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# Qualcomm Files Breach of Contract Complaint against Apple's Manufacturers for Non-Payment of Royalties

## -- Apple Instructs Manufacturers to Stop Paying Qualcomm --

SAN DIEGO, May 17, 2017 /PRNewswire/ -- Qualcomm Incorporated (NASDAQ: QCOM) today filed a complaint in the United States District Court for the Southern District of California against FIH Mobile Ltd. and Hon Hai Precision Industry Co., Ltd., (together known as Foxconn), Pegatron Corporation, Wistron Corporation, and Compal Electronics, Inc., the four manufacturers of all Apple iPhones and iPads sold worldwide, for breaching their license agreements and other commitments with Qualcomm and refusing to pay for use of Qualcomm's licensed technologies. Qualcomm seeks an order that would require the defendants to comply with their long-standing contractual obligations to Qualcomm, as well as declaratory relief and damages.

Despite a long history of consistently paying royalties under their license agreements with Qualcomm, the manufacturers now are refusing to pay royalties on the Apple products they produce. While not disputing their contractual obligations to pay for the use of Qualcomm's inventions, the manufacturers say they must follow Apple's instructions not to pay. The license agreements with the manufacturers in many cases were entered into before Apple sold its first iPhone and Apple is not a party to the agreements. Further, the defendants are continuing to pay Qualcomm royalties for use of Qualcomm's technology in non-Apple products, under the very same agreements that apply to the Apple products. Qualcomm has already filed a separate claim against Apple for its unlawful interference with the license agreements between Qualcomm and these manufacturers.

"It is unfortunate that we must take this action against these long-time licensees to enforce our agreements, but we cannot allow these manufacturers and Apple to use our valuable intellectual property without paying the fair and reasonable royalties to which they have agreed," said Don Rosenberg, executive vice president and general counsel of Qualcomm. "As Apple continues to collect billions of dollars from consumer sales of its Qualcomm-enabled products, it is using its market power as the wealthiest company in the world to try to coerce unfair and unreasonable license terms from Qualcomm in its global attack on the company. Our license agreements with Apple's manufacturers remain valid and enforceable. The manufacturers must continue to live up to their obligations under these agreements and Apple should immediately cease its tortious interference."

### About Qualcomm

Qualcomm's technologies powered the smartphone revolution and connected billions of people. We pioneered 3G and 4G – and now we are leading the way to 5G and a new era of intelligent, connected devices. Our products are revolutionizing industries, including automotive, computing, IoT, healthcare and data center, and are allowing millions of devices to connect with each other in ways never before imagined. Qualcomm Incorporated includes our licensing business, QTL, and the vast majority of our patent portfolio. Qualcomm Technologies, Inc., a subsidiary of Qualcomm Incorporated, operates, along with its subsidiaries, all of our engineering, research and development functions, and all of our products and services businesses, including, our QCT semiconductor business. For more information, visit Qualcomm's website, OnQ blog, Twitter and Facebook pages.

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