

In re Qualcomm Inc. Securities Litigation

COURT: U.S. District Court for the Southern District of California
CASE NUMBER: 3:17-cv-00121-JAH-WVG
JUDGE: Hon. John A. Houston
CLASS PERIOD: 02/01/2012 - 01/20/2017
CASE CONTACTS: Salvatore J. Graziano, Jeroen van Kwawegen, Jonathan D. Uslaner, Richard D. Gluck, Rebecca E. Boon, Lauren M. Cruz, Kyle Panton, Laura Lefkowitz, Alex Dickin

This is a securities fraud class action filed on behalf of all purchasers of Qualcomm Incorporated (“Qualcomm” or the “Company”) common stock from February 1, 2012 through January 20, 2017, inclusive (the “Class Period”), alleging claims pursuant to Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against Qualcomm and certain of its executive officers.

The initial class action complaint in this matter was filed on January 23, 2017. On May 4, 2017, the Court issued an Order appointing Sjunde AP-Fonden (“AP7”) and Metzler Asset Management GMBH (“Metzler”) as Lead Plaintiffs, and approving their selection of BLB&G and Motley Rice as Lead Counsel for the Class. On July 3, 2017, the Lead Plaintiffs filed their Consolidated Class Action Complaint For Violation Of The Securities Laws (the “Complaint”).

As alleged in the Complaint, this action concerns Qualcomm’s false representation that it licensed its standard-essential patents on a non-discriminatory basis to the entire cellular communications industry. Rather than abide by that representation—one it made repeatedly to industry participants, standard-setting bodies, and investors—Qualcomm and its top executives decided instead to exploit the Company’s position as the holder of the industry’s standard-essential patents to suppress competition, drive its rivals out of business, and extract supra-competitive royalties. To that end, in 2008, prior to the Class Period, Qualcomm and its top executives amended the Company’s well-established licensing policies, began refusing to offer licenses to standard-essential patents to competing chipmakers, and doled out royalty relief to mobile phone manufacturers that agreed to largely or exclusively purchase Qualcomm’s chipsets. These undisclosed, highly exclusionary practices succeeded: within just seven years of the undisclosed change in its licensing policy, Qualcomm’s revenues from chipset sales tripled, rising by approximately \$10 billion, and virtually all competition was defeated.

However, anti-competition regulators across three continents have recently charged or found Qualcomm liable for violating competition laws based on its blanket refusal to license its standard-essential patents to competitor chipmakers and other unfair and discriminatory conduct. One of those regulators, the Korean Fair Trade Commission (“KFTC”), recently levied a record fine approaching \$1 billion and issued a detailed and damning order condemning Qualcomm’s multi-year effort to eliminate competition. And another regulator, the United States Fair Trade Commission (“FTC”), recently brought a similar enforcement action to enjoin Qualcomm’s anti-competitive licensing model. Qualcomm’s investors, including Lead Plaintiffs and the investor Class, have likewise suffered. These revelations of Qualcomm’s clear-cut anti-competitive practices dealt a swift and severe blow to the value of the Company’s shares, causing Qualcomm’s stock price to plummet 33% during the Class Period, erasing over \$32 billion in shareholder value.

Defendants filed their motion to dismiss the Complaint on September 1, 2017. On March 18, 2019, the Court denied Defendants’ motion to dismiss. The Magistrate Judge assigned to the case set a schedule for the case, which includes a deadline of March 3, 2020 for the completion of fact discovery. The case proceeded to discovery.