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Apple accuses Qualcomm of employing extortion, price-gouging and other monopolistic practices-- and as a result the iPhone maker is filing a $1 billion lawsuit against the semiconductor giant.



The lawsuit is filed in US District Court for the Southern district of California, and claims Qualcomm overcharges for chips and refuses to pay $1bn in promised rebates on "exclusivity or de facto exclusivity from Apple." It adds Qualcomm withheld the rebates because Apple is in discussions with the S. Korean antitrust regulator, the Korea Fair Trade Commission.

"If that were not enough, Qualcomm then attempted to extort Apple into changing its responses and providing false information to the KFTC in exchange for Qualcomm's release of those payments to Apple. Apple refused," the lawsuit reads.

Another accusation states Qualcomm refuses to license "essential patents," or technology required to be licensed broadly and on "reasonable" terms, in order to prevend rival manufacturers from making the chips. Apple also says Qualcomm demands the payment of a separate licensing fee as part of a "no license, no chip" policy, and network carriers are pressured by Qualcomm not to sell or support Apple devices featuring Intel chipsets.

In turn Qualcomm describes the lawsuit is "baseless," and "Apple has been actively encouraging regulatory attacks on Qualcomm’s business in various jurisdictions around the world, as reflected in the recent KFTC decision and FTC complaint, by misrepresenting facts and withholding information."

The aforementioned "recent KTFC decision" involves a $854 million fine for unfair licensing practices. Qualcomm also had to cough up a $975m fine in China back in February 2015, and it has been accused of unfair practices by the EU in December 2015.

Qualcomm supplies smartphone modems to both Apple and Samsung, meaning it essentially has the grip on the entire mobile market. However Apple has been trying to move away from Qualcomm to Intel modems, something that'd undoubtedly hurt its bottom line, even if Qualcomm insists it can "has been able to manage through (the Apple contract loss) pretty well" thanks to the Samsung contract.

Go Apple vs Qualcomm

Go Apple Files $1bn Lawsuit Against Chip Supplier Qualcomm (Reuters)