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## Microsoft loses IPR round to China firm

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MICROSOFT Corp has found itself in an unusual role in an intellectual property rights case in China -- as the defendant.

The US-based software giant has been ordered by a Beijing court to stop selling eight versions of computer operating systems including Windows XP in China because of licensing violations involving fonts designed by a Chinese company, according to a court statement obtained by Shanghai Daily.

Microsoft, whose major income comes from Windows and Office products, denied the violation and said in a statement yesterday that it will appeal the ruling.

"We agree with the court that the key is actually the dispute over the license scope of the relevant agreements. But we disagree with the court's ruling on the coverage of the agreements," Microsoft said in the statement.

### Font furor

Microsoft respects intellectual property rights, and it uses third-party intellectual property only when it has a legitimate right to do so, the company's statement said.

The Beijing No. 1 Intermediate People's Court said Microsoft violated licensing agreements it had with Zhongyi Electronic, which designs Chinese character fonts.

Microsoft has been using the fonts in eight Chinese versions of Windows.

The software giant has to stop selling the family and professional versions of its Chinese Windows 98, 2000, Server 2003 and Windows XP programs, according to the court's ruling.

There was no mention of when the decision would take effect, however.

Forty million personal computers are sold annually on China's mainland. More than 90 percent of them use Windows systems, mainly Windows XP.

Microsoft has the right to use the disputed fonts only in Windows 95, but it continued to write them into subsequent versions of Chinese Windows operating systems without permission, says Zhongyi Electronic.

### Old and new

The fonts designed by Zhongyi are a combination of Chinese calligraphy and modern computer science, the company said.

Zhongyi hasn't determined whether Microsoft is using its fonts in its latest operating system, Windows 7, which kicked off in China last month.

China has long been the target of foreign firms seeking to protect their intellectual property, but

roles are fast reversing as Chinese companies mature and become more aggressive in protecting their own designs.

"By winning this case against an internationally well-known company like Microsoft, it shows that China, although still a developing country, is taking positive steps to protect intellectual property rights," Ling Xin Yu, the lawyer for Zhongyi Electronic, told Reuters.

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