Ericsson Files Patent Claim Against Samsung

Ericsson, the world's largest maker of mobile network infrastructure, filed suit against Samsung Electronics Co. Tuesday in U.S. District Court for the Eastern District of Texas for allegedly infringing its mobile-technology patents after the two companies failed to agree on licensing terms.

Kasim Alfalahi, Ericsson's chief intellectual property officer, said Samsung has refused to renew a licensing deal covering "hundreds" of Ericsson's patented innovations within several wireless technologies, such as fourth-generation Long-Term Evolution, and Wi-Fi technology.

"We have more than 100 cross-licensing agreements with various companies in the telecom industry. All the large consumer-electronics companies apart from Samsung have signed licensing agreements with us," Mr. Alfalahi said.

Samsung issued a statement Tuesday saying that it "has faithfully committed itself to conducting fair and reasonable negotiations with Ericsson over the past two years, but Ericsson has demanded prohibitively higher royalty rates to renew the same patent portfolio.

"As we cannot accept such extreme demands, we will take all necessary legal measures to protect against Ericsson's excessive claims."

Samsung, the world's largest maker of mobile phones, is embroiled in patent litigation with Apple Inc. across the globe. In August, a U.S. federal jury awarded Apple damages of more than $1 billion, ruling that Samsung violated Apple patents related to the design of the iPhone and the iPad tablet computer.

Ericsson's complaint is that Samsung is seeking to drastically reduce the fee it pays Ericsson to license patents held by the Swedish company that are essential parts of global standards for the industry, according to the court filings. This would give Samsung an unfair competitive advantage over competitors who have licensed Ericsson's patents, the Swedish company said.

Samsung previously signed two large cross-licensing agreements with Ericsson, the first in 2001 and later in 2007, according to Ericsson. The latest of the licensing agreements expired last year, and Ericsson said two years of negotiations have failed to reach a deal.

Ericsson's patent chief said the company is keen to uphold its obligation to provide its industry-essential patents to mobile device makers under so-called fair, reasonable and nondiscriminatory terms. "We have turned to litigation as a last resort," Mr. Alfalahi said.

Mr. Alfalahi said he hopes that the lawsuit will prompt Samsung to enter a cross-licensing deal with Ericsson on fair terms. Ericsson is also seeking damages for the period over which Samsung has lacked a patent agreement with Ericsson.

The Swedish company said in the lawsuit that Samsung has sold "hundreds of millions of unlicensed cellular handsets, smartphones, tablet computers, and televisions" since its agreement with Ericsson expired last year. These include the hugely successful flagship Galaxy S III smartphone, which has sold more than 30 million units since it launched in May.

Ericsson is the world's largest maker of mobile network equipment by market share and currently has more than 30,000 patents. Approximately 15% of Ericsson total costs are spent on research and development and the company has said that it is the No. 1 holder of essential patents for both third- and fourth-generation wireless technology, and holds a quarter of all relevant patents for LTE technology.

Ericsson's revenue from patent licensing has increased markedly in recent years. Last year, Ericsson's revenue from intellectual property rights totaled 6.2 billion Swedish kronor ($938 million), up from 4.6 billion kronor in 2010. The company has stated on several occasions that it is actively seeking to capitalize on its large patent portfolio as more and more consumer-electronic products are equipped with wireless data chips.

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