

US Judge orders break-up of Microsoft

Mike Ingram
9 June 2000

US District Judge Thomas Penfield Jackson ordered Microsoft split in two in his final judgement, issued June 7. In a ruling that was almost a word-for-word reprint of proposals filed by the Justice Department and 17 plaintiff states, Judge Jackson also imposed sweeping restrictions on the software company's business practices.

Denouncing Microsoft as "untrustworthy" and questioning its willingness to obey the law, Jackson said he had "reluctantly come to the conclusion ... that a structural remedy has become imperative: Microsoft as it is presently organized and led is unwilling to accept the notion that it broke the law" or to agree to an order that it change its conduct.

If upheld on appeal, the ruling would be one of the most far-reaching remedies ever sought in an anti-trust case, said to rival the break-up of AT&T in 1982 and that of Standard Oil in 1911. Microsoft would be divided into two companies, one being given assets and technology relating to the Windows operating system and all further versions, plus a one-time source code license for the Internet Explorer web browser. The other company would get the Office suite of business software, full rights to Internet Explorer, Internet content and web properties such as MSN, Hotmail, Expedia and others. In the closing hearings of the case, Jackson asked the government if they had considered a three-way break-up, separating the Internet-related businesses into a third company, but this was rejected by the government.

Microsoft has four months to submit detailed proposals on how the company will be divided. In addition to the planned break-up, Microsoft is required to disclose to its competitors "in a timely manner" technical details of its software that allow applications to interface with the operating system. The company is also required to establish a uniform pricing system for its operating systems and cease the anti-competitive use

of its domination of the operating system market in deals with computer manufacturers. These restrictions are to be implemented within 30 days.

The US solicitor general has agreed to seek a direct review of the case by the Supreme Court, thus bypassing the Court of Appeals. In major anti-trust cases such as this, the Supreme Court can choose to hear the case directly or send it to an appeals court first. Microsoft has been banking on the Court of Appeals overturning the break-up decision, or at least lifting the restrictions on practices until the end of the appeals process.

In an interview with the *Wall Street Journal*, Judge Jackson said, "My inclination is to certify it [to go before the Supreme Court]. I want this case brought to a definitive conclusion. It is going to end up in the Supreme Court anyway." Jackson said he would send the case before the Supreme Court "not for the purpose of circumventing the Court of Appeals, but to bring it to an end as quickly as possible to eliminate uncertainty for customers and consumers and the economy."

If the case is referred to the appeals court there could be a further year of hearings before it arrives back in the hands of the Supreme Court. Altogether, the case could continue for a additional two years before a final decision is reached.

Whatever the eventual outcome of the case, the anti-trust suit against Microsoft has revealed bitter tensions within powerful sections of the ruling elite of America. At their root these tensions are the product of profound changes within the productive forces spurred on by the development of the Internet and the new technologies it has spawned.

Microsoft believes that by relying on its sheer size and corporate wealth it will win out in the end. Together with the appeals process, the company anticipates that the forthcoming presidential election will work to its advantage. Microsoft is set to give

about \$1 million each in cash, software and services to the Republican and Democratic national conventions this summer. The convention donations are the latest increase in the company's campaign donations, which amount to \$2.6 million so far in the 1999-2000 election.

As well as seeking to buy off in advance the new administration in Washington, Microsoft has increased its support for a network of private, non-profit groups that have expressed opposition to the anti-trust suit. Microsoft's rivals are no less active politically. Oracle, America Online and Sun Microsystems are all said to be spending more than \$1 million a year on lobbying, with IBM spending far more than this. Some of these companies helped fund an anti-Microsoft organisation known as ProComp, which hired the Duberstein Group, a well-connected Washington lobbying firm headed by former White House chief of staff and Republican political strategist Kenneth M. Duberstein.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact