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TECH

# Spotify Accuses Apple of Stifling Competition in EU Complaint

Complaint alleges that Apple has abused its control over which apps appear in its App Store



Spotify has been a European tech success.

PHOTO: CHRIS RATCLIFFE/BLOOMBERG NEWS

By [Valentina Pop](#) in Brussels and [Sam Schechner](#) in Paris

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Music-streaming service [Spotify Technology SA](#) [SPOT -4.30% ▼](#) has filed an antitrust complaint in Europe against [Apple Inc.](#), [AAPL 1.66% ▲](#) a new salvo in the broader battle over whether and how to rein in global tech giants.

Spotify's complaint, filed late Monday to the European Union's antitrust arm, alleges that Apple in recent years has abused its control over which apps appear in its App Store with the aim of limiting competition with its streaming service Apple Music.

Spotify claims Apple made it difficult for rival subscription services to market themselves to users without using Apple's payment system, which generally takes a 30% cut of

PX-1917.1

transactions.

Spotify said its app doesn't face the same restrictions in the Play store operated by Alphabet Inc.'s GOOG 0.42%  Google. The European company also said Apple at times rejected security updates of its app and threatened to kick it out of the App Store for allegedly anticompetitive reasons.

"Apps should compete on merits, not who owns the app store," said Horacio Gutierrez, Spotify's general counsel.

Apple didn't immediately respond to a request for comment.

A spokesman for the European Commission, the EU's antitrust enforcer, confirmed that it had received the Spotify complaint, "which we are assessing under our standard procedures."

Spotify's antitrust filing, the first disclosed about Apple's App Store at the EU level, escalates the global battle over how to regulate tech giants on issues ranging from privacy and taxation to hate speech and competition.

The European Commission in 2016 ordered Apple to repay \$14.5 billion in tax breaks to Ireland—earning EU competition commissioner Margrethe Vestager the nickname "tax lady" from President Trump—and over the following two years fined Google a total of \$7.7 billion for alleged anticompetitive behavior. The commission also has implemented a strict new privacy law that has spawned many investigations; and it is close to approving new copyright rules aimed at making tech giants pay more money to music companies and news organizations.

Central to these battles is a basic question: What responsibilities should be placed on companies that serve millions of businesses and billions of consumers with services that in the eyes of many have become essential?

Activists and politicians on both sides of the Atlantic argue that big tech companies are now like utilities, and should be regulated as such. Sen. Elizabeth Warren, the Massachusetts Democrat running for president, went further last week, calling for the breakup of such companies as Amazon.com Inc. and Facebook Inc.

Under particular scrutiny are companies that operate platforms used by thousands of other businesses. For instance, the EU last year opened a preliminary probe into whether Amazon is unfairly competing against merchants that sell goods via its retail site. The EU also is close to approving new rules forcing platforms operators to be more transparent and predictable in the terms they offer companies using their service.

Mr. Gutierrez, Spotify's general counsel, hit on that point Wednesday. "Once Apple became not only a platform provider, but also a direct competitor, their incentive to disadvantage rival services, like Spotify, became even greater and their restrictions started to become more frequent and extreme," he said.

The U.K. on Wednesday weighed in on the issue of tech dominance, as it published a report from a government-appointed panel recommending tighter antitrust oversight of the sector.

Spotify, one of Europe's biggest tech successes, had complained informally to the EU several times about such issues in recent years. In late 2017, for instance, the company and other streaming firms sent the EU a letter criticizing the way both Apple and Google operate their app stores.

A spokesman for Google didn't immediately respond to a request for comment.

Deezer, which was among those music-streaming firms that complained in 2017, on Wednesday said it supported Spotify in its antitrust challenge and looked forward to the commission's response.

The current commission will reach the end of its term later this year, following EU parliamentary elections in May, leaving little time to make significant progress on a new investigation.

Spotify didn't rule out pursuing the antitrust issue in the U.S., as well.

The European company's complaint comes as Apple accelerates efforts to expand its services business, which includes App Store sales, streaming-music subscriptions and mobile payments. The company is holding an event on March 25 where it is expected to announce additional services for original video programming, as well as magazines and publishing outlets.

Services have emerged as a bright spot for the company amid sinking iPhone sales. The business's sales have grown by more than 20% annually the past three years, approaching \$40 billion in the latest fiscal year, or 15% of Apple's total income.

In addition to the Spotify complaint, Apple faces other challenges to the business. The U.S. Supreme Court is expected to rule soon on the propriety of a lawsuit brought by consumers who allege the company illegally monopolized the sale of iPhone apps. A ruling in favor of plaintiffs in the case, Apple v. Pepper, could allow consumers to sue Apple over its practice of taking a 30% cut of the apps it sells, which plaintiffs argue inflated prices because Apple's store is the only place the apps can be purchased.

In a [blog post Wednesday](#), Spotify Chief Executive Daniel Ek said Apple's rules "purposely limit choice and stifle innovation at the expense of the user experience—essentially acting as both a player and referee to deliberately disadvantage other app developers."

— Anne Steele in Los Angeles and Tripp Mickle in San Francisco contributed to this article.

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