

Kluwer Competition Law Blog

Bossiness and the leper's squint

Max Findlay (Max Findlay Associates, United Kingdom) · Saturday, March 30th, 2013

Pushing people around is the flavour of the month right now. Indeed, both companies and regulators seem to be going in for it.

Take the music industry, for instance. The US entertainment giant AEG has just bought up the rights for the Wembley Arena, previously owned by that other humungous US impresario, Live Nation. AEG already operates three major entertainment venues in London: the O2 Arena, the Hammersmith Apollo and Indigo2. It's also recently been awarded a five-year contract to put on summer concerts at Hyde Park.

Happily, the UK regulatory authorities are looking into the deal, with the Competition Commission due to report by 5 September. However, whatever the Commission finally decides, there is already a widespread public perception in the UK that the two US outfits have thrown their weight around for far too long, with tickets for headline shows getting close to the £1,000 a time mark. Smaller-scale festival promoters are finding it increasingly difficult to hire suitable venues, and many people feel that creativity in live music is being sacrificed to the pushiness and greed of the Yankee big boys.

Mind you, the regulators aren't always that much better. In March, the European Commission fined Microsoft €561m for breaking its promise to give PC users a clear choice of internet browsers. The commitment had originally been made four years ago and was supposed to last until 2014. However, when Windows 7 was introduced in May 2011, the choice screen was missing. This was apparently because of a technical error that wasn't corrected for 14 months.

The competition commissioner Joaquin Almunia got on his high horse and said this was "a very serious infringement" and that therefore Microsoft deserved everything it got. But it comes to something when a regulator makes you feel sorry for Microsoft. Everybody who has ever used a computer for five minutes (which obviously excludes Mr Almunia) knows that you can easily choose another browser and that therefore no serious commercial harm was done to anyone by the lost choice screen. And while naughty Microsoft should obviously have complied with its commitment, the fine was way too high and only served to make the Commission look like the bad guys.

However, this example of regulatory bossiness is mild compared to the ticking-off the Australian Competition and Consumer Commission (ACCC) recently gave parents and carers about children playing on trampolines. An ACCC sponsored study of over 650 people came to the less-than-startling conclusion that "trampolines can put children at risk of serious injuries when used

inappropriately” [my italics] and came up with a 10-point plan for improving toddler safety. This included such gems as ensuring that only one child at a time used the trampoline and that trampolinists should learn basic manoeuvres before trying more complex things. Much the same could be said for Commission officials, of course.

A more charitable interpretation of the Microsoft decision is that Mr Almunia and his chums were looking at the case through the leper’s squint of their own narrow professional viewpoint. Déformation professionnelle is, after all, an occupational hazard for civil servants everywhere. Certainly, some doubtless ignorant members of the public felt they had spotted another example of this disease when the president of the Belgian Competition Council (BCC) recently ordered De Beers to go on delivering rough diamonds to Antwerp trader Spira until the beginning of October.

This row stems from allegations that De Beers’s supplier-of-choice distribution system amounts to an abuse of a dominant position. Under this system, Spira now finds it difficult apparently to be selected as a distributor of De Beers’s rough diamonds, even though it has been doing precisely this job since 1935.

In November 2010, the BCC president made an interim order directing De Beers to go on delivering such diamonds to Spira. The interim order has been renewed at various intervals ever since, the last renewal being announced earlier this year. However, the hope is that, by the autumn, the General Court will have given judgment in Spira’s appeal against the Commission’s rejection of its De Beers complaint. At that stage, it should be clear (says the BCC) “whether future interim measures will be justified”.

For lawyers and civil servants, such three-year delays are nothing. But the outside world no longer sees things that way. It only sees inordinate delay by an out-of-touch professional clique. Why does this matter? Because after the Cyprus bailout, violent dislike of the EU is spreading like a pandemic and stories such as the Spira one – lit up its diamonds and images of a lazy elite – feed into the general feeling of distrust. And the European project is not so robust that it can afford to be blasé about disillusionment right now.

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