

**Statement of Commissioner Rohit Chopra
on the Ruling by Judge Lucy Koh in
*Federal Trade Commission v. Qualcomm Incorporated***

May 22, 2019

The public grants intellectual property protections to promote innovation. But when companies abuse these benefits conferred by the public, they must be held accountable.

Today's decision is a huge victory for every consumer who uses a smartphone and every American who believes in competitive markets. A court of law has found that Qualcomm engaged in illegal practices to rig the market in its favor. This is not just anticompetitive, but also an assault on our core values of fair competition in the economy. The potential harm from abusive intellectual property licensing practices can even damage our country's national security interests.

Qualcomm makes modem chips, a key component of every smartphone in the market today. Modem chips allow smartphones to communicate with cellular network equipment using industry standards like 4G LTE. Without the standardized technology in modem chips, our smartphones would not be able to communicate with one another. Qualcomm agreed to license its modem chips on fair, reasonable, and non-discriminatory terms when it was selected to be the industry standard.

Rather than abiding by these terms, Qualcomm illegally exploited its position to maintain its modem chip monopoly. The company cut off competition by refusing to license to other chipmakers and then strong-armed licensees into paying excessive fees by imposing a "no license, no chip" requirement.

The FTC sued Qualcomm for abusing and distorting the competitive process with these illegal practices. This decision affirms that Qualcomm broke the law and sets the stage for jumpstarting competition in modem chip markets at a critical moment. Qualcomm's customers and competitors will finally be able to negotiate licenses without the threat of having Qualcomm cut off their chip supply.

It is not every day that government agencies take a powerful corporation like Qualcomm to trial. The FTC's litigation team worked tirelessly to hold Qualcomm accountable, even working without pay during the trial that took place during the government shutdown.

This decision lays the foundation for buyers of smartphones and other connected devices to see the benefits of competition for many years to come.