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European Commission's continuing investigation of Qualcomm is welcomed

(October 1, 2007) – Broadcom, Ericsson, NEC, Nokia, Panasonic Mobile Communications and Texas Instruments welcome the continuation of the investigation by the European Commission into complaints regarding anti-competitive practices by Qualcomm. While each company has made an individual complaint, they share concerns about Qualcomm's practices. The companies believe that these practices are harmful to the mobile telecommunications industry globally and, in particular undermine confidence in standards-setting processes, threaten the supply of WCDMA chipsets, impede innovation, and raise the costs of third-generation (3G) technology and handsets. As a result, carriers and consumers face higher prices and fewer choices.

The complaints refer to Qualcomm's breach of European Union (EU) competition law and failure to meet the commitments it made to international standard-setting organisations that it would license its declared essential patents on fair, reasonable and non-discriminatory terms. Without these commitments, WCDMA technology would not have been commercially implemented as part of the UMTS 3G standard in Europe and elsewhere. The companies alleged that Qualcomm has violated EU competition rules by charging disproportionate and discriminatory royalties for its declared WCDMA essential patents. They also stated that Qualcomm violates those rules by trying to exclude competing manufacturers of chipsets for mobile phones from the market and to prevent others from entering. These actions, in addition to breaching the European Union's competition law, are in breach of Qualcomm's commitments to standard-setting bodies.

The Commission has decided to allocate priority to the continuing investigation following the lodging of the complaints in October 2005. The companies welcome this decision and confirm their continued cooperation with the European Commission.

Note to editors: The following quotes about the EC's decision are from each of the companies that filed formal complaints.

Broadcom: ""Broadcom welcomes the Commission's decision to continue its investigation of Qualcomm's practices. The decision underscores the significant policy issues at stake and the importance of ensuring the future viability both of industry standards-setting processes and of a level playing field for competing providers of chipsets and intellectual property in the 3G space, which Qualcomm's conduct otherwise threatens to undermine. We believe that the EC plays an important role, in our case and others, in ensuring conditions where fair competition helps promote product innovation and technology advancements that ultimately benefit consumers in Europe and throughout the world. The decision demonstrates Europe's continuing desire to foster a competitive environment that will stimulate continued growth in the global information economy." -- David A. Dull, Senior Vice President, Business Affairs, and General Counsel, Broadcom Corporation.

Ericsson: "The success of a standard depends on the essential patent holders honouring their FRAND commitments. In this case, a single patent holder -- Qualcomm -- is charging royalty rates much higher than other essential patent owners. If the other patent holders were to do as Qualcomm is doing, royalties could raise the cost of WCDMA handsets considerably -- thus raising the prices to consumers. Ericsson is pleased the Commission has decided to continue its investigation of this case." -- Kasim Alfalahi, Vice President, Patent Licensing, Ericsson.

NEC: "NEC welcomes the European Commission's continuation of its investigation as a step forward in solving the issues raised by Qualcomm's anti-competitive business practices. NEC will continue to cooperate fully with the investigation by the European Commission." -- Hideyuki Ogata, Vice President, Intellectual Asset Management Unit, NEC Corporation.

Nokia: "The proper functioning of standardization requires that companies whose patented technology is adopted into a standard commit to licence these patents on fair, reasonable and non-discriminatory terms. Breaking these commitments compromises the whole standardization process, stifles innovation and harms consumers. We welcome the European Commission's continuation of the investigation into Qualcomm's business conduct." -- Tero Ojanpera, Chief Technology Officer, Nokia.

Panasonic: "Panasonic Mobile Communications fully supports the European Commission's investigation into Qualcomm's anti-competitive behaviour and disproportionate royalty rates in the mobile telecommunications sector. It is essential for both current and future standards that companies which commit to license their technologies on fair, reasonable and non-discriminatory terms adhere to those commitments." -- Yoshiaki Tokuda, Director, Intellectual Property Center, Panasonic Mobile Communications Co., Ltd.

Texas Instruments: "We commend the Commission for deciding to continue its investigation. TI attaches great importance both to IP protection and to the creation of open standards. Where leading technology companies have agreed to contribute intellectual property and inventive genius to a standard, there is no room for exclusionary and discriminatory practices." -- Joseph F. Hubach, Senior Vice President and General Counsel, Texas Instruments Incorporated.