordered the company to hand over.

Following its preliminary investigation, the commission said today it is concerned that Facebook may be using the "commercially valuable" data it obtains from users' interactions with adverts placed by rival classified ads companies on its social media site "to help Facebook Marketplace outcompete them".

The latter operates within the company's wider social media site, allowing individuals and businesses to advertise and sell items. The commission's probe will also examine if embedding this service within Facebook's main website amounts to a form of unlawful tying that gives the company a leg-up in reaching customers and forecloses rival providers of online classified advertising services.

The authority said these practices could violate EU rules prohibiting anticompetitive agreements and constitute an abuse of dominance.

In a statement, EU competition commission Margrethe Vestager noted that Facebook is used by almost three billion people on a monthly basis, while almost seven million businesses advertise on the social network.

"Facebook collects vast troves of data on the activities of users of its social network and beyond, enabling it to target specific customer groups," she said. "In today's digital economy, data should not be used in ways that distort competition."

The CMA's probe will similarly examine if Facebook's data-collection practices boost its online classified advertising business. It will also scrutinise whether the company's use of data gives it an unfair advantage over rivals in the market to provide online dating services.

Facebook Dating is an opt-in service launched in Europe last year. Like Facebook Marketplace, it operates within the company's social media network, although it is only available through the Facebook app.

The CMA launched its probe off the back of its digital advertising and online platforms market study, which [found](#) that Facebook has significant market power in the digital advertising sector.

As well as collecting data through its online advertising business, Facebook also gathers user information from its single sign-on option that allows individuals to log-in to other websites and applications using their Facebook details.

The CMA said it is particularly concerned that the company has unfairly used data from this Facebook Login service, as well as its digital advertising business, to benefit its Facebook Marketplace and Facebook Dating services.

CMA chief executive Andrea Coscelli said the enforcer will "thoroughly investigate" Facebook's use of data as any unfair advantage can reduce customer choice and make it harder for rivals and "new and smaller businesses" to succeed.

A Facebook spokesperson said that its classified ads and online dating services both operate in a “highly competitive environment with many large incumbents” and provide users with more choice.

“We will continue to cooperate fully with the investigations to demonstrate that they are without merit,” she said.

Thibault Schrepel, an assistant professor at Utrecht University School of Law and the head of Stanford University’s computational antitrust project, said the EU’s case has “two sides”: one of which is “familiar” and the other “more innovative”.

The “familiar” side relates to the accusations about the company’s use of social network data to tailor Facebook Marketplace, which Schrepel said is “reminiscent” of the commission’s ongoing [investigation](#) into Amazon and aligns with its [proposed](#) rules for digital gatekeepers.

“The commission seems to assume that when a powerful company leverages its market power, the practice is necessarily anticompetitive,” he said. But this “risks [freezing](#) existing market positions by slowing down competition between internet giants”.

Schrepel said the second prong of the EU’s probe is “a first” for the enforcer, noting that the commission is not pursuing a pure practice of tying as it is not concerned with the actual integration of Facebook Marketplace in the company’s social network.

Instead, he said the authority focuses on “the way Facebook Marketplace is embedded”, which qualifies as potential [predatory innovation](#) through the technical modification of Facebook’s social network to accommodate its classified ads service.

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