

US, EU clear Google's \$12.5B Motorola Mobility bid (Update)

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In this Jan. 17, 2012 file photo, attendees at the National Retail Federation listen to a discussion about Google Wallet, in New York. The EU's antitrust watchdog has approved Google's \$12.5 billion takeover of cell phone maker Motorola. (AP Photo/Mark Lennihan, File)

Google's \$12.5 billion acquisition of cellphone maker Motorola Mobility have won approvals from U.S. and European antitrust regulators, moving Google a major step closer to completing the biggest deal in its 13-year history.

The blessings mean Google Inc. just needs to clear a few more regulatory hurdles before it can take control of Motorola Mobility Holdings Inc. and expand into manufacturing phones, tablet computers and possibly other consumer devices for the first time.

Google is counting on Motorola Mobility's more than 17,000 patents - a crucial weapon in an intellectual arms race with Apple, Microsoft and other rivals to gain more control over smartphones, tablets and other mobile devices.

The Justice Department ended a six-month review of the deal after concluding it won't stifle competition in the mobile device market. European regulators reached the same conclusion.

In granting its approval, though, the European Union raised concerns about Motorola's aggressive enforcement of its patents. EU Competition Commissioner Joaquin Almunia said regulators will "keep a close eye on the behavior of all market players in the sector, particularly the increasingly strategic use of patents."

Google still needs government approvals in the China, Taiwan and Israel.

The main concerns are believed to revolve around Google's Android operating system, free software that now powers more than 250 million mobile devices made by a variety of manufacturers, including Motorola Mobility. Competition could be hurt if Google gives Motorola Mobility the most advanced versions of Android or withholds the mobile software from other cellphone makers.

Google, though, has pledged to make Android available to all its mobile partners. Even if Google were to discriminate, cellphone makers still could rely on mobile software from Microsoft Corp., Research in Motion Ltd. and Hewlett-Packard Co., among others.

Almunia said in a statement Monday that EU regulators didn't believe the deal would diminish competition.

"This is an important milestone in the approval process and it moves us

closer to closing the deal," Don Harrison, Google's deputy general counsel wrote in a blog post

Without setting a specific timetable, Google has expressed confidence it will be able to take over Motorola Mobility early this year.

It already has been six months since Google announced plans to buy Motorola Mobility, which has been struggling as Apple's iPhone and other smartphones made by rivals such as Samsung Electronics overshadowed its line of products.

The regulatory reviews in U.S. and Europe have come as regulators also have been conducting a broader inquiry into whether Google has been abusing its dominance in Internet search to hobble its rivals. Those investigations are still ongoing.

Getting China's approval of the Motorola Mobility deal may prove to be the biggest hurdle. Google's relationship with China's ruling party has been on shaky ground since the company blamed hackers in that country for breaking into its computers two years ago. The breach prompted Google to move its Internet search engine from mainland China in protest of laws requiring some results to be censored.

Motorola Mobility's \$12.5 billion price is more than the combined amount that Google has paid for the 185 other acquisitions that it has completed since going public in 2004.

The EU decided to treat its examination of Google's Motorola Mobility acquisition separately, even as it raised concerns about Motorola's aggressive patent enforcement.

Earlier this month, the Commission launched an investigation into whether Samsung is using some of its key patents to hinder competitors.

Like Motorola, Google is also locked in a legal battle with Apple Inc., claiming the maker of the iPad and iPhone is using some of its patents without permission. At the time, Almunia's office indicated that similar investigations against over companies may follow.

The European regulators see no danger that Google will prevent other device makers from using its popular Android operating system after the takeover.

"Android helps to drive the spread of Google's other services," the Commission said. "Given that Google's core business model is to push its online and mobile services and software to the widest possible audience, it is unlikely that Google would restrict the use of Android solely to Motorola," which only has a small market share in Europe.

Google's stock rose \$6.29, or 1 percent, to close Monday at \$612.20. Motorola Mobility's gained 18 cents to \$39.63. Google is based in Mountain View, Calif., while Motorola Mobility has its headquarters in Libertyville, Ill.

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