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BUSINESS

Huawei Reaches Technology-Licensing Deal With Nokia Despite U.S. Restrictions

Chinese firm's intellectual property remains embedded in global networks



Huawei is one of the largest holders of wireless-technology patents globally.

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By *Dan Strumpf* [Follow](#)

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HONG KONG—Huawei Technologies Co. and Nokia Corp. **NOK 0.65%** ▲ reached a deal to continue licensing smartphone and networking technology to each other, reflecting the challenges in unwinding the Chinese company's technology from global networks despite years of U.S. sanctions.

The patent-licensing agreement announced Friday between the two companies extends a five-year-old technology-sharing deal that had been set to expire this year. It comes weeks after Huawei unveiled a licensing agreement for 5G technology with Chinese smartphone rival Oppo Mobile Telecommunications Corp.

The deal underlines how embedded Huawei's intellectual property remains in global networks despite U.S. sanctions that have effectively locked it out of

numerous Western markets.

Huawei is one of the largest holders of wireless-technology patents globally and was a key player in the yearslong process of setting 5G wireless standards, essentially guaranteeing that Western companies must license its technology to build 5G networks, and vice versa.

Huawei was previously one of the world's top smartphone and networking companies until U.S. restrictions blocked the company's access to advanced chips.

Neither Huawei nor Nokia disclosed financial terms or specifics about the technologies being licensed in their deal announced Friday. Both companies are major holders of what are known as standard essential patents covering technology needed in the construction of wireless networks or gadgets used to connect to them.

Such cross-licensing agreements are common in the industry and don't typically involve money changing hands, said Hosuk Lee-Makiyama, director of the European Centre for International Political Economy, a Brussels-based think tank. Instead, they pave the way for companies to continue to sell existing products free from the threat of litigation, he added. "It's almost like a peace treaty—you agree not to sue each other," he said.

Still, Huawei has sought to leverage its large hoard of intellectual property to boost revenue as other lines of business have suffered. In 2022, the company has said it expects to generate more revenue from licensing its technologies than it pays to other companies for the second straight year.

Earlier this month, Huawei said it had reached a cross-licensing agreement with Oppo, which covered cellular patents. The company said this year it had signed or extended more than 20 patent-licensing agreements covering an array of technologies including smartphones, networking equipment and connected vehicle technology.

Over three years from 2019 to 2021, the company reported \$1.3 billion in revenue from patent licensing—a fraction of the roughly \$99 billion in revenue it generated last year. In 2021 alone, Nokia generated €1.5 billion, equivalent to \$1.6 billion, from patent licensing.

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Huawei last year reported a 29% drop in revenue, as the effects of U.S. sanctions took a toll on its smartphone business. Huawei's 5G telecom business was blocked in a number of Western countries under pressure from the U.S., which regards Huawei equipment as vulnerable to espionage or disruption by the Chinese government. Huawei has denied its equipment is a threat.

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