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# Netscape Notifies Justice Dept. Of Complaint Against Microsoft on NT

By JOHN MARKOFF

**S**AN FRANCISCO -- Netscape Communications' bitter software marketing war with Microsoft escalated into a threat of legal action Tuesday, as Netscape brought the dispute to the attention of the Justice Department's antitrust division.

In a letter to Microsoft, which was copied to the Justice Department, a lawyer for Netscape accused Microsoft of antitrust violations for placing limits on the number of Internet connections that can be made to a single copy of Microsoft NT Workstation software.

The limits, specified in Microsoft's customer-licensing agreements, impinges on Netscape's ability to sell one of its own software products for use with NT Workstation, the letter said.

Netscape has been promoting use of its \$295 Fastrack Server software, in conjunction with Microsoft's \$319 NT Workstation, as an affordable way for corporate customers to operate servers, or data storehouses, on the Internet. But the Microsoft stipulation, which sets a limit of 10 simultaneous Internet connections with NT Workstation, is forcing customers wanting an Internet server to obtain a more expensive version of the Microsoft product, called NT Server.

That product, when bundled with Microsoft's own Internet server product, sells for \$699 -- a package price that Netscape says it cannot compete with if NT Server and Netscape's Fastrack must be purchased separately.

No Justice Department official who had seen the Netscape letter could be

reached for comment late Tuesday.

NT Workstation and NT Server are both computer operating systems, which are a class of software that any customer needs before using an application software program like Netscape's Fastrack.

Gary Reback, the Silicon Valley lawyer who wrote the letter and who has made previous antitrust accusations against Microsoft, said the company was using its dominance in operating-system software to wrest an unfair advantage over competitors.

He said he wrote the letter in response to Microsoft's recent letter to Netscape, accusing it of deceptive advertising in asserting that Fastrack and NT Workstation were the most affordable way to create an Internet server.

Reback said Microsoft's usage restrictions on NT Workstation were an unwarranted attempt to undermine Netscape's pricing advantage. "It's like saying, 'I'll sell you a car but you can't drive it more than 70 miles per hour,'" he added.

Microsoft executives who had seen the letter said Tuesday that Netscape was failing to acknowledge that NT Workstation and NT Server were two distinct products, with different designs. "It sounds like we need to do some more work with Netscape to educate them," said Jonathan Roberts, a Microsoft director for product marketing.

Roberts said NT Workstation was primarily intended for single-user desktop computers, while NT Server was intended for systems in which many users retrieved files simultaneously.

For each program to work as intended, they need to be "tuned" by Microsoft engineers, Roberts said, adding that such alterations could not be made by customers.

But some Microsoft customers do not accept that distinction and said they think the company is arbitrarily setting the two products apart to fit a desired revenue model.

"I don't think that there are really any substantial differences," said Tim O'Reilly of O'Reilly & Associates, a software publisher in Sebastopol, Calif.

Moreover, he said, Internet technology made it difficult, if not impossible,

for customers to enforce a 10-connection limit on NT Workstation, even if they wanted to.

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