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JFTC's Initiatives in the Digital Sector

Presentation

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Case handling

■ Google LLC (commitment in Apr. 2024)

- Restriction on providing Yahoo with technologies used for search engines and search advertising
- **Since 2010** Google had been providing the technologies to Yahoo.
 - Yahoo, Inc (US) provided technologies to Yahoo (JP), but ceased to develop them.
 - JFTC received consultation from the parties and allowed this provision of technologies because their services would be operated independently.
- **From 2015 to 2022** Google amended the contract and restricted the provision of the technologies for Mobile Syndication Transaction.
 - Made it difficult for Yahoo to provide Mobile Syndication Transaction.
- **Commitment.** Not restrict the provision for three years

■ Google LLC (opened in Oct. 2023 - ongoing)

- Made Android device manufacturers install its applications such as "Google Search", together with "Google Play"

■ Microsoft + Activision Blizzard (Mar. 2023), Adobe + Figma (Dec. 2023)

- Revised guidelines and procedure and issued policy statement to adapt to digital cases
 - ⇒ Called for information and opinion from the public on these cases

Market Studies

JFTC has conducted wide varieties of market studies especially on the sectors close to people's lives.

e.g. News Content Distribution (Sep.2023)

Most used text-based news services:

- Newspaper 59.3% (FY2013) → 18.0% (FY2022)
 - News Portals 20.1% (FY2013) → 47.0% (FY2022)
- ⇒ News portals have become an important part of people's lives.

But...

News portals have bargaining power against news media

- ⇒ Licensing agreements existed but were not negotiated adequately.
- ⇒ Some news portals show their intents to consider requests from news media

To encourage fair negotiations, JFTC showed; (i) what kind of acts are problematic under the competition law; and (ii) what kind of acts are desirable.

⇒ Yahoo announced to seriously work on the relationship with news media

Ex-ante regulation on mobile ecosystem

Act on Promotion of Competition for Specified Smartphone Software

- Submitted to the National Diet (April 2024)
- **Passed the Diet (June 2024)** ⇒ Effective within one-and-a-half year

Outline

- Designation of Specified Software Providers
- Prohibited conducts and compliance requirements
 - Designated Providers ***shall not***;
 - prevent third parties from offering their own application stores
 - prevent other application developers from using third party billing systems
 - engage in self-preferencing in the display of search results without justifiable reason
 - use acquired data about competing applications for their own applications
 - prevent application developers from using features controlled by the OS
 - Designated Providers ***shall***;
 - enable users to change default settings with simple procedures
 - offer choice screens for browsers, etc.
- Implementation measures
 - **Continued communication** with Designated Providers and application developers to pursue improvement in business models.
 - ⇒ **Compliance reports** will be submitted by Designated Providers
 - Enforcement against violation– e.g. surcharge order (20% of relevant turnover)