

Microsoft, EU close chapter of antitrust battle

AOIFE WHITE - AP Business Writer - Associated Press

After a decade of complaints leading to 1.7 billion euros in fines against Microsoft Corp., European regulators have ended their last pending antitrust case against the U.S. software maker as the company agreed to let European computer users choose from a menu of Web browsers that compete with its Internet Explorer.

Microsoft said it will start sending updates in March to Windows computers in Europe so that when PC users log on, they will see a pop-up screen asking them to pick one or more of 12 Web browsers to download and install. People who buy new PCs will see the screen when they start up for the first time.

The top five browsers — Microsoft's Internet Explorer, Mozilla's Firefox, Google Inc.'s Chrome, Apple Inc.'s Safari and Opera, will be given more prominent placement on the screen. The selections will rotate from computer to computer, so none of those five browsers will always be first.

This mechanism will be used for five years in the 27-nation European Union plus Norway, Iceland and Liechtenstein. Microsoft could be fined 10 percent of its annual revenue if it doesn't stick to its commitment.

In return, the European Commission agreed to drop charges it filed against Microsoft in January that said installing Internet Explorer, or IE, as part of the Windows operating system, which runs most of the world's computers, gave Microsoft an unfair advantage.

Users in the U.S. and elsewhere won't see a change, however. Brad Smith, Microsoft's general counsel, said that an older antitrust case in the U.S. had already determined that Microsoft didn't need to separate its browser from the Windows operating system. And regulators in other regions, he said, might want a different approach.

The deal came on the same day that U.S. regulators piled on new antitrust charges against Intel Corp., seeking to end what the Federal Trade Commission described as a decade of illegal sales tactics that have crippled rivals and kept prices for computer chips artificially high.

Although Wednesday's deal with Microsoft ends all formal antitrust charges brought by European Union regulators, the EU is still investigating a complaint that Microsoft isn't sharing enough technical information that would help rival companies design software that works well in IE browsers and with Windows, Office and other programs.

The EU said it would watch to see if rivals benefit from the changes as it wrap up its investigation.

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With that, Microsoft closes the latest chapter in what has been a long — and expensive — antitrust epic.

In the late 1990s, as the U.S. courts were considering whether Microsoft had abused its monopoly to crush browser competitor Netscape, complaints were filed in the EU accusing Microsoft of withholding key information from rivals in server computers and media players.

In the U.S., where the antitrust case was finally settled in 2002, Microsoft was not asked to split out its Web browser from Windows. But the EU took a different tack, foreshadowing Wednesday's browser decision when it told Microsoft to sell a version of Windows without the media player in 2004.

As Microsoft labored to meet the terms of the U.S. settlement, among them the production of documents to help rival software makers, it also racked up hundreds of millions of euros in fines in the EU for similarly making it hard for those competitors to build working programs. The company was fined again later for charging too much for rights to that information.

The European Commission's Web browser investigation began with a complaint from Norwegian Web browser maker Opera Software ASA in late 2007. At first, Microsoft offered to sell a Europe-only version of Windows with no browser at all, which regulators denounced as hindering consumer choice, not helping it.

Wednesday's deal resolves a serious competition concern, said Neelie Kroes, the EU's competition commissioner.

"It is as if you went to the supermarket and they only offered you one brand of shampoo on the shelf, and all the other choices are hidden out the back, and not everyone knows about them," she said. "What we are saying today is that all the brands should be on the shelf."

Microsoft, which is based in Redmond, Wash., sounded pleased that the long slog was drawing to a close, and its general counsel said the company would continue to work with regulators as new questions arose.

"We cannot take our eye off the ball when it comes to antitrust issues," Smith said in an interview.

Most makers of other Web browsers were also optimistic about the deal, including Opera, which trumpeted it as a victory for the future of the Internet.

Various estimates show Internet Explorer with about two-thirds of the global browser market, followed by Firefox at about a quarter. Apple's Safari and Google's Chrome have smaller shares, as does Opera. Makers of the rival browsers hope to gain share as Microsoft makes downloading and installing them easier.

Mozilla, which makes Firefox, was happy to see that the EU agreement would stop

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Microsoft from repeatedly prompting users to switch from other browsers to Internet Explorer.

While Google is currently a minor player in this market, it has ambitious plans for a browser-based operating system meant to challenge Microsoft's Windows. Google said Wednesday that more competition would make browsers more innovative and would draw more people to use Internet-based programs for tasks like word processing instead of ones that run from Windows desktops.

Although the browser choice screen introduces consumers to the idea of switching, it doesn't mean they'll bother to do it, and industry watchers are skeptical that the deal will make much of an impact on the Web browser market.

"Consumers can switch browsers today if they wished," said Neil MacDonald, a technology analyst for Gartner Inc. "The problem is, most people don't understand why they would want to switch. They're not highly motivated to switch. And in some cases, they wouldn't know how to switch."

In other words, the resolution to this case may let Microsoft keep the EU off its back while keeping its top Web browser market share. That's crucial to Microsoft, even though the free program is a money-loser for the company, because the Web may eventually become a more important platform than Windows.

"This isn't about the browser," MacDonald said. "To protect Windows, Microsoft needs to control the browser."

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AP Technology Writer Jessica Mintz in Seattle contributed to this report.

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On The Net:

Google site on choosing a browser: <http://www.whatbrowser.org>

Microsoft commitments:

<http://www.microsoft.com/Presspass/press/2009/dec09/12-16Statement.msp>x

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