

# Apple infringed three Qualcomm patents, jury finds

STEPHEN NELLIS & JAN WOLFE  
16 March

Mobile phone chip supplier Qualcomm Inc on Friday won a legal victory against iPhone maker Apple Inc, with a jury in federal court in San Diego finding that Apple owes Qualcomm about \$31 million for infringing three of its patents.

Qualcomm last year sued Apple alleging it had violated patents related to helping mobile phones get better battery life. During an eight-day trial, Qualcomm asked the jury to award it unpaid patent royalties of up to \$1.41 per iPhone that violated the patents.

The \$31 million penalty is small change for Apple, the second most valuable U.S. company after Microsoft Corp, with a market value of \$866 billion and annual revenue totaling hundreds of billions of dollars. But the setting of a per-phone royalty rate for Qualcomm's technology gives the chip supplier a fresh line of attack in its two-year old legal battle with Apple.

The biggest case, filed by Apple in early 2017, begins in April. Apple has sought to dismantle what it calls Qualcomm's illegal business model of both licensing patents and selling chips to phone makers. Qualcomm has accused Apple of using its technology without paying.

"The technologies invented by Qualcomm and others are what made it possible for Apple to enter the market and become so successful so quickly," Don Rosenberg, Qualcomm's general counsel, said in a statement. "We are gratified that courts all over the world are rejecting Apple's strategy of refusing to pay for the use of our IP." In a statement, Apple said it was disappointed with the outcome.

"Qualcomm's ongoing campaign of patent infringement claims is nothing more than an attempt to distract



Apple CEO Tim Cook

from the larger issues they face with investigations into their business practices in U.S. federal court, and around the world," Apple said. It declined to comment on whether it would appeal.

In other cases against Apple, Qualcomm has won sales bans on iPhones in Germany and China, though the Chinese ban has not been enforced and Apple has taken moves it believes allow it to resume sales in Germany.

Qualcomm also suffered a setback with U.S. trade regulators who found that some iPhones infringed one of the San Diego-based company's patents but declined to bar their importation into the United States, citing the damage such a move would inflict on rival Intel Corp.

The verdict on Friday could come into play in the trial in April because it puts a per-phone dollar figure on some of Qualcomm's intellectual property. Qualcomm's patent licensing model relies on charging phone makers a cut of the selling price of the phone, a practice Apple has alleged is unfair and illegal.

During an earlier trial between Qualcomm and the U.S. Federal Trade Commission, Apple executives outlined their company's extensive negotiations to reduce those license fees to \$7.50 per phone for Qualcomm's patents.

**The \$31-million penalty is small change for Apple, the second most valuable US company after Microsoft**

The San Diego jury valued just three of Qualcomm's patents in the company's portfolio at \$1.41, a figure that the chip supplier believes bolsters its contention that its licensing practices are fair.

"The three patents found to be infringed in this case represent just a small fraction of Qualcomm's valuable portfolio of tens of thousands of patents," Rosenberg said in a statement.

Gaston Kroub, a patent lawyer in New York not involved in the case, said the verdict was clearly a win for Qualcomm. But it does not say much about the value of Qualcomm's entire patent portfolio and was unlikely to spark settlements discussions, he said. "Apple is very skilled at handling appeals and taking a longer-term view. This isn't something that will bring Apple to the table with any sense of urgency," Kroub said.

REUTERS

# New Zealand pledges reforms as relaxed gun laws come under scrutiny

WILL ZIEBEL  
Melbourne, 16 March

New Zealand is normally peaceful and calm - and has plenty of guns.

New Zealand's reputation as a laid-back and safe country, where even police are mostly unarmed, belies easy access to weapons and a private firearm ownership rate among the highest in the world.

That has been thrown into the spotlight by the killing of 49 people by a shooter rampaging through two Christchurch mosques with an arsenal of high-powered guns.

It has prompted an immediate promise of stricter gun laws from Prime Minister Jacinda Ardern, who said that the mosque attacker was a licensed gun owner and that five firearms were used during the rampage, including two semi-automatic weapons and two shotguns.

The weapons also appeared to have been modified, Ardern told reporters in Christchurch on Saturday.

"That's a challenge that we

will look to address in changing our laws," she said.

Rules in New Zealand require gun owners to be licensed, but unlike neighbouring Australia, laws do not require all weapons to be registered, giving authorities poor oversight of the country's firearms, according to GunPolicy.org.

"The police don't have a clue how many guns there really are in New Zealand," said Philip Alpers, an Australia-based expert in gun laws and director of GunPolicy.org. He said New Zealand, with a population of just under 5 million, had an estimated 1.5 million firearms.

Military-style semi-automatic rifles, banned in neighbouring Australia, are permitted in New Zealand but must be registered. In Australia, which is seen as culturally similar to New Zealand and has lively farming and hunting communities, the catalyst for outlawing high-powered weapons was the shooting of 35 people at Port Arthur in Tasmania in 1996.

Strict gun law reforms

received bipartisan political support at the time and there has not been a mass shooting since. Australia also held a firearms amnesty in 2017 to reduce the number of unregistered guns.

"I think we must be clear that the context of the gun laws between New Zealand and Australia are very different," Australian Prime Minister Scott Morrison said on Saturday.

"They're very different as a result of the massacre that occurred in Australia all those years ago. But I tell you, the events of the last 24 hours - it was over 20 years ago but it all comes back... I can only imagine now how New Zealanders are feeling. I say to them again stay strong." New Zealand's firearm laws have remained largely unchanged since 1992, though subsequent government reviews have called for reforms.

In New Zealand, police officers don't routinely carry firearms. The country has historically had a low homicide rate. New Zealand police said last year that murder rates had dropped to the lowest level in 40 years, with 48 homicides in 2017.

REUTERS

## Mosque shooting shows how online users find ways to share violent videos

PARESH DAVE & MUNSIF VENGATTIL  
San Francisco/Bengaluru, 16 March

The Friday massacre at two New Zealand mosques, live-streamed to the world, was not the first internet broadcast of a violent crime, but it showed that stopping gory footage from spreading online persists as a major challenge for tech companies despite years of investment.

The massacre in Christchurch was live-streamed by an attacker through his Facebook profile for 17 minutes, according to a copy seen by Reuters. Facebook said it removed the stream after being alerted to it by New Zealand police.

But a few hours later, footage from the stream remained on Facebook, Twitter and Alphabet Inc's YouTube, as well as Instagram and WhatsApp. It also remained available on file-

sharing websites such as New Zealand-based Mega.nz.

People who wanted to spread the material had raced to action, rapidly repackaging and distributing the video across many apps and websites within minutes.

Other violent crimes that have been live-streamed include a father in Thailand in 2017 who broadcast himself killing his daughter on Facebook. After more than a day, and 370,000 views, Facebook removed the video.

But the viral reach of yet another obscene video caused politicians around the globe on Friday to voice the same conclusion: Tech companies are failing.

As the massacre video continued to spread, former New Zealand Prime Minister Helen Clark in televised remarks said companies had been slow to remove hate speech.

REUTERS

# Pound's trajectory is far clearer than outlook on Brexit

JOHN AINGER  
16 March

As the U.K.'s Parliament finds itself deadlocked over Brexit, its currency may finally be starting to wriggle free.

Pressure on the pound should ease as the political outcome seen as most likely in the next week will cut the odds of Britain crashing of the European Union without a deal this month. Lawmakers will need to back Prime Minister Theresa May's deal or the process of leaving the bloc would have to be extended.

"It's quite clear now that Parliament doesn't want a no-deal," Mike Bell, a money manager at JPMorgan Asset Management, told Bloomberg Television Friday. "If you saw a long extension, then you could see the pound rally a little bit. If

you see the deal actually approved in the next couple of weeks -- and a short extension to back that up -- then you can see sterling north of \$1.35."

The pound notched up its best week since January, trading around \$1.33, after lawmakers voted to take a no-deal Brexit off the table and instead ask the EU for an extension to the Article 50 deadline of March 29. May is set to bring her deal back for a third attempt next week, the failure of which could herald an extension of over a year. European leaders are due to meet and discuss it -- or sign off on a deal -- at a summit Thursday.

That binary choice could shore up support for May's deal from more hardline Brexit-supporting members of her own party, who fear the U.K. not leaving the EU at all. Toronto-



Foreign exchange traders in Japan monitor pound fluctuations

Dominion Bank still believes that it will be a "narrow failure" and is closely watching how Northern Ireland's Democratic Unionist Party is likely to vote as a barometer for the currency, according to European head of foreign exchange strategy Ned Rumpelstin.

"A lot of the expectation that

things should be O.K. from here looks baked into the cake," he said.

The pound has climbed around 4 percent this year, making it the best-performing major currency. Volatility is still elevated, after a one-week gauge of swings spiked to the highest in nearly three years.

The coming week will also be busy for traders, with U.K. jobs data Tuesday, inflation Wednesday and the Bank of England meeting on Thursday.

Money markets are currently pricing in a 40 percent chance of a BOE interest-rate hike by December, up from as low as 30 percent after May's deal was rejected.

The growing sentiment on sterling is reflected in increased demand for call options over one month to a year, though risk reversals remain in favor of puts. Citigroup Inc. is recommending investors short the euro versus sterling.

"The range of potential scenarios seems to be collapsing into a deal, or a long extension," said Adam Pickett, a foreign-exchange strategist at Citigroup. "This is positive for the pound."

BLOOMBERG

# This is how JPMorgan hack suspect could help the US

HELENA BEDWELL, CHRISTIAN BERTHELSEN & MICHAEL RILEY  
16 March

He's the accused mastermind of one of the biggest hacks ever. He and his crew allegedly pilfered information from more than 80 million JPMorgan Chase & Co. clients and ran online gambling, stock manipulation and money laundering schemes around the world.

Gery Shalon, charged with those crimes four years ago, has rarely appeared in court since he was extradited to the US. Now it's clear why: Shalon is helping US authorities, according to people familiar with the matter.

Such cooperation could result in anything from a lighter sentence to outright release. That would be a remarkable turnaround for a man who Loretta Lynch, then the US attorney general, accused of

netting hundreds of millions of dollars from "one of the largest thefts of financial-related data in history."

Because authorities singled out Shalon as the brazen scheme's leader, he would have to deliver something important to chip away at his 23 counts, several of them carrying potential 20-year prison terms.

While the precise nature of his cooperation isn't clear, Shalon intersected with worlds that later came under the glare of some of US history's most politically charged investigations. An Israeli citizen, he allegedly teamed up with a Russian hacker who is now also in US custody, raising the prospect that Shalon could provide US prosecutors with a road map to Russian cyber crimes,

how criminal hackers interact with that country's intelligence services, or both. Other alleged Russian cybercriminals have been brought to the US and charged, among them potential cooperators.

Judging by the range of activities outlined in Shalon's indictment, he may also be able to act as a guide into criminal spheres such as international money laundering.

A release of Shalon would be "pretty extreme," said Rebecca Roiphe, a professor at New York Law School and former Manhattan prosecutor who isn't involved in the case. "He must be giving up somebody who is far more culpable than him, either in this crime or in a coordinated crime, to get that deal."

If he's cooperating, she added, "there may be something coming down the road that will answer this riddle."

A spokesman for the US attorney's office in Manhattan declined to comment. A lawyer for Shalon didn't respond to requests for comment.

The prospect of a light sentence for Shalon was raised recently by his father, Shota Shalashvili, a lawmaker in the Republic of Georgia. In an interview on Georgian television last month, Shalashvili hinted his son could soon be released from US custody after explaining how he carried out the hack and repaying "millions" in stolen money.

Shalon has been allowed to remove his home monitoring device, his father told Georgian television, indicating he was at some point allowed to move from jail to home confinement.

BLOOMBERG

## YELLOW FEVER GRIPS PARIS AGAIN



Protesters set fire to a bank and ransacked stores on Paris' landmark shopping street in a new flare-up of violence as France's yellow vest demonstrations against President Emmanuel Macron and his pro-business reforms entered their fourth month. Police fired tear gas and water cannons as the protests turned violent again after weeks of relative calm during marches and declining numbers of participants. A branch of Banque Paribas spewed flames before firefighters arrived and two newsstands on the Champs Elysees avenue caught fire as bonfires burned in the streets

REUTERS

# What's driving automakers out of Europe?

AMIE TANG  
16 March

Automakers, in quick succession, have moved in recent weeks to end parts of their operations in Europe. Nissan is the latest: On Tuesday, it confirmed that it would cease assembling Infiniti cars at its plant in northeast England.

The moves, during Britain's wrenching debate over its departure from the European Union, known as Brexit, have raised the question: Is Brexit forcing the carmaking industry out of Britain?

It's not quite so simple. Traditional car manufacturers, in Britain and in Europe over all, have been buffeted by forces around the world, and they assess where they want to make the next model of a car every few years or so. As automakers allocate resources, they have been

balancing the need to respond to these changes with the justifications for producing cars in places like Britain.

**Who is moving?**

■ Honda said it would close its plant in Swindon, England, by 2021 and stop making one of its sedans in Turkey. The Swindon plant employs 3,500 and the Turkish plant about 1,100.

■ Nissan reversed an earlier decision by deciding to produce the next generation of its X-Trail sport utility vehicle in Japan instead of Sunderland, England. Its luxury brand, Infiniti, is withdrawing from Western Europe altogether.

■ Ford said in January that it would cut thousands of jobs across Europe.

■ Jaguar Land Rover announced in January that it



Traditional car manufacturers, in Britain and in Europe over all, have been buffeted by forces around the world

REUTERS

would be cutting 4,500 people from its global work force; most of the cuts are expected to be in Britain.

■ Dyson, which is developing an electric car, moved its headquarters from Britain to Singapore the same month.

■ General Motors pulled out of Europe in 2017, selling the Opel and Vauxhall brands.

In the wake of Volkswagen's diesel-cheating scandal in 2015, when it used software to trick emissions tests, awareness of the harmful effects of fossil fuels has

prompted stricter regulation throughout the Continent.

Some German cities are banning older diesel engines in an effort to reduce pollution in urban areas. London has initiated a levy on drivers of older diesel vehicles. Britain and France plan to phase out sales of new diesel and gasoline-powered cars by 2040.

In the meantime, more governments, drivers and carmakers are pivoting to electric vehicles. Cars running on alternative fuels made up 6 percent of new car registrations last year in Europe, up from 4.8 percent in 2017, according to JATO, an auto industry research firm.

As carmakers channel billions of dollars into grabbing a portion of the electric car market, many are looking to China, which is the world's largest maker and seller of electric cars.

China wants one in every

five cars sold to run on an alternative fuel by 2025, and officials have said the country will get rid of internal combustion engines in new cars altogether. The country's rules also require carmakers to sell more alternative-energy cars if they want to continue selling regular models. This has prompted car companies to realign where they make and develop cars.

In their efforts to grab a share of the growing market for electric cars, traditional car companies are competing not just with each other but also against technology companies. Uber, Alphabet and Tesla are channeling money into electric cars and autonomous cars, while reshaping the way people travel with ride-hailing services. This has prompted rivals to team up, or to work with the technology companies, so that they are not left behind.

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# Investigators resume work on Ethiopian jet's black boxes

LEIGH THOMAS  
Paris, 16 March

France's air accident investigation agency said on Saturday it had resumed work analysing the black boxes from an Ethiopian Airways plane that crashed last week, in coordination with teams from Boeing as well as U.S. and EU aviation safety authorities.

The black boxes' data should provide answers to why the Boeing 737 MAX 8 aircraft hurtled into the ground minutes after take off last Sunday from Addis Ababa, killing 157 people.

The French agency said that, in addition to Boeing,

teams were also attending from the U.S. National Transportation Safety Board, Federal Aviation Administration and the European Union Aviation Safety Agency.

Nations around the world, including an initially reluctant United States, have suspended 737 MAX models in operation. The crash in Ethiopia was the second in five months for the plane after another in Indonesia in October.

The model is relatively new - only 371 such planes were flying - but another nearly 5,000 are on order, meaning the financial implications are huge.

REUTERS