

## **Europe Fines Microsoft \$1.3 Billion**

*Stephen Castle and David Jolly*

European antitrust regulators on Wednesday fined Microsoft \$1.3 billion for failing to comply with a 2004 judgment that the company had abused its market dominance.

The new fine by the European Commission brings the total fines levied on Microsoft to about \$2.5 billion in current exchange rates.

Microsoft had earlier been fined after the commission determined in 2004 that the company had abused the dominance of its Windows operating system to gain unfair market advantage. The commission imposed the new fine Wednesday, it said, because the company had not met the prescribed remedies after the earlier judgment.

"Microsoft was the first company in 50 years of E.U. competition policy that the commission has had to fine for failure to comply with an antitrust decision," the European competition commissioner, Neelie Kroes, said in a statement.

"I hope that today's decision closes a dark chapter in Microsoft's record of noncompliance with the commission's March 2004 decision," Ms. Kroes said. The commission is the executive arm of the European Union.

The commission had ordered Microsoft on March 24, 2004 to disclose within 120 days information which would allow rival vendors to interoperate with Windows. But antitrust officials said the company had sought too much in royalties and patent fees for competitors to use the data.

Speaking to journalists, Ms. Kroes said the fine was calculated on the basis that Microsoft was in breach of the commission's order for 488 days. She said the sum represented 60 percent of the maximum \$2.2 billion that the commission could have imposed.

"It was never a pleasure" to impose a fine, she said, but it was a reasonable reaction to an "unreasonable" price charged by Microsoft for information crucial to competitors.

"This has had a negative effect on millions of offices and companies and governments around the world," she said.

Referring to Microsoft's offer to make available more information, she added "we don't want talk, we want compliance. If you cheat the rules, you will be caught."

"This should be a signal to the outside world, and in particular to Microsoft, that we stick to our line," she said.

Microsoft said it was "reviewing the commission's action."

The company, the world's biggest maker of software, said in a statement that the commission had announced in October 2007 "that Microsoft was in full compliance with the 2004 decision, so these fines are about past issues that have been resolved."

"As we demonstrated last week with our new interoperability principles and specific actions to increase the openness of our products, we are focusing on steps that will improve things for the future," the company said.

Last Thursday, facing new antitrust investigations in Europe, Microsoft published 30,000 pages of previously secret software code for the Windows operating system on its Web site. The company called the move a significant concession toward greater openness and compatibility with competitors. The commission greeted the news coolly, noting that Microsoft had made "at least four similar statements" in the past.

Microsoft currently faces two European antitrust investigations, one related to interoperability and one over the "tying" of separate software products.

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