

*(excerpted and adapted)*

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The findings represent a major setback to Microsoft, largely because U.S. District Judge Thomas Penfield Jackson rejected the company's defense that its actions have not harmed consumers.

In his findings of fact, Jackson said [Microsoft \(MSFT\)](#), which holds more than 90 percent of the market share for PC operating systems, caused "consumer harm by distorting competition."

"Three main facts indicate that Microsoft enjoys substantial power," Jackson wrote. "First, Microsoft's share of the market for Intel-compatible PC operating systems is extremely large and stable. Second, Microsoft's dominant market share is protected by a high barrier to entry. Third, and largely as a result of that barrier, Microsoft's customers lack a commercially viable alternative to Windows.

"Microsoft has demonstrated that it will use its prodigious market power and immense profits to harm any firm that insists on pursuing initiatives that could intensify competition against one of Microsoft's core products," Jackson added.

"The ultimate result is that some innovations that would truly benefit consumers never occur for the sole reason that they do not coincide with Microsoft's self-interest."

Justice Department officials hailed Jackson's findings as a major victory.

"This fully supports the [Justice] Department's view that this case is about protecting consumers," U.S. Attorney General Janet Reno said. ...

"We continue to be confident about our legal position," said William Neukom, Microsoft senior vice president for legal affairs. "We think the law is very much on our side in all the major issues of this case."

## **Microsoft harmed consumers**

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Microsoft officials also noted that the company faces numerous competitive threats in an ever-changing technology landscape. Neukom cited companies such as [Sun Microsystems Inc. \(SUNW\)](#) and [Oracle Corp. \(ORCL\)](#), and technologies such as the Linux operating system and handheld computing devices as evidence that competition is healthy in the computer industry.

"Everyone can see that Microsoft does not live the quiet life of a so-called monopolist," Neukom said.

## **Settlement or sweeping remedies?**

Jackson's findings, in which he determined which facts were proven during the 76-day courtroom proceedings, will serve as a road map for his final decision.

The government will present their proposed conclusions of law in early December; Microsoft will follow with its findings of law in mid-January. Jackson will then deliver his conclusions of law -- his final decision in the case -- which isn't expected until early 2000.

Should Jackson rule in favor of the government, which is likely in light of his findings of

fact, the Justice Department and the 19 states involved in the case then will determine what legal remedies Jackson should enact.

Those remedies could be structural -- that is, breaking up Microsoft in a fashion similar to the famed [AT&T \(T\)](#) breakup -- or behavioral, which could include barring Microsoft from engaging in exclusionary deals.

[http://money.cnn.com/1999/11/05/technology/microsoft\\_finding/](http://money.cnn.com/1999/11/05/technology/microsoft_finding/)

-Microsoft was probably accused of being a \_\_\_\_\_ .

- a. Monopoly.
- b. Trust
- c. Corporation
- d. company using vertical integration.

-How did Microsoft dominate the industry?

-The solution to this problem will probably be what?