

Billions at stake as Apple vs Qualcomm trial begins

April 16 2019, by Julie Charpentrat



An iPhone 6S: a battle between Apple and chip-maker Qualcomm over royalties and access to patents is playing out in a US court in San Diego

How much are iPhone chips worth? That more or less is the question to be decided by a US court as Apple seeks billions in damages from

former chip supplier Qualcomm.

Since Apple originally filed suit in January 2017, the two US firms have been suing each other in multiple countries in a multi-front battle.

At the heart of the battle are the royalties Qualcomm charges for its patented chips, which enable smartphones to connect to mobile networks.

Apple accuses Qualcomm, which holds the most patents for chips, of taking advantage of its [dominant position](#) to charge exorbitant amounts for its chips or access to its patents.

The iPhone maker refuses to pay up and is also seeking what could be billions of dollars in compensation.

Qualcomm denies the allegations and accuses Apple of abusing its position and of taking [legal action](#) to negotiate prices down.

After jury selection in the San Diego [federal court](#), arguments are expected to begin Tuesday. Apple chief Tim Cook and Qualcomm's CEO Steve Mollenkopf are both expected to appear during the trial, which is set to last around a month.

The stakes are high for Qualcomm, which earns a significant chunk of its revenue from royalties paid by manufacturers for its patented technology.

"In order to purchase Qualcomm chips or obtain access to patents pledged to a cellular standard, Qualcomm demands that third parties pay Qualcomm a royalty much greater than the value of Qualcomm's contribution to the standard," Apple argues.

"What this means in the case of the iPhone is that when Apple engineers create a revolutionary new security feature such as touch ID, which enables breakthrough technologies like Apple Pay, Qualcomm insists on royalties for these and other innovations it had nothing to do with and [royalty payments](#) go up," it said.

"Even when Apple sells an iPhone with added memory—256GB instead of 128GB—Qualcomm collects a larger royalty just because of that added memory," according to the company, which claims it has been overcharged by "billions of dollars."

Contradictory rulings

Following its initial US lawsuit, Apple filed two more suits in China on the same basis. Qualcomm counter-sued.

Also in early 2017, the US Federal Trade Commission sued Qualcomm for alleged antitrust law violations in the sale of certain components and licenses to smartphone makers, including Apple.

In April 2017, it was forced to pay \$815 million to Canada's Blackberry in a royalties dispute.

And since 2015, through both convictions and settlements, it has paid high antitrust fines in China, South Korea, Taiwan and the European Union.

The Apple-Qualcomm spat has also led to reciprocal patents complaints. While Apple claims some of Qualcomm's patents aren't valid, Qualcomm accuses Apple of violating them—and has sought to ban iPhone sales or imports in several countries, including the US.

This has led to contradictory legal rulings. In March, a US court ruled in

Apple's favor, a few hours after a judge of the same court ordered a partial ban of iPhone imports.

That decision is awaiting review by a panel of judges and then possibly US President Donald Trump because iPhones don't directly compete with any Qualcomm products.

A few days earlier, Qualcomm won a point as Apple was ordered to pay \$31 million for [patent](#) infringement.

Meanwhile, by the end of 2018, Qualcomm had secured a ban on the sale of certain iPhones in China and Germany—again for patent violations—but Apple may still appeal.

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