

Education push from Microsoft drives rogue traders to turn over a new leaf

As people feel the squeeze, Microsoft takes concerted legal action to defend unsuspecting consumers from the dangers of illegal software

Reading, UK — February, 2009 — Microsoft today announced settlements with 15 computer retailers caught selling illegal software in regions throughout the UK. Each retailer faced court action in respect of hard disk loading¹ and selling improperly licensed software to unsuspecting customers over the last six months.

This announcement comes hot on the heels of another ongoing settlement that was finally resolved last week with Manchester-based reseller ITAC, where the owner, Barry Omesuh was ordered to pay £2.5million in damages for infringing Microsoft's rights. Mr Omesuh was also found in contempt of court for breaching Court Orders issued in March 2008 and was given a total of seven custodial sentences ranging in duration between one and nine months.

These cases demonstrate that Microsoft is committed to protecting computer users, who are put at risk from viruses and identity theft when they use illegal software. Whether pirates are targeting consumers online or through more traditional bricks-and-mortar operations, they can't expect to get away with illegal trading. At a time when more and more people are feeling the pinch and searching for the cheapest deals, Microsoft makes every effort to stamp out any unlawful sales as quickly as possible, to protect consumers and support genuine businesses whose livelihood is endangered by unscrupulous traders.

Genner Sales, Telford, Shropshire

Telford-based Genner Sales first came to Microsoft's attention in 2006 when several complaints were received from customers about Windows recovery discs, carrying the retailer's name, that didn't deliver what they promised. Microsoft recovery discs are not authorised for resale, and can't be re-branded without the software vendor's permission, which owner Kevin Genner wrongly claimed he had. In an effort to prevent customers from being ripped off, Microsoft challenged Genner over his illegal business model and he signed undertakings in October 2007 not to sell the recovery discs again. However, he continued to do so throughout 2008, disregarding the legally binding commitment he had made.

Microsoft tried persistently to work with Genner to educate him about its licensing rules and rehabilitate him, and was eventually forced into court action. Genner finally agreed to stop trading illegally and to pay £75,000 costs and damages for copyright infringement. Microsoft has agreed to defer enforcing this obligation unless Genner resumes his illegal trading.

Microsoft recognises that piracy is a global problem but that it needs to be tackled at a local level. Successful settlements have also been reached with the following 14 resellers, who all admitted to selling software illegally:

- Valatech – Bromborough, Merseyside
- The Computer Cellar (Albany UK Ltd) – Cheltenham, Gloucestershire
- Computer Bits – Harlow, Essex
- Abbey Computing – Sherborne, Dorset
- Aston IT Services Ltd – Swallownest, Sheffield
- Citrus Computers – Torquay, Devon
- Computer Hypermarket – Exeter, Devon
- Discount Computers (South West) Ltd – Chippenham, Wiltshire
- Informatica 2000 Limited – Bedford, Bedfordshire

- IT Collective Ltd – Stone, Staffordshire
- Lichfield Computer Centre Ltd – Lichfield, Staffordshire
- S.P.C. Computers Ltd – Plymouth, Devon
- Supercheap aka Coolputer – Nottingham, trading on eBid
- Technique786 – Newcastle Upon Tyne, trading on eBay

Microsoft has been working closely with each computer shop to help them 'get legal' - to ensure the owners know how to sell software in a legitimate way and that all their staff are trained and understand that selling reliable, genuine software is the best way for them to keep their customers happy and their businesses profitable. Being caught out and named and shamed is never good for business, especially for small firms like these. Microsoft visits computer shops on a regular basis to make sure their knowledge of the software rules is completely up to date. It's clear that, despite encouraging results, it's a huge undertaking and the education process still has some way to go.

Graham Arthur, anti-piracy attorney at Microsoft UK said: "We recognise that conditions are getting more challenging, and Microsoft's resolve to eradicate illegal trading is strengthened as we see honest businesses and unwitting consumers threatened. What most people don't realise is that the PC they bought from their local computer shop could have come with counterfeit software that is likely to be infected or harmful. In the UK, it's estimated that nearly one in three computer programs installed on computers are unlicensed, which puts PC users at risk of losing personal information such as bank details, or even family photo albums and music collections saved on their computers."

"It's therefore imperative that we try to reduce the amount of fake computer programs PC dealers sell, by educating them and clamping down on the dishonest retailers who are putting genuine computer firms out of business. We are constantly building on the momentum we have created so far in reducing the amount of counterfeit and illegal software on sale in Britain." Arthur continues, "We hope that these cases, along with recent press stories regarding the approach we take to piracy, will help deter other computer shop owners and highlight the extent of the problem to consumers, encouraging them to be more aware of these dangers when purchasing software."

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Notes to Editor

1 Hard disk loading normally happens when builders of computer systems sell PCs with unlicensed software pre-installed. These dealers use one copy of a software program but install it illegally on many machines. The original discs and the documents that should come with the PC are often missing or incomplete. If they are supplied, they frequently turn out to be counterfeit.

Definitions

Unlicensed software

Unlicensed software is a common type of piracy. It happens when individuals and businesses make copies of software without a licence to do so. People may copy a program and give it to their friends/family without realising that this is software piracy.

Sometimes an organisation will install software on more computers than its licences allow. Aside from the financial

harm this causes, it puts users at risk because they are using software without a licence.

About Microsoft

Founded in 1975, Microsoft (Nasdaq “MSFT”) is the worldwide leader in software, services and solutions that help people and businesses realise their full potential.

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