

Ericsson, Apple to develop 5G phones and end litigation (Update)

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Swedish telecoms firm Ericsson AB has inked a 7-year deal with Apple Inc. that brings an end to outstanding mutual patent litigations between the two and paves the way for their joint-development of the next generation of super-fast phones.

Ericsson, the world's largest wireless equipment maker, did not reveal terms of the deal Monday but said it includes a cross-license that covers patents owned by both companies, including the GSM, UMTS and LTE standards used in mobile technology. It made a similar agreement with the world's largest smartphone maker, South Korea's Samsung, last year.

Apple, the No. 2 smartphone maker with a 13 percent global market share according to research firm Gartner, will make an initial payment to Ericsson, followed by royalties.

Though the monetary sums involved were not disclosed, investors liked what they were hearing and Ericsson's share price ended 3 percent higher at 80.95 kronor in Stockholm.

The deal is somewhat of a turnaround. In February, Ericsson filed complaints on 41 patents for technology used in iPhones and iPads after Apple declined to renew a licensing agreement for Ericsson's mobile technology, saying the Swedish provider was asking for too much money.

Monday's agreement comes in an industry riddled with litigation over

patents—companies sue each other for alleged copying appearances of products, with one study finding more than 250,000 patents in a smartphone.

In the latest round of a long-running fight between Samsung and Apple, the South Korean company has appealed a \$399 million judgment for illegally copying patented aspects of the look of Apple's iPhone to the U.S. Supreme Court. The court could decide early next year whether to hear the case, but arguments would not take place before the fall of 2016.

Ericsson said its deal with Apple means cooperating on the development of fifth generation, or 5G, as well as on video and wireless networks.

Although it gave no precise amounts, Ericsson said it expects revenues this year of some \$1.4 billion this year, which includes "the positive effects" of the settlement and income from other licensees.

No one at California-based Apple was immediately available for comment.

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