Google Gets China OK For Motorola Deal

The Associated Press

NEW YORK (AP) — Authorities in China have approved Google Inc.'s bid to buy phone maker Motorola Mobility, clearing the way for the $12.5 billion deal to close early next week.

But Chinese regulators attached a big condition: That Google's Android operating system for mobile devices remain available to all at no cost for the next five years.

The approval brings the Internet search giant closer to sealing its biggest acquisition ever. Buying Motorola allows Google to expand into manufacturing phones, tablet computers and other consumer devices for the first time. The deal also gives Google access to more than 17,000 Motorola patents.

The Chinese government approved the deal on Saturday, Google spokeswoman Niki Fenwick said. "We look forward to closing the deal," she said.

The deal was announced last August and had received all necessary regulatory approvals except in China, where Google's government relations have been strained since it moved its search engine out of the country two years ago in a dispute over censorship and computer security.

Google's Android software powers more than 250 million mobile devices made by a variety of manufacturers, including Motorola Mobility. The latest versions must be made available free of charge for the next five years, apparently in response to concerns that competition could be hurt if Google gives updated versions to Motorola Mobility and withholds them from others. Google doesn't currently charge for Android.

Google earlier had 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 and Hewlett-Packard Co., among others.

Google prizes Motorola Mobility Holdings Inc.'s patents as a crucial weapon in the intellectual arms race with Apple, Microsoft and other rivals maneuvering to gain more control over smartphones, tablets and other mobile devices.

Earlier, the U.S. Justice Department found no evidence that Google's ownership of Motorola Mobility would lessen competition in a mobile device market that is becoming increasingly important as more people connect to the Internet on smartphones and tablet computers instead of desktop and laptop computers.

The union with Motorola Mobility will open new opportunities and pose potentially troublesome challenges for a management team that so far has concentrated on

Internet search, ad sales and other software-driven online services.

Motorola Mobility's expertise in mobile devices and set-top boxes for cable TV will allow Google to play an even more influential role in shaping the future of hand-held computing and home entertainment.

The $12.5 billion price paid by Google is more than the combined amount that Google has paid for the 185 other acquisitions that it has completed since going public in 2004.

Google is based in Mountain View, California, while Motorola Mobility has its headquarters in Libertyville, Illinois.

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