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Appeals Court Approves Microsoft Settlement

DC Circuit unanimously applauds deal with Justice Department

WASHINGTON – In a landmark ruling, the U.S. Court of Appeals for the District of Columbia unanimously endorsed a 2001 antitrust settlement between Microsoft and the Justice Department, rejecting an appeal by the state of Massachusetts and several trade groups. The decision was hailed as a victory for taxpayers and consumers.

In 1998 the Department of Justice and several states filed a joint antitrust lawsuit against Microsoft, accusing the company of engaging in anticompetitive practices in its web browsers and operating systems. After several trials and appeals – all at taxpayer expense -- the U.S. government and that of nine states reached a settlement with Microsoft in 2001, with which Microsoft immediately complied. However, several states, the District of Columbia refused to join the settlement, continuing to call for a harsh and onerous remedy that would have forced Microsoft to remove parts of its software from its own operating system.

While the settlement was approved by a federal judge, West Virginia and Massachusetts, along with two software industry groups, appealed yet again. Today, that appeal was rejected 6-0 by the D.C. Circuit Court, in a bold defense of private property rights and a reaffirmation that Microsoft has the right to package and sell its products as it sees fit.

“After six years of harassing a company that employs thousands and is responsible for a large share of the Internet boom, the D.C. Circuit Court has unanimously stood up for consumers and taxpayers,” said taxpayer advocate Grover Norquist. “This is a welcome rejection of companies that can’t compete using the taxpayers’ court system to attack a successful competitor.”

With the Court delivering this victory for intellectual property rights, technology and software companies are free to innovate and compete without fear of incessant legal action from competitors, and consumers will benefit from a market that allows companies to move forward without legal uncertainty.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org.