

Microsoft partners with NEC in patent deal

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Microsoft solidified its position as the world's biggest software manufacturer Wednesday as it announced a tie-up with Japanese computer giant NEC.

Through the agreement, the two companies will be able to share patents that will allow them to expand their networking and server systems to include technologies for Internet telephony and other high-end applications. Specifically, corporate-targeted hardware from NEC, including servers and routers, will be combined with communication and business software from Microsoft.

The two companies have been collaborating on PC development since 1979, and on servers since 1993, but under the latest deal they will have a cross-licensing agreement that is expected to improve and speed up the process of developing new technologies.

"This stepped-up cooperation will give us an impetus to expand our market not only in Japan but globally," said NEC President Kaoru Yano at a Tokyo news conference to announce the deal.

Meanwhile, Microsoft Chief Executive Steve Ballmer, who also took part in the briefing, said, "This cross-licensing agreement would facilitate detailed cooperation which is on an engineer to engineer basis. ... This cooperation is essential."

"Over 20 years, we have changed the world very positively in Japan and elsewhere. ... We look forward to what we can do with their great technology in the future," Ballmer added.

NEC Executive Vice President Kazuhiko Kobayashi pointed out that the patent agreement will get rid of much of the legal red tape that might hamper technological development.

"If we have to worry about patents, development will not be done in a smooth manner, so in order to achieve our goals quickly we need this agreement," he said.

In addition, NEC will help market Microsoft's Vista software when it goes on the market early next year as the latest edition of the company's blockbusting Windows application.

NEC outlined five major sectors that the two companies will be working together in, namely in developing enterprise networking, particularly in Voice over Internet Protocol and video; building higher-performance servers; allowing higher-speed transfer of large volumes of data; network integration cross-licensing; and collaborating in developing the Japanese market.

But while the deal may be a breakthrough for Japan's third-largest

electronics manufacturer, Microsoft had actually signed a similar agreement with Toshiba, the country's No. 2 maker of electronic goods, as well as German giant Siemens. Moreover, Microsoft made clear that its agreement with NEC is not exclusive to the company, opening the door for having similar alliances with other electronics manufacturers.

NEC said, however, that its strengthened ties with Microsoft will fortify its operations overseas, particularly in Europe.

"In joint developments with Unisys and Stratus, NEC develops and globally delivers competitive products with the support of Microsoft," the company said.

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