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Senators Raise Google-DoubleClick Questions

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By Roy Mark

The chairman of the Senate subcommittee on Antitrust, Competition Policy and Consumer Rights is urging the Federal Trade Commission to be wary of Google's proposed \$3.1 billion acquisition of DoubleClick.

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The acquisition would combine two of the biggest players in online advertising. Google's text-based AdSense business is based on clickable links, while DoubleClick's technology places targeted banner ads and other display advertising on popular online sites.

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"The implications of this for the Internet advertising market—and for the Internet as a whole—are profound and potentially far reaching," Sens. Herb Kohl, D-Wisc., and Orrin Hatch, R-Utah, the ranking members of the panel, wrote in a letter to the FTC Nov. 19.

At a September Senate hearing on the merger, Google Chief Legal Counsel David Drummond said the

deal does not foreclose other companies from competing in the online advertising market. Drummond pointed to Microsoft's \$6 billion acquisition of online advertising firm aQuantive, which already has received the FTC's blessing, Yahoo's deal to buy Right Media and AOL's purchase of AdTech and Tacoda as proof of a vibrant online ad market.

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"While we have not reached any definitive conclusion regarding this issue, we urge that you only approve the merger if you determine that it will not cause any substantial lessening of competition with respect to Internet advertising," the senators wrote.

Kohl and Hatch also raised concerns about the privacy implications of the proposed merger. Internet advertising tracks the personal preferences of Internet users and serves ads most suited to that individual user based on his or her history of visiting certain Web sites and running particular searches.

"We believe that this deal raises fundamental consumer privacy concerns worthy of serious scrutiny," Kohl and Hatch wrote.

The Republican members of the House Subcommittee on Commerce, Trade and Consumer Protection also raised concerns over the deal in a Nov. 6 letter to panel Chairman Bobby Rush, D-Ill. The Republicans want Rush to hold a hearing on the matter.

"It seems to me that policymakers should know more about Google's intentions than we do, and a serious hearing to get at the facts looks like a very good idea," Rep. Joe Barton, R-Texas, said in a statement.

The Electronic Privacy Information Center, the Center for Digital Democracy and U.S. PIRG filed an April 20 FTC complaint shortly after Google announced the deal, arguing the acquisition will give Google unprecedented ability to "record, analyze, track and profile" the activities of Internet users.

"Google's proposed acquisition of DoubleClick will give one company access to more information about the Internet activities of consumers than any other company in the world," the complaint states. "Moreover, Google will operate with virtually no legal obligation to ensure the privacy, security and accuracy of the personal data that it collects."

Nicole Wong, Google's deputy general counsel, issued a statement April 20 calling the complaint "unsupported by the facts and the law." Wong said the complaint "utterly fails to identify any practice that does not comply with accepted privacy standards."

In response to Kohl and Hatch's letter to the FTC, a Google spokesman said, "We have already worked with the FTC to address each of the questions raised in this letter, and we remain confident that the FTC will conclude that this deal is good for consumers, advertisers and Web site publishers."

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