

Antitrust: Commission initiates formal proceedings against Qualcomm

On 30 August 2007, the Commission decided to initiate proceedings within the meaning of Article 11(6) of Regulation No 1/2003 and Article 2(1) of Regulation No 773/2004.

The present investigation concerns an alleged infringement of Article 82 EC by Qualcomm Inc -, a US chipset manufacturer and holder of IP rights in the CDMA and WCDMA standards for mobile telephony - and results from separate complaints lodged by six European, US and Japanese mobile phone and/or chipset manufacturers.

The WCDMA standard forms part of the 3G (third generation) standard for European mobile phone technology (also referred to as "UMTS").

The complaints allege that Qualcomm's licensing practices are not Fair, Reasonable and Non-Discriminatory ("FRAND") and therefore may breach EC competition rules.

The complaints also allege that charging non-FRAND royalties could lead to final consumers paying higher handset prices, a slower development of the 3G standard, and all the related negative consequences for economic efficiency associated with inhibited growth of the standard. The alleged behaviour could also negatively affect the standard setting process more generally as well as the adoption of the future 4G standard.

This initiation of proceedings does not imply that the Commission has proof of an infringement. It only signifies that the Commission will further investigate the case as a matter of priority.