

IV. Microsoft Attempted To Enter Market-Division Agreements To Eliminate Platform-Level Software That Threatened Its Operating System Monopoly

A. Microsoft tried to eliminate the browser threat by proposing a naked market-division agreement to Netscape

63. Microsoft initially tried to eliminate the threat non-Microsoft browsers posed to the applications barrier to entry by attempting to bribe, and later threatening, Netscape into giving up its core Window 95 web-browsing business. Had Netscape accepted Microsoft's market-division proposal, Microsoft would have succeeded in killing the browser threat in its infancy and likely would have acquired a monopoly over browsers.

1. Microsoft first unsuccessfully sought to purchase or license Netscape's browser software code

64. Before it fully recognized the threat that Internet browsers posed to its operating system monopoly, Microsoft unsuccessfully sought to purchase or license the software code for Netscape's Navigator browser.

64.1. When Microsoft decided that it wanted to offer its own Internet browser product in late 1994, it opened discussions to license browser software code with several companies, including Netscape.

- i. Microsoft's Thomas Reardon "contacted Netscape in the early fall of 1994 and explained his desire to explore whether Netscape would be willing to consider some sort of licensing arrangement for the first version of its web browsing software." Rosen Dir. ¶13 (citing Reardon Dep., 9/9/98, at 153-54, 224).

64.2. Netscape representatives rejected Microsoft's proposal.

- i. Barksdale testified that Netscape did not want to sell their software "at the price they [Microsoft] offered. They offered a flat fee of a couple of million dollars to take us out of the game. And that would have killed our product in