

Qualcomm ban felt industry-wide

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SAN DIEGO — Santa's bag could be missing millions of cell phones this holiday season, if a ban holds on new models of phones with chips from Qualcomm Inc. Qualcomm hopes to persuade the Bush administration to overturn Thursday's ruling by the U.S. International Trade Commission.

The ruling involving a patent held by Broadcom Corp. permits handset models already on the market as of Thursday with the chips to continue entering the U.S.

"This industry comes out with new models almost every week," said Nancy Stark, a spokeswoman for Verizon Wireless. "Innovation will come to a trickle if future models are not allowed."

The administration has 60 days to make a decision. Even though Qualcomm has open support from members of Congress and people within the administration, it faces an uphill battle.

Lawyers who handle patent cases said presidents have overturned only five decisions issued by the agency since 1974, and the last time was in the mid 1980s.

"Just looking at the odds, it's unlikely" Bush will disapprove of the ban, said lawyer Jim Adduci of Adduci, Mastriani & Schaumberg.

Qualcomm also plans to ask a federal appeals court to block the order. And it's working to develop chips that do not depend on Broadcom's patent, but Edward Snyder, an analyst at Charter Equity Research, estimated that may take up to two years.

Broadcom, based in Irvine, California, said it's trying to protect its rights as a patent owner, and is open to talks about licensing its technology. But Qualcomm General Counsel Lou Lupin said the two sides have been in talks for two years and have "irreconcilable differences."

If upheld, the ban will apply to about 4.2 million phones encompassing 11 models, according to Tina Teng, an analyst at iSuppli Corp. research firm. That would represent less than 5 percent of North American phone shipments, she said.

Hardest hit among manufacturers would be LG Electronics, Samsung Electronics and Motorola. Nokia would be almost unscathed.