

LEHMAN, LEE & XU



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PRESS RELEASE

EDWARD LEHMAN FEATURED ON CCTV 9: WINDOWS BLACKOUT SCREEN

Beijing, China – December 02, 2008 –Microsoft’s recent plan to protect its intellectually property rights and curb pirating has prompted consumer backlash and discussion amongst legal scholars. The new, allegedly global and voluntary program, called Windows Genuine Advantage scans a user’s computer for illegitimate copies of Microsoft software. If pirated Microsoft software is found, the program alerts the user and turns the desktop background black. This past November, Mr. Edward Lehman, Managing Director of Lehman, Lee & Xu, was invited on CCTV 9 to discuss the legality and impact of Microsoft’s initiative in China.

Edward Lehman, drawing upon over 20 years of legal and social experience in China, understood the vehement reaction of Chinese consumers. “Computers are everywhere in China,” said Mr. Lehman while emphasizing the scope of the impact Microsoft’s initiative has had. Reflecting on the number of users affected and the Chinese conception of rights, Mr. Lehman was not surprised by such outrage.

Many consumers had considered the black desktop background as “too harsh,” particularly for those trying to check if their copy of Windows was legitimate. Others were concerned over the privacy and integrity of their data as Microsoft accessed their systems. Mr. Michael Lin of Windows Business Group pointed out that the Genuine Advantage program was voluntary, was no different from a usual Windows update, did not compromise users data, and mentioned that those fooled into purchasing a pirated copy of Windows can through the Genuine Advantage program obtain a legitimate copy for free.

Mr. Lehman outlined three facets of this issue: intellectual property, public security, and monopolistic activity. Considering the impossibility of individually prosecuting users with pirated copies of Windows, Mr. Lehman compared Microsoft’s initiative to “building a protective fence.” Some estimates show that of all the software in China, 82% is pirated. “This is a justifiable way for Microsoft to protect its rights” stated Mr. Lehman. Despite this, it is “more effective to target the producers” as a recent raid in Southern China turned up over 2 Billion dollars in Microsoft products.

The prevalence of Microsoft Windows presents some public security issues. “Is it good that the government and schools are exclusively using Microsoft products?” questioned Mr. Lehman, encouraging domestic software producers to develop alternatives. Open-source operating system Linux and open-source office software OpenOffice have been gaining global popularity and threatening Microsoft’s dominance.

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Dissenters of Microsoft point to the software giant's pricing in China. As China has recently passed its first Anti-Monopoly law in August 2008, many question Microsoft's legal standing as a whole. "Is it an economic issue? Yes; is it a legal issue? Yes" said Mr. Lehman considering the legality of Microsoft's business practices. Mr. Lehman emphasized that Microsoft's pricing is off for China as a developing country, and that Microsoft is leveraging its position in the market. Last August Microsoft cut prices by as much as 50% in China, but just for Windows Vista. "Microsoft was broken up in the United States as a monopoly" pointed out Mr. Lehman, and hinted to a similar possibility in China.

Inevitably Microsoft's initiative has had a psychological impact on Chinese consumers, prompting economic and legal discussions to follow. It has yet to be determined what actions will be taken against Microsoft in China, if any.

View the interview:

- Part 1 <http://www.youtube.com/watch?v=-ziUacrhBtw>
- Part 2 <http://www.youtube.com/watch?v=Nl93CPV5pRU>
- Part 3 <http://www.youtube.com/watch?v=sVsbhO-JSQ0>

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm has been recognized as one of the top trademark firms in China by several intellectual property magazines and is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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