

Qualcomm gains on surprise court victory

Analysts cheer ruling but note that company still faces 'legal overhang'

By [Dan Gallagher](#), MarketWatch

Last Update: 12:21 PM ET Sep 13, 2007

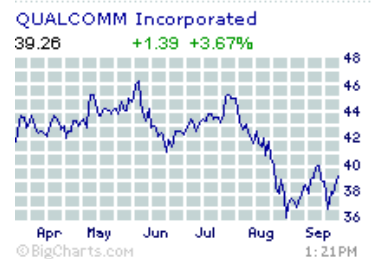
SAN FRANCISCO (MarketWatch) -- After suffering a string of losses in its numerous legal battles with rivals, investors for Qualcomm Inc. got some good news late Wednesday when the wireless company landed a ruling that will allow device makers to import handsets containing the company's chipsets.

Several Wall Street analysts -- who have remained bullish on the shares despite the mounting legal setbacks -- seemed to breathe a sigh of relief, but noted that the company still faces many more hurdles in its ongoing patent battle with rival Broadcom Inc.

"We believe the market had discounted the possibility of this stay, and as such we view this as positive news," Brian Modoff of Deutsche Bank wrote in a note to clients.

He added that the ruling "marks merely one more step in an ongoing legal process, which we expect to drag on for some time."

Shares of Qualcomm (QCOM) traded as high as \$39.60 after Thursday's opening bell, up 4.6% from the previous close. The stock cooled later, trading at \$39 by midday.



Qualcomm shares have slipped more than 20% since peaking above the \$47 mark in mid-May.

ITC injunction stayed

Late Wednesday, a ruling by the U.S. Court of Appeals for the Federal Circuit granted a stay on an injunction imposed by an earlier ruling from the International Trade Commission. The ITC ruling had banned the import of wireless handsets containing Qualcomm's chipsets on the grounds that the company's products had been found to infringe on patents held by Broadcom ([BRCM](#)) .

Specifically, the stay issued by Circuit Judge Haldane Mayer maintains the ban on Qualcomm's chips but allows device makers such as Motorola, Samsung and LG Electronics to import phones containing the chips.

The handset makers, which had filed papers supporting Qualcomm's request for a stay, "have shown a substantial case on the merits," Mayer wrote in the ruling.

He denied Qualcomm's request for a stay on the order banning the chipsets themselves, but analysts pointed out that this will not affect the company much, as most handsets are assembled outside the U.S.

Analysts say 'finally'

Qualcomm has suffered a string of losses in its legal battles of late. In addition to the ITC ruling in June, the company has lost other patent infringement disputes with Broadcom. A San Diego judge ruled last month that the company had engaged in "litigation misconduct" in one of its Broadcom trials for failing to produce certain documents in the discovery process.

Last week, Qualcomm lost another ruling when the U.S. Court of Appeals ruled that an antitrust case brought by Broadcom could proceed in a New Jersey district court.

Qualcomm is also engaged in patent disputes with wireless handset giant Nokia, which is pushing for more favorable royalty rates on upcoming devices.

"While we believe that Broadcom has had the upper hand in many of the decisions thus far, it is unclear at this point if last night's decision will affect the other patent cases," Tim Long of Banc of America Securities wrote in a note Thursday regarding the stay of the ITC injunction.

Hasan Imam of Thomas Weisel said the stay of the ITC ruling shows that -- despite recent events -- Qualcomm will win some of its legal battles, though the overall outcome for the disputes is still unclear.

"Given that the stock is currently discounting a worst case scenario and trading at historically low multiples relative to the company's strong business fundamentals, we believe the stock offers upside," he wrote. ■

Dan Gallagher is MarketWatch's technology editor, based in San Francisco.

[Site Index](#) | [Archive](#) | [Help](#) | [Feedback](#) | [Membership](#) | [Premium Products](#) | [RSS](#) | [Podcasts](#) | [Company Info](#) | [Advertising Media Kit](#) | [Dow Jones Client Solutions](#)

The Wall Street Journal Digital Network:

[WSJ.com](#) | [Barron's Online](#) | [BigCharts](#) | [Virtual Stock Exchange](#) | [All Things Digital](#) | [MarketWatch Community](#)
[CareerJournal.com](#) | [CollegeJournal.com](#) | [OpinionJournal.com](#) | [RealEstateJournal.com](#) | [WSJ.com Entrepreneur](#)

MarketWatch

Copyright © 2007 MarketWatch, Inc. All rights reserved.

By using this site, you agree to the [Terms of Service](#) and [Privacy Policy](#) (updated 6/26/07).



Intraday data provided by [Comstock](#), a division of Interactive Data Corp. and subject to [terms of use](#). Historical and current end-of-day data provided by [FT Interactive Data](#). More information on [NASDAQ traded symbols](#) and their

Qualcomm gains on surprise legal victory - MarketWatch

current financial status. Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges. Dow Jones IndexesSM from Dow Jones & Company, Inc. SEHK intraday data is provided by Comstock and is at least 60-minutes delayed. All quotes are in local exchange time.