

Apple supplier says China court blocks fair patent trial

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By BLOOMBERG

Knowles Corp., maker of hearing-aid components and microphones for smartphones, said a Chinese court barred it from a trial where it's the defendant in a patent dispute with rival Apple Inc. supplier Goertek Inc.

The decision is the latest in a series of "highly irregular actions" that have denied the company a fair trial in Weifang, Goertek's hometown, Knowles said in an e-mailed statement today. "Knowles continues to go through official Chinese legal channels and is asking for the most basic of legal rights," Chief Executive Jeffrey Niew said in the statement.

An official at the court's communications department, who only gave his last name Wang, said when reached by phone the court couldn't comment on the case. A woman who answered the phone at Goertek's headquarters in Weifang, in eastern China, declined to comment and hung up.

The Weifang dispute is one of three that Knowles and Goertek are waging against each other in the US and China over patents for microphone technology. Both supply micro-electromechanical systems microphones to Apple, according to IHS Technology, though Goertek gets more of its revenue from Samsung Electronics Co. and Lenovo Group Ltd, according to data compiled by Bloomberg.

Carolyn Wu, a Beijing-based Apple spokeswoman, didn't immediately respond to e-mailed request for comment and couldn't be contacted after normal business hours at either her office or mobile numbers.

Lodged complaint

Knowles lodged a complaint against Goertek in June at the International Trade Commission for patent infringement, according to the company. Goertek responded by suing Knowles' Suzhou unit in Weifang for infringement, and the US company counter-sued in Suzhou.

The Chinese court "improperly seized excessive quantities of products" from Knowles as evidence and disrupted manufacturing operations, according to the statement. Knowles was also fined 1 million yuan (US\$161,000) for failing to cooperate with the court.

On March 24, Chinese Premier Li Keqiang pledged to place more emphasis on intellectual property rights protection and underlined harsher penalties for infringements, according to the official Xinhua News Agency.

Knowles' allegation comes after InterDigital Inc. accused China in December of threatening to arrest or detain its employees over a bid to collect patent royalties from Huawei Technologies Co. China started a probe into alleged violations of anti-monopoly laws after InterDigital filed an infringement complaint against handset makers including Huawei at the US International Trade Commission.

Goertek shares rose 4.6% in Shenzhen trading today. Knowles is up less than 1 percent since it started trading in New York on March 3 after being spun off from Dover Corp.

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