

Microsoft reaches licensing deal on HTC phones

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(AP) -- Microsoft Corp. says it has patents covering phones that use Google Inc.'s Android software - but unlike Apple Inc., Microsoft has reached a licensing deal rather than suing over the software.

Microsoft said Wednesday that it has reached an agreement that will give HTC Corp., a Taiwanese company that is a major maker of Android phones, the rights to use technology covered by Microsoft's patents in those phone. Financial terms were not disclosed.

The deal comes a month after Apple sued HTC and accused the company of violating patents related to the iPhone.

HTC, which has said it will defend itself against Apple's claims, is a key partner for Google in its expansion into mobile services. Android has intensified the competition between Google and companies such as Apple and Microsoft.

But Apple and Microsoft are dealing with HTC, not Google, because the device maker, not the maker of software that runs on it, historically has been the focus for settling intellectual-property disputes.

HTC started out as a maker of phones based on Microsoft's Windows Mobile software, but as that operating system has lost favor among buyers, it's focused more efforts on Android.

Microsoft did not say what technology is covered in the licensing

agreement with HTC. Technology analyst Rob Enderle of Enderle Group said it is unlikely there's any overlap with the patents Apple is suing over. Microsoft and Apple have licensed each other's patents, and Enderle said if there were any question of overlapping patents around "multitouch" or other smart phone technologies, it would have been hashed out already.

That means the deal between Microsoft and HTC for Android phones wouldn't likely give HTC any extra protection against the lawsuit Apple filed. But HTC is also expected to produce phones for Microsoft's next mobile system, Windows Phone 7, which is set to reach consumers before the holidays. Wednesday's licensing deal with Microsoft would protect HTC against another Apple lawsuit over a Windows phone, Enderle said.

Both the Apple lawsuit and HTC's deal with Microsoft may make Android less attractive to other device makers. Part of Android's appeal to companies such as Motorola Inc. and Samsung Electronics Co. was its price: free. Enderle called the legal battle and the licensing fees "hidden costs" to choosing to make Android phones.

"The Apple suit was the first wake-up call," Enderle said.

Apple's lawsuit claims HTC infringes on 20 iPhone patents. It's not clear whether Apple approached HTC with a licensing offer before filing its lawsuit. Apple spokesman Steve Dowling said he had no further details.

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