

AMD Hauls Intel Back to Court

By *srlinuxx*

Created 28/06/2005 - 12:02pm

Submitted by srlinuxx on Tuesday 28th of June 2005 12:02:30 PM Filed under [Legal](#) [1]

Opening a new round of hostilities in one of Silicon Valley's longest-running legal feuds, Advanced Micro Devices on June 27 filed suit against chip giant Intel for a series of alleged antitrust violations AMD says are aimed at crippling the smaller chipmaker.

In a sharply worded 48-page complaint, AMD claims that Intel has engaged in an aggressive, global campaign to shut out or severely limit AMD's participation in the microprocessor market. The methods Intel has used, according to the complaint, include hundreds of millions of dollars in rebates, discounts, and marketing funds to drive computer makers, distributors, and retailers into exclusive or near-exclusive deals with Intel.

In one case, AMD says Toshiba stopped using AMD chips in 2001 because doing business with the chipmaker would "jeopardize Intel market development funds estimated to be worth \$25 million to \$30 million per quarter." In 2002, Hewlett-Packard said it would be willing to use AMD chips only if AMD paid the computer maker \$25 million each quarter to compensate for the expected retaliation from Intel, the suit contends.

Intel also applied intense personal pressure on executives who contemplated breaking ranks, AMD alleges. The complaint says Craig Barrett, Intel's former chief executive and now chairman, flew to Taiwan in September, 2003, when he heard that Acer was planning to publicly support the launch of a new AMD chip for laptop and desktop computers. He allegedly told Acer's chairman and CEO that the company would suffer "severe consequences" if it participated in AMD's launch. Ultimately, Acer withdrew from the publicity events.

AMD is seeking unspecified damages in the suit, filed in U.S. District Court in Delaware. But the Sunnyvale (Calif.) chipmaker says financial payments are much less important than forcing Intel to stop its monopolistic practices. AMD contends that Intel's behavior has resulted in higher PC prices, fewer choices, and a decline in innovation.

"It has become clear that the industry needs us to do this," says Hector Ruiz, AMD chief executive. "Around the world people will be happy we're putting this on the table. They may not come out and say it. But there's no doubt in my mind."

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