

Apple sues rival HTC as phone competition rises (Update 2)

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In this Sept. 9, 2009 file photo, Apple CEO Steve Jobs smiles during introduction at an Apple event in San Francisco. In a statement Tuesday, March 2, 2010, Jobs said, "We can sit by and watch competitors steal our patented inventions, or we can do something about it. We've decided to do something about it." (AP Photo/Paul Sakuma, file)

(AP) -- As Apple Inc.'s iPhone faces stiffer competition in the lucrative market for smart phones, the company is going after one of its main rivals with patent lawsuits claiming theft of touch screen technology and other features.

The complaints cover a slew of models made by Taiwanese phone maker HTC Corp., including the Nexus One, G1 and myTouch 3G - all using the free, rival Android mobile operating software from Google Inc. Non-Android phones include HTC's Touch series.

But consumers shouldn't worry about buying or using any of those phones. Patent cases can take months or years to resolve - sometimes longer than the life of these phones - and agreements over licensing and royalty payments often emerge.

Still, it shows Apple's get-tough strategy as significant competitors emerge.

"We can sit by and watch competitors steal our patented inventions, or we can do something about it," Apple CEO Steve Jobs said in a statement. "We've decided to do something about it."

Apple said HTC has infringed on 20 of its patents covering aspects of the iPhone's user interface and hardware.

Several relate to technology behind touch screens, including one that lets a device's screen detect more than one finger touch at a time, allowing someone to zoom in or out by spreading their fingers apart or pinching them together, for instance. Another patent refers to using sensors on a device to gather information about a user's activity or surroundings and letting the device react by, for example, lighting up.

Google, whose software powers many of the HTC phones, was not listed as a defendant.

When the iPhone first came out in 2007, it changed the smart phone landscape by introducing a stylish, easy-to-use device. Apple later followed with an application store that extended the capabilities of the

device far beyond just making phone calls, checking e-mails and surfing the Web.

Since the iPhone's debut, Apple has had a lock on much of the smart phone market, alongside Research In Motion Ltd., which makes the popular BlackBerry devices.

However, over the last year or so, more competition has emerged from such phone makers as HTC and Motorola Inc., which are rolling out smart phones that use Google's Android software. Not only do these phones appeal to consumers, but they also work on numerous wireless networks, unlike the iPhone, which is still limited in the U.S. to AT&T Inc.

In a court filing, Apple said HTC's phones improperly used Apple's patent-protected technologies without a proper license.

Apple is seeking unspecified damages and court orders to block U.S. sales of HTC's Android phones and other products that Apple says violate its patents.

The complaints were filed with the U.S. International Trade Commission, which has the power to block imports of products and parts made with contested technology, and U.S. District Court in Wilmington, Del., which can award damages and order HTC to stop sales.

In an e-mail message, HTC spokeswoman Linda Mills said the company only learned of the lawsuits on Tuesday through media reports and hasn't had time to review Apple's claims.

"HTC values patent rights and their enforcement but is also committed to defending its own technology innovations," Mills said.

Technology companies routinely file complaints against competitors over intellectual property. Apple itself faces litigation over the iPhone and other products from the Finnish cell phone maker Nokia Corp., which claims that Apple is using patented technology that helps cut manufacturing costs, shrink the size of consumer gadgets and preserve battery life. Apple responded to Nokia's complaint by filing a countersuit.

Canaccord Adams analyst Peter Misek noted that Apple has not sued that many companies in the past, so the HTC lawsuit must either be a strategic move or the result of what Apple considers a clear infringement on its patents.

If Apple prevails, HTC would face a big roadblock, In-Stat analyst Allen Noguee said.

Noguee said Apple likely waited for awhile to file the complaints because, with several devices now out, it could see a bigger financial gain in the end.

"If they pounce the first day a phone comes out that infringes on a patent then the biggest take they can have is the revenue from that one phone," he said.

Shares of Apple, which is based in Cupertino, Calif., slipped 14 cents to close Tuesday at \$208.85.

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