

Statement of

The Honorable Patrick Leahy

United States Senator

Vermont

July 15, 2008

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Chairman, Senate Judiciary Committee

Hearing on "The Google-Yahoo Agreement and the Future of Internet Advertising"

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The Internet has opened new means of communication, new ways to promote ideas, and new ways to buy and sell products and services. The explosion of free and easily accessed content on the Internet has been driven by a successful and competitive online advertising industry.

The online advertising industry in the U.S. reportedly surpassed \$21 billion last year. As more people use the Internet more often and with increased purposes, advertisers will similarly move to online platforms to move their message. The issue for the Committee today is whether these advertisers - be it Orvis or the Vermont Teddy Bear Company - will find options at competitive prices.

Business on the Internet is dynamic. The antitrust laws, rooted as they are in the fundamentals of competition in innovation and pricing, are nimble enough to keep up with changing business models and technology.

The resolution of the drama being played out in the courting of Yahoo by both Microsoft and Google will have lasting effects. The Google agreement with Yahoo may relate only to text advertisements, but if it stifles competition in this market, that will quickly spill into emerging online ad markets such as delivery to mobile devices.

The ability of a single company to dominate the online advertising marketplace also raises the specter that one company will accumulate vast amounts of personal viewing data. This leads to significant

privacy concerns, an issue on which I will remain focused as the online advertising market continues to develop.

The Antitrust Subcommittee has taken a leading role in examining competition issues surrounding online advertising. I thank Senator Kohl for staying vigilant to ensure competition remains vibrant, and for holding this timely and important hearing.

I look forward to hearing from our distinguished panel of witnesses today.

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