5G WIRELESS

InterDigital inks seven-year, $938M patent deal with Apple

Apple will spend roughly $1 billion over the next seven years for a license to InterDigital's patents. What that new deal means for Ericsson and Nokia remains to be seen.

Mike Dano

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3 Min Read

Apple plans to spend nearly $1 billion over the next seven years for a license to InterDigital's patents. The move potentially indicates the iPhone maker's continued willingness to engage with the likes of Ericsson and Nokia for similar patent-licensing deals.

"On September 30, 2022, InterDigital, Inc. (the "Company") renewed a patent license agreement with Apple, Inc," InterDigital wrote in a brief SEC filing Monday. "The Company expects to recognize approximately $134 million in revenue each year over the seven-year term of the license, which commenced on October 1, 2022."

InterDigital did not provide additional details. However, the issue had been pressing against the R&D company. InterDigital focuses on developing high-end technologies, including those in the 5G realm, and then earning revenues on its patents through licensing deals.

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(Source: Rhea Eason/Alamy Stock Photo)

"Apple has been our licensee since 2007 before they shipped the very first iPhone," InterDigital CEO Liren Chen said in August during his company's most recent quarterly conference call. "So through such a long-term relationship here, there have been multiple renewals happening. And we feel confident about the current negotiations based on how much our technology has advanced. And frankly, they have become even more important with the connected world with a lot of multi-video content consumed on devices."

He also pointed out that InterDigital's deal with Samsung – the world's other big smartphone maker – is also up for renewal in the fourth quarter of this year.

"It's worth noting that both Apple and Samsung has a much higher concentration of the premium devices in their worldwide sales. So these devices will make more and better use of our high-end technology," InterDigital's Chen suggested.

InterDigital's stock was up slightly Monday to around $47 per share following its announcement with Apple.

Into the future

wherein Ericsson is working to derive higher patent licensing revenues from Apple via its 5G patent holdings.

And Ericsson appears to be firming up its position against Apple. Late last month, the United States International Trade Commission (ITC) issued a new order that puts Ericsson "in great shape," according to Florian Mueller, an intellectual property expert who maintains the Foss Patents website.

Mueller argued that, at this stage, Apple is facing some serious legal setbacks, and it's possible that the iPhone vendor will reach some kind of cross-licensing patent agreement with Ericsson before the December start of a trial on the topic.

Mueller has also speculated that Apple may soon need to ink a new deal with Nokia for 5G patents also. Nokia, for its part, is working to assert its 5G patents against a range of smartphone makers. In that effort, the company recently managed to convince a German court to ban the sale of Oppo smartphones in that country in order to force Oppo to the negotiating table.

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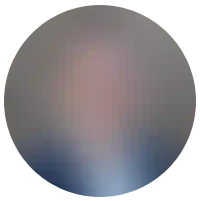

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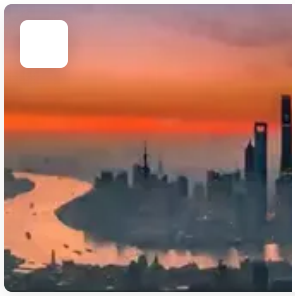

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