

EU slaps biggest ever fine on Microsoft

Microsoft was Wednesday hit by an 899 million euro (\$1.34 billion) fine from the European Commission for refusing to comply with its long-standing request to provide competitors with key software data at a fair price.

The fine is the biggest in the European Union (EU) and the third of its kind to target the American software giant, raising the total to nearly 1.7 billion euros.

'Microsoft was the first company in 50 years of EU competition policy that the commission has had to fine for failure to comply with an antitrust decision,' said European Competition Commissioner Neelie Kroes.

'I hope that today's decision closes a dark chapter in Microsoft's record of non-compliance with the commission's March 2004 decision,' Kroes said.

In September, the EU's Court of First Instance rejected a Microsoft appeal against a 2004 ruling with which the bloc's executive imposed a 497-million-euro fine - and an additional 280.5-million-euro penalty in December 2005 - on the company for abusing its dominant position.

The EU argues that Microsoft has been able to reap unfair benefits and damage consumers by refusing to give so-called 'interoperability' protocols - instructions needed by servers to work effectively with Windows - to its rivals.

Microsoft had initially demanded a royalty rate of 3.87 percent of a licensee's product revenues for a patent licence and of 2.98 percent for a licence giving access to the secret interoperability information.

The company later reduced its royalty rates to 0.7 and 0.5 percent respectively, but only started charging what the EU considers a reasonable flat fee of 10,000 euros Oct 22, 2007.

According to Brussels, Microsoft had therefore failed to comply with its demands for three years.

The EU has in the past also objected to Microsoft's decision to bundle its own media player with the operating system. And in January it launched two new probes into complaints that Microsoft was using its dominant position to block rival web browsers and office software developers.

The money raised by EU fines is paid into its budget.

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