

FTC expands Intel anti-competition probe, sources say

December 4 2009, By Steve Johnson

The Federal Trade Commission has broadened its investigation of Santa Clara, Calif., chipmaker Intel beyond the company's competition with Advanced Micro Devices to include at least one other Silicon Valley company, Nvidia, sources said Thursday.

The investigation has expanded to include a look at a dispute between [Intel](#) and Nvidia over a 5-year-old deal that allowed Nvidia to make certain products for Intel, sources said. The development adds another legal complication for Intel, which is fighting claims on a number of fronts that it has engaged in anti-competitive practices.

When the federal agency disclosed in June last year that it had begun investigating Intel, its probe at the time was centered on allegations that Intel's discounts to computer makers and other practices had hindered the ability of Sunnyvale, Calif.-based AMD to compete in the market for microprocessors, the brains of PCs and other devices.

Those allegations -- strenuously denied by Intel -- also had prompted the European Commission to fine Intel \$1.45 billion in May and led to antitrust investigations by other regulatory bodies, including New York Attorney General Andrew Cuomo, who accused Intel in a lawsuit last month of using kickbacks, threats and retaliation to dominate the worldwide semiconductor market.

But according to several sources, the FTC -- which is believed to be close to issuing a public statement about what it has found -- in recent

months broadened its investigation to focus on Intel's relationship with Nvidia, another chipmaker based in Santa Clara.

"We have spoken to the FTC about Intel. We can confirm that," Nvidia spokesman Hector Martinez said.

Officials with the FTC declined to comment. And when asked about the agency widening its look to include Nvidia, Intel spokesman Tom Beermann said only that "we do continue to meet with the FTC on a variety of matters and have an ongoing dialogue with them. But in terms of potential action they may be taking, we don't have any comment."

According to sources familiar with the FTC's inquiry, the regulatory agency is looking in part at a legal dispute that broke out between Intel and Nvidia earlier this year. That stems from a 2004 licensing deal Nvidia had to provide Intel with chipsets, which connect the microprocessor to a computer's memory and other devices, including the monitor, keyboard and mouse.

Recently, Intel began claiming that the deal did not apply to a new kind of chip architecture used for its Nehalem microprocessors. Nvidia disputed that assertion, and when the two companies couldn't resolve their disagreement, Intel sued Nvidia in February, asking a Delaware court to resolve the matter in its favor.

Nvidia then countersued in March, accusing Intel of engaging in "a calculated strategy to eliminate Nvidia as a competitive threat," particularly with regard to other powerful chips Nvidia sells, called graphics processing units, or GPUs, which are designed to do many tasks once done by microprocessors, also called central processing units, or CPUs.

Noting that its GPUs are designed to work with its chipsets, Nvidia

accused Intel of using the chipset dispute to essentially cut into Nvidia's sales and force computer makers to buy a GPU Intel is developing.

On Nov. 12, AMD and Intel settled a suit AMD filed in 2005, accusing Intel of using price discounts and intimidation to maintain its dominance of the microprocessor market. As part of its meetings with the FTC, Intel officials have said they have been eager to discuss the settlement with the regulatory agency. Some analysts have speculated that Intel hopes to use the settlement to forge a similar settlement with the FTC over its probe.

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