

AMD sues Intel in Japan

June 30 2005

AMD Japan today filed two claims against Intel Corporation's Japanese subsidiary, Intel K.K., in the Tokyo High Court and the Tokyo District Court for damages arising from violations of Japan's Antimonopoly Act.

The suit in the Tokyo High Court seeks US\$50 million (approx. 5.5 billion yen) in damages, following on the Japan Fair Trade Commission (JFTC)'s findings in its March 8, 2005 Recommendation that Intel K.K. committed violations of the Antimonopoly Act. The JFTC Recommendation concluded that Intel K.K. interfered with AMD Japan's business activities by providing large amounts of funds to five Japanese PC manufacturers (NEC, Fujitsu, Toshiba, Sony, and Hitachi) on the condition that they refuse to purchase AMD processors. As a result of these illegal acts, AMD Japan suffered serious damages, losing all of its sales to Toshiba, Sony, and Hitachi, while sales to NEC and Fujitsu also fell precipitously. The suit in the Tokyo High Court follows Intel K.K.'s acceptance of the JFTC Recommendation. In accepting the Recommendation, Intel K.K. did not dispute the JFTC findings.

An additional suit filed at the Tokyo District Court level seeks to recover millions of dollars in damages for various anticompetitive acts in addition to what is covered in the scope of the JFTC Recommendation. These anticompetitive acts also had the effect of interfering with AMD Japan's right to engage in normal business and marketing activities.

In the complaint, AMD Japan points to the following specific examples of anticompetitive actions taken by Intel:

- Instructing a Japanese PC manufacturer to remove from its product catalog and Internet website all computer models using processors made by AMD, in exchange for providing a large amount of funds to that manufacturer;
- Putting pressure on an AMD customer that was scheduled to attend a new product launch of AMD products. The customer eventually had to cancel its attendance at the new product launch;
- Interfering with a joint promotional event being held by AMD and a customer to promote PCs using a new processor developed by AMD. Just before the promotional event was scheduled to take place, Intel purchased all the PCs that had AMD processors and replaced them with PCs using Intel processors. Intel K.K. provided a large amount of funds to this customer as an incentive to cooperate in this last-minute interference.

These acts represent only the tip of the iceberg of Intel's worldwide coercion of customers to prevent them from doing business with AMD Japan. AMD, the parent of AMD Japan, also filed suit in the United States on June 27, 2005 to stop Intel's illegal business practices.

Intel continues to refuse to acknowledge that its conduct is wrongful. Yet its anticompetitive acts, designed to restrict AMD's market share, clearly constitute an abuse of Intel's dominant position in the processor market.

“These illegal actions have restricted fair competition and narrowed the choices available to consumers in the computer market,” said David M. Uze, AMD Japan’s president and representative director. “In March of this year, the JFTC clearly found that Intel K.K. violated the law. AMD Japan hopes to bring fair and open competition in the computer marketplace, allowing consumers to have a true choice.”

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