

# United States Senate

WASHINGTON, DC 20510

November 19, 2007

The Honorable Deborah Platt Majoras  
Chairman  
Federal Trade Commission  
601 Pennsylvania Avenue, N.W.  
Washington, D.C.

Dear Chairman Majoras:

We are writing to you concerning the proposed acquisition of DoubleClick by Google, now under review at the Federal Trade Commission. Our Subcommittee on Antitrust, Competition Policy and Consumer Rights held a hearing on this proposed transaction and the on-going consolidation in the Internet advertising sector on September 27, 2007. We believe that this merger raises very important competition issues in a vital sector of the economy. We write to you to summarize the results of our inquiry.

This proposed acquisition would combine the world's largest Internet search company, Google, with DoubleClick, the leading company that places advertising on the Internet. The implications of this for the Internet advertising market – and for the Internet as a whole -- are profound and potentially far reaching. A core part of Google's business is placing contextual advertising – that is, text based ads placed on third party web sites which are relevant to the content or to the likely reader of the web site. Google has a dominant market position with respect to the placing of these contextual ads. DoubleClick has a leading market position in placing another form of Internet advertising – display advertising which also reside on third party web sites.

Industry experts that we spoke to in the course of our inquiry raised serious concerns that combining these two companies' leading positions in these two forms of Internet advertising could cause significant harm to competition in the Internet advertising marketplace. 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. After our hearing, it is plain that the issues important to this determination are: whether contextual and display advertising are interchangeable and substitutable; the extent to which Google's services compete with DoubleClick's ad serving services; whether there are significant barriers to entry impeding new competitors in this market; and the likely effects of this acquisition on the cost of placing Internet advertising.

On a related matter, this acquisition also raises broader concerns beyond the Internet advertising market. Many commentators have voiced concerns regarding the implications of this deal for consumer privacy. In order to be effective, 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. DoubleClick collects an enormous quantity of information on individual web users’ preferences, and privacy advocates have expressed very serious concerns regarding the consequences of this data coming under the control of Google due to the fact that Google is the dominant internet search engine and can also track individuals’ search requests. Therefore, we believe that this deal raises fundamental consumer privacy concerns worthy of serious scrutiny.

In sum, by virtue of its dominance of the Internet search market and its recent acquisitions, including last year’s acquisition of YouTube and its current planned acquisition of DoubleClick, Google is becoming the world’s most important Internet enterprise. After this acquisition, Google -- already the dominant Internet search company -- will also hold a leading position in video content, news, advertising and a myriad of other consumer services. Antitrust regulators need to be wary to guard against the creation of a powerful Internet conglomerate able to extend its market power in one market into adjacent markets, to the detriment of competition and consumers. We therefore urge that the FTC only approve this merger if it concludes, after a completing a comprehensive investigation, that this merger will not cause substantial injury to competition in the areas outlined above.

Thank you for your attention to this matter.

Sincerely,



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HERB KOHL  
Chairman  
Subcommittee on  
Antitrust, Competition Policy  
and Consumer Rights



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ORRIN HATCH  
Ranking Republican Member  
Subcommittee on  
Antitrust, Competition Policy  
and Consumer Rights