

Samsung Verdict May Benefit Nokia, Shares Climb

The Associated Press

Shares of Nokia Corp. surged on Monday after a Wall Street analyst said that the Finnish phone maker could benefit from the \$1 billion patent verdict against Samsung. The decision could delay technology developments for devices that, like Samsung phones, run Google Inc.'s Android operating system. That could boost Nokia's line of Windows Phone-based smartphones.

THE SPARK: A federal jury in San Jose Friday found that some of Samsung Electronics Co.'s products illegally copied features and designs from Apple Inc.'s iPhone and iPad.

THE BIG PICTURE: Nokia was the world's leading mobile phone maker for more than a decade but was overtaken by Samsung in the first quarter, according to research firm Gartner. The company has been fighting fierce competition from the iPhone and Android-based smartphones.

As part of its turnaround effort, it has based its new smartphone line on Microsoft Corp.'s Windows Phone operating system, not on the popular Android system. But sales of phones using Windows Phone have been slow.

THE ANALYSIS: The verdict against Samsung could give Nokia an edge. The Windows Phone is substantially different from Apple's iPhone operating system and hasn't landed in its legal sights, and some Wall Street analysts say that the verdict against Samsung is likely to slow growth of smartphones that run on Android.

Phones made by Samsung, HTC, LG and Motorola, now a division of Google, use Android.

In a research note published Monday, Wunderlich Securities analyst Matthew Robison echoed that outlook, saying that the \$1 billion verdict and possible punitive damages could slow or postpone Android innovation. And any damage to Android favors Nokia's smartphone business, he wrote.

Robison also assumes that smartphone features that were central in Apple's successful patent claims against Samsung will not be contested by Apple on Windows Phone products, noting that Apple and Microsoft have reached agreements on some patents.

"We believe this implies a significant positive shift in application developer sentiment toward Windows Phone," Robison wrote.

But Nokia may face increased competition from Android phones in markets outside

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the U.S., where prospects for future patent claims by Apple are more remote, Robison said.

The analyst raised his price target for Nokia to 2.50 euros (\$3.13) from 2 euros (\$2.50). He kept a "Hold" on the stock.

Nokia did not immediately respond to a message seeking comment.

SHARE ACTION: Nokia's U.S.-traded shares gained 20 cents, or 6.5 percent, to \$3.28 in afternoon trading. Shares have lost 36 percent of their value this year.

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