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Google walks away from Yahoo ad deal

Break to let US authorities investigate

by Katie Scott published on 6 October 2008

Google has decided that it's getting hot so is getting out of the kitchen.

Yahoo had said that it was going to push the ad deal between the two companies through, despite competitions inquiries on both sides of the Atlantic.

But Google has now opted to step back.

It has released a statement explaining that it wants to give US authorities in particular, time to look at the possible implications of the ad sharing deal.

It said: "As we are still in conversation with the Department of Justice we have agreed to a brief delay in implementing the agreement while those discussions continue".

The deal is not only being investigated in the States - where opposition groups have sprung up - claiming it will damage the internet - but also in Europe.

Last month, Google and Yahoo admitted that they were co-operating with European Authorities following on from complaints from the World Association of Newspapers.

"In mid-July, we decided to open a preliminary investigation on our own initiative into potential effects of the Google-Yahoo agreement on competition in the European Economic Area (EEA) market", Jonathan Todd, a spokesman for European Competition Commissioner Neelie Kroes, told Reuters in mid-September.

Both companies insist that the deal will not have a negative impact.

