

Intel Faces Another Antitrust Class Action

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Friday, Jan 18, 2008 --- An Idaho law firm filed a purported class action on Thursday against Intel Corp. on behalf of Intel's customers, alleging the company has illegally obtained and enforced a monopoly in the processor market.

Seiniger Law Offices PA filed the complaint in the U.S. District Court for the District of Idaho on behalf of itself and everyone in the U.S. who has purchased a processor from Intel's ubiquitous x86 line of chips, used in nearly all computers, directly or indirectly from Intel, since June 2001.

"Intel holds a monopoly in a market critical to our economy: microprocessors that run the Microsoft Windows and Linux families of operating systems (the 'x86 microprocessor market)," the complaint said. "Intel dominates the x86 microprocessor market, with a market share greater than 80% measured by unit volume and greater than 90% measured by revenue."

The complaint traced Intel's dominance in the market to the early 1980s, when Intel entered into a deal with its chief rival, Advanced Micro Devices Inc., to supply x86 chips to IBM Corp. By making AMD a second source of the chips, the companies allayed IBM's misgivings about relying on a single supplier, according to the complaint.

However, the complaint said, Intel soon deliberately broke the deal with the intention of becoming the sole supplier. Since then, the company has worked aggressively to secure a monopoly, the complaint said.

The firm charges that Intel "has engaged in a series of anti-competitive acts that were designed to, and did, stifle and eliminate competition in, and prevent entry into, the x86 Microprocessor Market."

"These anti-competitive acts have foreclosed consumer choice and allowed Intel to charge inflated prices for its products," the complaint said.

Those acts, the complaint said, include a "system of discriminatory, retroactive, first-dollar rebates triggered by purchases at such high levels as to have the practical and intended effect of denying customers the freedom to purchase any significant volume of processors from AMD and others."

Intel has also threatened retaliation against purchasers for switching to AMD systems and coerced them into boycotting AMD product launches, the complaint said.

“Intel’s economic coercion of customers extends to all levels – from large computer-makers like Hewlett-Packard and IBM to small system-builders to wholesale distributors to retailers such as Circuit City,” the complaint said. “All face the same choice: accept conditions that exclude AMD’s and others’ products or suffer discriminatory pricing and competitively crippling treatment.”

The plaintiffs are asking for an injunction forcing Intel to end its alleged anti-competitive behavior, and monetary damages for the class of customers.

In July, the judge overseeing a consumer action filed against Intel in Delaware refused a bid by Intel to dismiss the case, which claims the tech giant engaged in unlawful, anti-competitive behavior in order to secure a monopoly in the U.S. microprocessor market.

Judge Joseph Farnan had left the complaint, which was first filed in its amended form in May 2006, largely intact after considering Intel’s motion to dismiss.

Farnan ruled the indirect purchasers, who claim monetary harm due to artificially inflated prices, had sufficiently pleaded antitrust injury.

Intel is also fighting antitrust litigation brought by rival chip maker Advanced Micro Devices. The companies have been engaged in a discovery dispute for more than a year, and the process is far from over. The trial date has been pushed back to early 2009.

The microprocessor giant is also facing scrutiny by competition regulators in Japan, Korea and the EU, and is being probed for anti-competitive activity by New York’s attorney general.

A representative for Intel could not immediately be reached for comment on Friday.

The Delaware class is represented by Prickett, Jones & Elliott PA; Cohen, Milstein, Hausfeld & Toll PLLC; The Furth Firm LLP; Hagens Berman Sobol Shapiro LLP and Saveri & Saveri Inc.

That case is *In re Intel Corp Microprocessor Antitrust Litigation*, case number 05-441, in the U.S. District Court for the District of Delaware.

Seinger Law Offices is represented by Gordon Law Offices. Counsel for Intel in the Idaho action could not immediately be identified.

The Idaho case is *Seinger Law Offices PA et al. v. Intel Corp.*, case number 1:08-cv-00031, in the U.S. District Court for the District of Idaho.