

Intel's legal woes unlikely to hurt bottom line

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Intel's legal woes continue to mount, but despite the antitrust charges facing the world's largest chipmaker across three continents, most analysts do not expect the company to lose its top spot any time soon.

On Tuesday the Santa Clara, Calif., company confirmed four of its European offices were raided by investigators from the European Commission on charges Intel has systematically pursued monopolistic business practices. Investigators searched Intel's offices in Munich -- its European headquarters -- along with its offices in Madrid, Milan and Swindon, and in all cases they arrived unannounced at the crack of dawn. "The investigations are being carried out within the framework of an ongoing competition case," said Jonathan Todd, the commission's spokesman.

An Intel spokesman said the company provided the investigators "with thousands of pages of documents and hundreds of hours of interviews," adding that "we will continue to cooperate with the commission."

Meanwhile, rival company Advanced Micro Devices welcomed the commission's efforts to examine Intel's business practices.

"Every computer user has a strong interest in ensuring that the full truth about Intel's anti-competitive abuses is revealed and corrected," said Thomas McCoy, AMD's legal affairs and chief administrative officer, in a news release. "The European Commission dawn raids show that Intel cannot and should not escape the scrutiny of antitrust officials around the world -- nor can Intel escape the consequences of its anti-competitive

actions, which raise prices, threaten innovation and harm consumers."Of course, the Sunnyvale, Calif., company's response to the probe comes as no surprise, because AMD, too, filed a lawsuit against Intel late last month with the U.S. Federal District Court of Delaware, accusing the company of deliberately preventing computer makers from using AMD semiconductors. Specifically, it alleged Intel had coerced 38 computer manufacturers -- including Compaq, Dell and Sony -- to use its chips in return for cash payments, in addition to using discriminatory pricing practices to punish those companies that used AMD chips instead of products made by Intel.

In addition, the Japan office of ADM filed two lawsuits against Intel last month for breaking Japanese antitrust regulations and seeks to be awarded a total of \$55 million in damages. Last March, the Japanese Fair Trade Commission ruled Intel had been violating Japan's antitrust laws, and the company did not contest the ruling. Even as Intel's legal battles proceed, some analysts remained upbeat about the company's prospects.

Computer manufacturers "don't really make business decisions based on a popularity contest," said James Governor of Redmonk, a technology-industry analysis firm in London. Governor told United Press International that some manufacturers might turn against AMD rather than Intel for exposing the way business is done in the computer industry "and whining about it." Moreover, he said, it was unlikely consumers would boycott computers featuring Intel chips, no more than they stayed away from Microsoft products at the height of the software manufacturer's legal battle. Governor did, however, caution that as a result of the ongoing legal disputes Intel will likely have to beef up its legal team to deal with antitrust issues, which in turn will increase its bureaucracy. "People point to IBM, and say it's bureaucratic and slow-moving ...but that's partly in response to its antitrust issues" in the past, Governor argued.

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