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Media Contact:

Shanetta J. Paskel, 410-576-7939
spaskel@oag.state.md.us

Attorney General Gansler Announces Yahoo And Google Have Abandoned Proposed Advertising Agreement in Response to Investigation

BALTIMORE, MD (November 6, 2008) - Attorney General Douglas F. Gansler announced today that Yahoo! Inc. and Google Inc. have abandoned their proposed advertising agreement after being informed that the United States Department of Justice (DOJ), joined by several states, would bring an antitrust lawsuit to block the deal. Fifteen states, including Maryland, participated in the investigation.

“Google and Yahoo! compete aggressively with each other for online search advertising and for search syndication deals with partner sites,” said Gansler. “Our Antitrust Division worked closely with DOJ and other states to investigate their agreement and to determine its likely consequences. We concluded that the deal would have increased prices and diminished innovation.”

The companies announced on June 12, 2008, that they had entered into an agreement under which Google ads would appear alongside Yahoo! search results and on various Yahoo! Web properties and partner sites. During the course of the investigation, the companies proposed various modifications to their initial agreement but these changes did not fully address DOJ’s and the states’ antitrust concerns.

Google and Yahoo! provide competing online search engines that enable advertisers to display ads alongside a search result. When a user navigates to Google or Yahoo! and does a search, the web site displays listings relevant to the user’s query and may also display paid advertisements on the top or to the right of the search listings. The search engine is paid each time a user clicks on a search advertisement. Google and Yahoo! also compete to make their search and advertising technology available to third-party publishers. According to Gansler, competition in this area, called “syndication,” as well as in search advertising would have suffered as a result of the proposed deal.

Attorney General of Maryland 1 (888) 743-0023 toll-free / TDD: (410) 576-6372

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