

Microsoft Settles Suit Accusing Ex-Licensee, Distributors of Piracy

By a WALL STREET JOURNAL Staff Reporter
REDMOND, Wash. — Microsoft Corp. said it had settled a software piracy lawsuit against former licensee Z-Nix Co., its president and three distributors for undisclosed terms.

Jimmy Chen, president of Z-Nix, and privately held Z-Nix distributors, Jactech Corp., Max Group Corp. and PC Man, Inc., had all been named in the lawsuit in U.S. District Court in Los Angeles.

The lawsuit originally was filed by Redmond, Wash.-based Microsoft last June against Z-Nix, a tiny, closely held software manufacturer in Pomona, Calif., for copyright and trademark infringement and breach of contract related to alleged illegal distribution of the Microsoft Windows operation system, version 3.1.

Z-Nix, contending it had a bona fide agreement to sell Windows, had filed anti-trust counterclaims against Microsoft, the world's largest supplier of personal-computer software. Those claims also were settled. Thomas T. Chan, an attorney for Z-Nix, said the suit by Microsoft was part of a campaign to bully small licensees out of their contracts so Microsoft could sell Windows to customers directly.

Microsoft said the settlement reflects its contention that the the Z-Nix antitrust claims had no merit. Jim Lowe, corporate attorney for Microsoft, also said the Z-Nix settlement "vindicates our infringement claims" as well as Microsoft's termination of Z-Nix's license agreement last year.

Mr. Chan, a partner with the Los Angeles firm of Chan and Jodziewicz vigorously denied that Microsoft had vindicated anything. Mr. Chan noted that under terms of the settlement details were not be discussed publicly. He added that neither side admitted wrongdoing.

Mr. Lowe said Microsoft adhered to the confidentiality provision in the settlement.