

Improving the Product



Can a Monopoly Improve Its Product?

- Berkley Photo
- IBM
- Microsoft

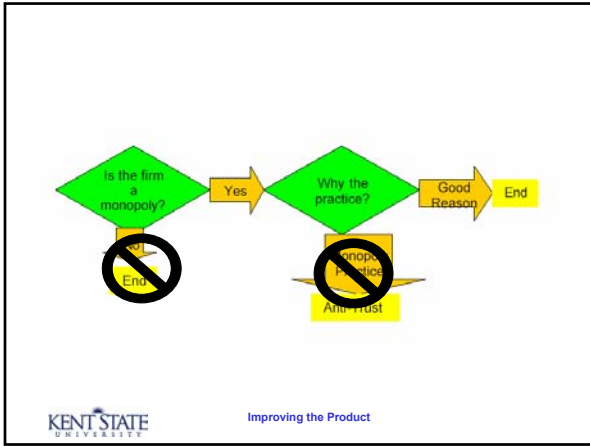
Berkley Photo

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Berkley Photo

- Kodak had come up with a new type of film and made it available in a format that would only fit Kodak cameras.
- The court found that Kodak had no duty to pre-disclose.
 - If it had to pre-disclose, firms could "free ride" on Kodak's R and D efforts.
 - Second, the administrative of deciding when pre-disclosure was required would be burdensome.

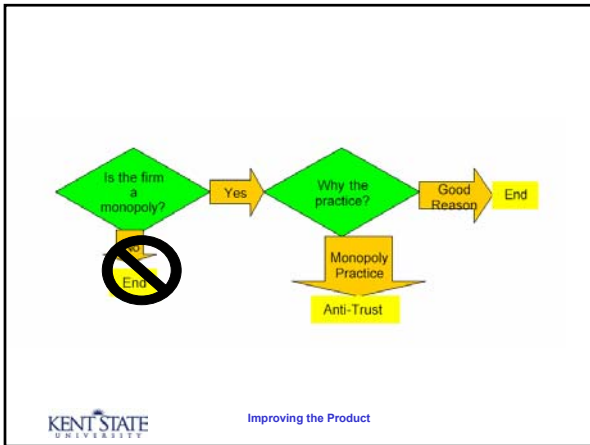


IBM Peripherals

- New IBM computers rendered the products of rival manufacturers of peripheral unworkable.

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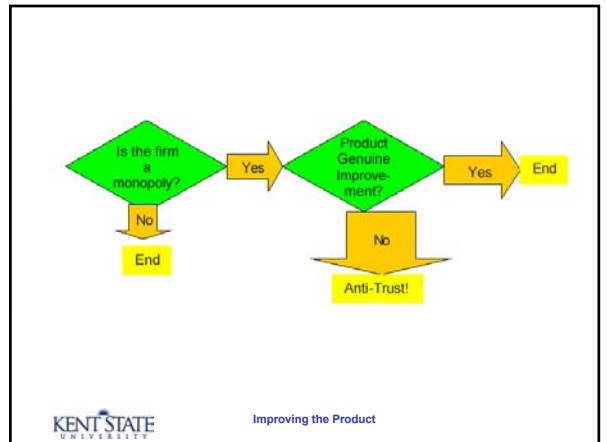
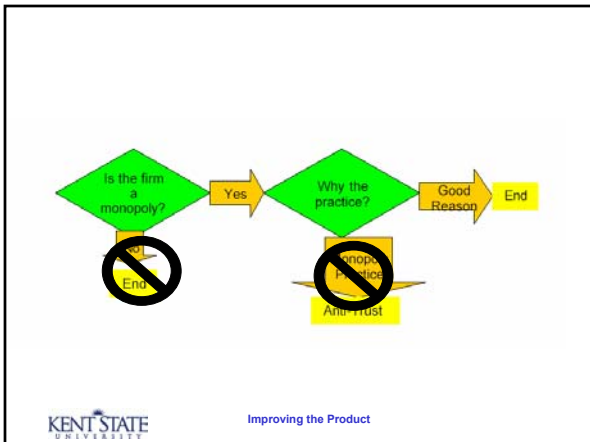


IBM Peripherals

- New IBM computers rendered the products of rival manufacturers of peripheral unworkable.
 - IBM products were superior to their existing models .
 - IBM had no duty to come out with a system for the benefit of their competitors.

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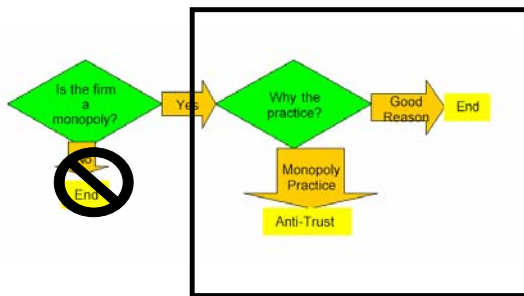


Microsoft

- Microsoft built a monopoly in Operating Systems for personal computers.
 - Allowable
 - The right product at the right time
 - Dealings with IBM

Microsoft

- Microsoft built a monopoly in Operating Systems for personal computers.
- It then developed Internet Explorer, and essentially killed the market for Netscape
 - Netscape used to charge.
 - Microsoft gave it away, forcing Netscape to match strategy



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- Part of Government anti-trust case, with allegation that Microsoft was trying to eliminate a competitor.

- Microsoft relied on Kodak and IBM precedents claiming that was merely improving its product.
- Part of Government anti-trust case, with allegation that Microsoft was trying to eliminate a competitor.
- In trial, Judge Jackson ruled against Microsoft, but Appeals Court reversed Jackson and ordered the issue retried. DOJ dropped issue rather than retry it.
- Microsoft paid AOL-Time Warner (who bought Netscape) \$750 million to settle issue.

End

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