Google in industry's "defining fight" with Apple, Schmidt says

Alexei Oreskovic, Reuters

(Reuters) - Google Inc Executive Chairman Eric Schmidt expects more than a billion mobile devices around the world to be running its Android software within a year, intensifying a battle with Apple Inc that he called a "defining fight" of the industry.

Schmidt said there were already four times as many Android mobile gadgets - smartphones and tablets made by the likes of Samsung Electronics - and that the scale of the battle between the two firms was unprecedented.

"We've not seen ... competitive fights on this scale," he said during an interview with tech blog AllThingsDigital at New York's 92nd Street Y on Wednesday.

Google and Apple were once close partners, with Schmidt serving on Apple's board during part of his tenure as Google CEO. But the ties between the two have been strained by the rise of Google's Android mobile operating system, now the world's leading platform for smartphones and a direct threat to Apple's lucrative iPhone and iPad [1] businesses.

As competition between the two companies has heated up, Apple has moved to cut its reliance on Google products by dumping YouTube from the new iPhone's pre-loaded selection of apps and replacing Google's mapping software on the iPhone with its own mapping service.

Apple's foray into mapping has not gone smoothly. Apple CEO Tim Cook was forced to issue a public apology earlier this month amid complaints that the product - based on Dutch navigation equipment maker and digital map maker TomTom NV's data - contained glaring geographic errors and gaps in information.

"What Apple has learned is that maps are really hard," Schmidt said. "We invested hundreds of millions of dollars in satellite work, airplane work, drive by work, to get the maps accurate."

But he added that the two technology companies were "always in communication with each other."

Schmidt also said he did not expect Google to become a significant player in China [2] any time soon, following its 2010 standoff with the government over Web censorship and cyber-attacks that Google said originated in China.

Google relocated its search engine to Hong Kong in the wake of the episode, allowing Chinese search engine Baidu Inc to widen its lead in China, one of the few markets in the world where Google's search engine is not dominant.

"Baidu will continue to be the Number One player in China for a long time," Schmidt said. He said that he did not expect any mending of ties with the Chinese government, which he said has cut off access to Google's Web services in the past.

"China has in its power to arbitrarily restrict our access to Chinese citizens to keep us at whatever percentage market share they wish," Schmidt said.

(Reporting By Alexei Oreskovic and Edwin Chan; Editing by Michael Urquhart)

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