UK competition watchdog drops Microsoft-OpenAI probe

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The UK competition watchdog has ended its investigation into the partnership between Microsoft and the maker of ChatGPT, OpenAIThe Competition and Markets Authority (CMA) was looking into whether Microsoft's relationship with what is the world's best known artificial intelligence (AI) firm changed after the turmoil which saw its boss Sam Altman fired and then rehired.The CMA has concluded that, despite Microsoft investing billions of dollars into OpenAI and having exclusive uses of some of its AI products, the partnership remains the same, so is not subject to review under the UK's merger rules.Digital rights campaigners, Foxglove, said it showed the CMA had been "defanged."The CMA opened the probe in December 2023, after Microsoft had put pressure on OpenAI to re-employ Mr Altman, days after he had been sacked.

"In view of Microsoft's potentially important role in securing Sam Altman's re-appointment, the CMA believed there was a reasonable chance that an investigation would reveal that Microsoft had increased its control over OpenAI's commercial policy," the watchdog said.But on Wednesday, it concluded Microsoft "exerts a high level of material influence" over OpenAI's commercial policy without fully controlling it."Because this change of control has not happened, the partnership in its current form does not qualify for review under the UK's merger control regime," CMA Executive Director for Mergers Joel Bamford posted in an article on LinkedIn.But he added: "The CMA's findings on jurisdiction should not be read as the partnership being given a clean bill of health on potential competition concerns; but the UK merger control regime must of course operate within the remit set down by Parliament.The CMA will be taking a less interventionist approach to protecting competition and to merger control reviews, [but] this does not mean the CMA will approve every deal presented to it without question," said Chloe Birkett, competition lawyer at law firm Freeths.

"The CMA's purpose is to help preserve competition in markets to ensure that consumers get a fair deal," she said.In a statement Microsoft said: "Our OpenAI partnership and its continued evolution promote competition, innovation, and responsible AI development, and we welcome the CMA's conclusion, after careful and prudent consideration of the commercial realities, to close its investigation."