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By: Marius Oiaga, Technology News Editor



Monopolist Practices Could Cost Microsoft \$1 Billion

Next week

Microsoft could end up paying financial penalties of in excess of \$1 billion because of its monopolist business practices on the European market. On September 17, the 13-judge Grand Chamber of the Court of First Instance in Luxembourg is scheduled to rule over the March 2004 European antitrust case. Microsoft faces two separate fines over the pond. The first one is dating back to three years ago and it amounts to no less than \$685.4 million. The second is more recent and was imposed towards the end of 2006, this time just \$384.2 million. The money is not an issue for Microsoft. \$1 billion is nothing more than pocket change for the Redmond company. Microsoft has much more to lose from embracing rival products, and in this context, the fines, plus the additional settlements would simply cut its losses. Moreover, the face-off between the Redmond company and the antitrust regulators over the Atlantic, will be a vote on the ability of the European Commission to regulate the IT industry. Back in 2004, the European Antitrust Commission found that Microsoft had illegally leveraged its dominant position on the operating system market as an advantage on its competitors. With Windows, Microsoft accounts for over 95% of the client platform install base worldwide. Microsoft used Windows as the center of gravity for engaging in unfair competition that moved it up on the workgroup servers market. This translated into the initial record \$685.4 million fine. But the relationship between the Redmond company and the European Antitrust Commission also failed to find common terms on the matter involving Microsoft licensing Windows server protocols to its competitors in order to ensure interoperability. As such, in 2006, the Commission delivered an additional fine of \$384.2 million. As far, Microsoft has failed to pay a single cent while appealing both decisions. As a defense strategy, the Redmond company claims that the European Commission is interfering with the way it designs software products by ordering it to simply hand over its intellectual property to rivals. But the EU Commission could have its last say next Monday.