



Judge OKs \$1.1 billion Microsoft deal

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A California judge on Friday gave preliminary approval to a landmark settlement under which Microsoft will pay \$1.1 billion to settle a class-action suit that claimed it overcharged consumers for Windows.

The ruling by San Francisco Superior Court Judge Paul Alvarado allows the settlement to proceed to the next step, during which consumers and corporations in the state will be notified that they may qualify for vouchers ranging in value from \$5 to \$29. The vouchers can be used to buy most hardware or software products from any manufacturer.

[Townsend and Townsend and Crew](#), the law firm that filed the suit, described Friday's ruling as "the largest recovery of a monopoly overcharge ever achieved in the United States and the largest recovery ever achieved under the antitrust laws of California."

Eugene Crew, a partner at the San Francisco-based law firm, said that the ruling means consumers will start to be notified.

"It'll start in 60 days and continue for 60 days after that," Crew said. "These will be notices in newspapers and magazines and notices to those people whose e-mail or direct mail addresses we have. We've been getting those records from Microsoft and (computer makers)."

Nobody can submit claims until two months from now, at which time Alvarado is expected to approve the exact wording of the public notification of the settlement.

The software maker hailed the preliminary approval as "good news for California schools and students."

"Microsoft has offered great products at competitive prices and we believe we would have prevailed in this case," a Microsoft spokesman said in an e-mail message to reporters. "However, we were committed to resolving this matter. This settlement further demonstrates Microsoft's continued efforts to put these conflicts behind us and to focus on the future."

The lawsuit, filed in February 1999, claimed that Microsoft violated California antitrust laws by overcharging by as much as \$40 for every copy of the Windows 95 and 98 operating systems.

People seeking refunds will be able to go to MicrosoftCalSettlement.com or call (800) 203-9995 to request a claim form. In addition, Townsend and Townsend and Crew has set up a [settlement FAQ](#) online. The settlement affects individuals and businesses in California that

bought Windows or certain Microsoft application software--including MSDOS or Windows software obtained as part of the purchase of a computer--between Feb. 18, 1995 and Dec. 15, 2001.

Two-thirds of the unclaimed money will go to California public schools in a mix of donated Microsoft software and cash grants. Although the maximum value of the settlement is \$1.1 billion, Microsoft could end up paying as little as \$367 million in cash, which is what it would owe to California public schools if no vouchers are claimed. If all vouchers are claimed, Microsoft would be required to pay the maximum, but schools would then get nothing.

During the next four months, people who object to the settlement can submit paperwork to the court. Alvarado has scheduled a follow-up hearing for Feb. 13, 2004, according to Crew, to review the implementation of the settlement and then approve or reject it.

Microsoft isn't the first technology company ordered to pay large sums after finding itself a class-action defendant. In 1999, Toshiba settled a billion-dollar class-action lawsuit that arose from claims that the company had sold notebooks with defective floppy drives. Immediately after the settlement, the same lawyers that pursued Toshiba sued Compaq Computer, eMachines, Hewlett-Packard, NEC and Packard Bell NEC.

Microsoft said both sides had agreed to alter the settlement from the version signed in January. That version had called for 50 percent of the money Microsoft might end up giving to schools to be in the form of software vouchers. Now the settlement says that half will be general-purpose vouchers that can be used for any hardware, software, equipment or training, and the other half will be earmarked for buying software from multiple vendors.

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