

SKorea fines Qualcomm 208 mln dlrs for unfair trade

July 23 2009

South Korea's antitrust watchdog Thursday fined US firm Qualcomm a record 260 billion won (208 million dollars) for violating fair competition rules by abusing its market monopoly.

The Fair Trade Commission (FTC) said it made the decision after investigating whether the mobile chipmaking giant engaged in improper business practices to bolster its market dominance.

The fine is the largest ever imposed by the watchdog on a single company.

Qualcomm expressed "deep regret" and refused to accept the ruling.

"We cannot accept the FTC's decision," the US company said in a statement, adding its business activity had been "legitimate, appropriate and competition-friendly."

The watchdog accused Qualcomm of abusing its status as market leader by demanding higher royalties from mobile phone makers which use products made by its competitors.

Qualcomm has also provided more rebates to its clients that adopt a large portion of its chipsets to consolidate its market share, it said.

The watchdog said its ruling would enhance competition in the chipset market and eventually help lower prices.

The US company, however, insisted that the FTC ruling would undermine the competitiveness of South Korean firms.

"Qualcomm has helped South Korean handset makers raise their global [market share](#)," it said.

The FTC probe stems from complaints by two US companies -- Texas Instruments and Broadcom -- as well as two smaller companies in [South Korea](#).

Broadcom withdrew its complaint after settling with Qualcomm in May.

Qualcomm retains top status in the mobile chipmaking market and owns key patents for its code division multiple access (CDMA) system, the most widely used wireless network standard in the world.

"Qualcomm owns the origin of CDMA technology and occupies around 99.4 percent in the CDMA modem chip market at home (in Korea), and has strengthened its monopolistic position through those acts," the FTC said in the statement.

South Korea is one of Qualcomm's major markets as it is home to Samsung Electronics and LG Electronics, the world's leading mobile handset manufacturers.

[Qualcomm](#) posted 3.87 billion dollars in sales from patent licensing in South Korea in 2007, which accounted for around 35 percent of its total sales that year, according to the watchdog.

South Korea is the first country to take action against Qualcomm's alleged anti-competition practices.

In 2006 the watchdog fined Microsoft 32.5 billion won for unfair

business practices. It fined Intel 26 billion won in 2008 for unfair trade practices in the domestic personal computer market.

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Citation: SKorea fines Qualcomm 208 mln dlrs for unfair trade (2009, July 23) retrieved 26 April 2024 from <https://phys.org/news/2009-07-skorea-fines-qualcomm-mln-dlrs.html>

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