French court rejects call to stop wireless auction

France's highest administrative court rejected a bid by telecom operator Iliad to block the government's auction of fourth-generation mobile licenses.

Broadband provider Iliad had petitioned France's Conseil d'Etat for an emergency injunction to suspend the auction, set to begin on September 15, saying it was not fair to all telecom operators.

The auction will go ahead for now but the court said it will deliver a ruling on the merits of the case in the coming months, which could halt or alter the process.

Iliad complained that a requirement that operators pay upfront for licenses favored larger companies like France Telecom and Vivendi's SFR because of their greater financial firepower.

It wanted operators to be able to pay in installments.

The court said in a statement on Wednesday that Iliad had not proved that it would be damaged irreparably if the process went ahead.

Iliad declined to comment on the decision.

The French government aims to make at least 2.5 billion euros from the 4G auction, which will structure the competitive landscape of Europe's third-largest telecoms market for years to come.

France Telecom, SFR, Bouygues and Free will bid on a first batch of 4G licenses on September 15 and then a second bundle of better frequencies on November 15.

The 4G frequencies are crucial to allow operators to deliver fast mobile connections for customers surfing the web on tablet computers and smartphones, a lucrative and fast-growing market.

In the run-up to the auction, smaller operators Bouygues and Iliad lobbied the government to ensure that the sale did not favor the larger players and sought caps on how much spectrum any one group could buy.

Iliad shares were up 1.5 percent to 87.26 euros per share at 1131 GMT, largely in line with the Stoxx Europe Telecom index.

(Reporting by Leila Abboud; Editing by Dominique Vidalon and David Cowell)

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