
Federal Court Dismisses Proposed Antitrust Class Action Challenging DVD-Player Patent Licensing Program Administered by Philips

2005-05-05

WilmerHale secured an important ruling last week for client Koninklijke Philips Electronics N.V. (Philips) when United States District Judge Dana Sabraw dismissed a proposed class action lawsuit by two Chinese companies against a DVD patent licensing program administered by Philips.

The plaintiffs, Wuxi Multimedia, Ltd. and Orient Power (Wuxi) Digital Technology, Ltd., alleged that the licensing program was a vehicle for price fixing and monopolization of the DVD-player market, and that it included so-called "non-essential" patents in the package license, which the plaintiffs claimed amounted to an illegal "tie in." The court granted Philips' motion (jointly filed with co-defendant Sony) in all respects, ruling for Philips on all seven counts of the complaint. The court granted plaintiffs' request for leave to file a second amended complaint, but warned that "any further failure to comply with pleading requirements" would result in dismissal with prejudice.

This ruling follows the Judge's earlier denial of an application by one of the plaintiffs for a Temporary Restraining Order barring Philips from terminating that plaintiff's patent license. The plaintiff claimed the termination was retaliation for its participation in this lawsuit, but, working closely with Philips' team in Hong Kong, WilmerHale's lawyers assembled a detailed factual record proving that the termination was justified and not retaliatory—an important result that affirmed Philips' authority to manage the licensing program effectively.

Members of the firm's Antitrust and Litigation Groups are handling this matter, led by William Kolasky, [Steve Hut](#) and Ed DuMont.