

Google CEO doesn't see problem with his Apple role

May 7 2009, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- Google Chief Executive Eric Schmidt is taking a government inquiry into his role on Apple Inc.'s board in stride, expressing confidence that the probe won't find any evidence that the ties between the two companies throttle competition in mobile phones and other technology fields.

In a media session held Thursday before Google's shareholders meeting in Mountain View, Schmidt said he has no plans to step down from Apple's board because he doesn't view the maker of the iPhone, iPod and computers as a "primary competitor." He echoed that sentiment when a shareholder later asked him to step down from Apple's board to avoid further government scrutiny.

Google attorney Kent Walker confirmed the Mountain View-based company is in talks with the [Federal Trade Commission](#) about whether its overlapping board relationships with Apple violates federal antitrust laws. The inquiry was reported by The New York Times earlier this week.

Both Schmidt and former Genentech CEO Arthur Levinson are directors at Google and Apple.

Google makes most of its money from online advertising driven by its market-leading search engine. But it is the chief architect of an operating system called "Android" that already runs some mobile devices similar to the iPhone. Android also is going to be in some low-cost computers,

called "netbooks," later this year.

Schmidt, who joined Apple's board in 2006, told reporters he always recuses himself from all Apple board discussions involving the [iPhone](#), but doesn't avoid talks about any other subject.

Cupertino-based [Apple](#) and Google also both make Web browsers that are vying to lure users away from Microsoft Corp.'s [Internet Explorer](#) and the Mozilla Foundation's Firefox. As its [YouTube](#) video site expands, Google also conceivably could clash with Apple's iTunes store.

The FTC inquiry is one of several signs that the government is taking a closer look at Google and its increasing dominance in Internet search and advertising. Last year Google scrapped a proposed Internet advertising partnership with Yahoo Inc. to avoid a legal battle with the U.S. Justice Department.

Before retreating, Schmidt had repeatedly predicted the Yahoo alliance would withstand antitrust scrutiny.

Now, the Justice Department is reviewing a proposed legal settlement with authors and publishers that would expand Google's digital library of books. Regulators are responding to complaints lodged by some librarians and consumer activists who are worried the proposed settlement will give Google a digital monopoly on millions of books.

A federal judge in New York recently granted a four-month extension to object to the settlement, setting a new deadline of Sept. 4.

Schmidt predicted the book settlement will lead to a "fundamentally good outcome" by giving more people around the world a better chance to buy and read out-of-print works.

He also said Google understands it's more likely to attract government scrutiny because of its dominance of Internet search and its sheer size. By some measurements, [Google](#) now process more than 70 percent of U.S. searches, helping it to generate nearly \$22 billion in annual revenue.

"Information is incredibly important and we should expect governments around the world to be interested in what we do and hold us to the principles we have articulate," Schmidt said, referring to Google's corporate motto to "do no evil."

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