Microsoft Urges Review of Google-DoubleClick Deal
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Microsoft, a veteran defendant of epic antitrust battles in the United States and Europe, is urging regulators to consider scuttling Google's plan to buy DoubleClick, an online advertising company.

Microsoft contends that the $3.1 billion deal, announced on Friday, would hurt competition in the fast-growing market for advertising on the Web and raises questions about how much personal information would be collected by Google, already a dominant player in online advertising.

Bradford L. Smith, Microsoft's general counsel, said in an interview yesterday that Google's purchase of DoubleClick would combine the two largest online advertising distributors and thus "substantially reduce competition in the advertising market on the Web."

Google dismissed Microsoft's assertions. "We've studied this closely, and their claims, as stated, are not true," Eric E. Schmidt, the chief executive of Google, said in an interview last night.

Google and DoubleClick, according to Mr. Smith, could "observe and capture consumer information on an unprecedented scale."

Google tracks the interests and preferences among the millions of people who use its search engine. DoubleClick is the leader among companies that specialize in placing, or "serving," the graphical and video ads that appear on Web sites. Ad-serving networks like DoubleClick place tiny programs on computers, called cookies, that monitor what sites users visit.

Microsoft was joined yesterday by AT&T, a company that traces its lineage to the telephone monopoly broken up in the mid-1980s. "We think antitrust authorities should take a hard look at this deal and the implications," said Jim Cicconi, senior executive vice president for external affairs at AT&T. "If any one company gets a hammerlock on the online advertising space, as Google seems to be trying to do, that is worrisome."

Microsoft was one of the companies, along with Yahoo and Time Warner, that lost out to Google in the bidding for DoubleClick. Mr. Cicconi said that AT&T would be affected by a Google-DoubleClick combination because AT&T distributes services over the Internet like digital television, known as IPTV.

"For many of these new Web services, it could be that the advertising-supported model is the predominant business model," he said. "The danger here is that Google could be in a position to pick winners and losers."

A Time Warner spokesman said that the company had not decided whether it would try to block the deal. A Yahoo spokeswoman declined to comment.

This is not the first time that Microsoft, the biggest winner of the personal computer era, and Google, the emerging Internet powerhouse, have been on opposite sides of an anticompetitive claim. Early last year, Google complained to regulators that the design of Microsoft's Internet Explorer browser steered users to Microsoft's MSN search engine instead of rival search offerings from Google and Yahoo.

After reviewing the matter, the Justice Department said in May that Microsoft's browser allowed users a fairly easy way to switch to non-Microsoft search services. Therefore, Microsoft's product design did not pose an anticompetitive threat, antitrust officials said.

In that case, Google did talk to antitrust officials in Europe and the United States. Mr. Smith said Microsoft had not yet approached antitrust officials in the United States about its worries about Google's purchase of DoubleClick.

Mr. Smith said that based on conversations with other companies over the weekend, he expected that many would soon come forward to express similar concerns.

The initial antitrust review of a merger lasts 30 days. It is not yet clear whether the Justice Department or the Federal Trade Commission, which share antitrust regulatory duties, will review the Google-DoubleClick deal.

Any review of a merger on antitrust grounds begins with a determination of the “relevant market” in which the two companies operate. “That is the first hurdle in case like this,” said Andrew I. Gavil, a law professor at Howard University, “and it looks as if DoubleClick may well be in a nearby, or complementary, market instead of the same market as Google. And then the question will be how easy it is for new entrants to compete in the online advertising markets.”

Microsoft contends that the combined companies will have a stranglehold on the market for distributing ads to Web publishers.

Mr. Schmidt, however, said that Google and DoubleClick are “small components of a much larger advertising market,” and face considerable competition. He added that it is easy to switch to offerings from rivals of Google and DoubleClick.

“We understand that we will go through a regulatory process in the United States and Europe now,” Mr. Schmidt said. “Along the way, all these questions will be discussed and debated. And we welcome that.”

Disponível em: <http://www.nytimes.com>. Acesso em 17/4/2007.