

Qualcomm's dispute with Nokia heats up

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The legal team at Qualcomm is gearing up for a battle on multiple fronts. On one hand, the San Diego-based mobile communications group has filed yet another lawsuit Monday against Finland's Nokia with the U.S. International Trade Commission, alleging that the company has violated a number of patents. Over the past eight months, Qualcomm has taken legal action against Nokia a total of three times, and the company had already pressed similar charges against Nokia in Britain.

At the same time, however, Qualcomm is expected to face charges soon from the European Commission that pricing on its licensing fees have been unfair.

Qualcomm's technology is key to setting up the CDMA, or code division multiple access system, network which is critical for mobile phones. CDMA competes head-on with GSM technology, and it was a major coup for the company when European countries decided in the 1990s to adopt the CDMA system rather than GSM for third-generation mobile phones.

The problem, however, is that while Qualcomm has a lock of many of the technologies needed for CDMA, some telecom companies including Nokia as well as Ericsson and NEC have complained that the company has not adhered to its promise of licensing its patents on acceptable terms that were initially agreed upon.

For its part, though, Qualcomm has called upon the U.S. government to stop importing certain Nokia products as it argued it has been offering

Nokia licenses under fair terms, and yet the Finnish company has been declining the offers.

"Qualcomm has offered to license its essential patents for Nokia's GSM/GPRS/EDGE products under terms that are fair, reasonable and free from unfair discrimination. Nokia has refused this offer and continued to sell infringing products around the world, leaving Qualcomm no choice but to enforce its patent rights through legal proceedings," the San Diego company stated, adding that Nokia has "engaged in unfair trade practices by the importation and sale of certain mobile telephone handsets, wireless communication devices and components that infringe one or more claims of six Qualcomm patents."

While Nokia has yet to comment directly on the latest filing, one thing is clear: The current licensing agreement whereby Nokia pays royalties to Qualcomm will expire in April 2007, and the two companies will need to agree to either extend or replace that deal soon.

For its part, though, Nokia suggested that one reason Qualcomm was stepping up taking legal action was because it is beginning to lose its indisputable edge in the market.

"These repetitive legal actions, over GSM technologies that have been in the market for many years, reflect Qualcomm's concern over the current 3G UMTS patent negotiations. These actions demonstrate that the conditions applicable to ongoing negotiations between Nokia and Qualcomm have substantially changed since the early 1990's. At that time Qualcomm held a dominant patent position in IS-95 standard and was able to impose that position on the industry," Nokia said.

The investigation by U.S. authorities is expected to start in July, and Qualcomm anticipates the case to be heard by the first half of next year.

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