

EU fines Samsung, Philips and Infineon over smartcard chip cartel (Update 2)

September 3 2014, by Lachlan Carmichael



File photo taken on April 16, 2007 shows the logo of the Dutch medical and consumer electronics giant Philips at its headquarters in Amsterdam

The European Union fined Infineon, Philips and Samsung a total of 138 million euros (181 million dollars) on Wednesday for fixing the prices of smartcard chips, in its latest anti-trust case against technology firms.

The German, Dutch and South Korean companies "colluded" between 2003 and 2005 to form the cartel on the chips, which are widely used in mobile phones, bank cards and passports, the European Commission said

in a statement.

Japan's Renesas was granted immunity for revealing the existence of the cartel to the commission, which began its investigation in 2008 with raids on the companies.

Infineon Technologies AG was fined 82.7 million euros, Philips 20.1 million euros, and Samsung 35.1 million euros, with the latter having its penalty reduced by 30 percent for having cooperated with investigators.

Rejecting the allegations as "unfounded," both Infineon and Philips said they would appeal the decision.

The companies "in our view knew that their conduct was illegal," said Joaquin Almunia, the commission's vice president in charge of competition policy.

They "discussed and exchanged sensitive commercial information on pricing, customers, contract negotiations, production capacity or capacity utilisation and their future market conduct," the commission said.

Almunia added that "in this digital era smart card chips are used by almost everybody, whether in their mobile phones, bank cards or passports."

Companies producing them should be focused on being competitive, he said, adding: "If instead companies choose to collude, at the expense of both customers and end consumers, they should expect sanctions."

'Ready to appeal'

The commission said that Renesas and its joint-venture parent

companies Hitachi and Mitsububishi had avoided a fine of more than 51 million euros because it was the first to reveal the existence of the cartel to the EU.

It said that Philips "remains liable for what happened during the period of infringement" even though it has since divested its smart card chips business.

Anyone harmed by the cartel may seek damages before the courts of the European member states, the commission said.

Infineon said from its base in Neubiberg, Germany, that it will review the decision and is "ready to appeal" at the General Court of the European Union in Luxembourg.

It said it had conducted its own thorough probe and "concluded that none of its personnel acted improperly in handling competitively sensitive information" about smartcard chips.

In Amsterdam, senior Philips press officer Steve Klink told AFP that his company would appeal the decision as "we firmly believe that claims of anti-competitive behaviour by the former Philips smart card chips business are unfounded."

The EU has previously fined US computer chip giant Intel 1.06 billion euros for abusing its dominant market position.

In another case, following accusations it was squeezing out competitors in Europe's search market, Google, the world's largest search engine, reached a tentative deal with the Commission in which it would display rivals' links more prominently and avoid a fine of up to five billion euros.

Brussels launched its investigation of Google in November 2010 following a complaint by several companies, including Microsoft.

The case remains open as Almunia said his staff were "now analysing the responses" to the deal with Google that were received over the summer from 18 of the 20 plaintiffs.

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