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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT 304

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COORDINATION PROCEEDINGS) JCCP No. 4106
SPECIAL TITLE (RULE 1550(b)),)
) CLASS ACTION
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MICROSOFT CASES)
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HIGHLY CONFIDENTIAL
VIDEOTAPED DEPOSITION OF
WILLIAM H. GATES

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Volume I (Pages 1 - 256)

REPORTED BY: MONA M. RUSSO, CSR 8771 JOB #01-115752

1 applications and systems developers?

2 A. We encouraged our systems people to have that
3 dialogue with all application developers, whether they
4 were inside Microsoft or outside Microsoft.

5 Q. And because applications developers inside
6 Microsoft worked with the operating system developers at
7 Microsoft, would it be fair to say that they generally
8 had more of these conversations than outside
9 applications developers?

10 A. Not necessarily, no.

11 Q. Do you know of instances where applications
12 developers at Microsoft were given information that was
13 not given to outside applications developers?

14 A. It was always our view that the best thing for
15 our system software was, early in the development
16 process, to have broad awareness of what we were doing
17 with the product and make available early releases of
18 that product, both to our own application developers and
19 the third-party application developers.

20 So if the question is -- if you go back to the
21 very early days of doing a new release, you might sit
22 down with Ray Ozzie and say, "What do you think?" And
23 Ray might say, you know, "Put a widget in," and only Ray
24 knows you've talked about that widget. But way before
25 the release of the OS, you actually come out with the

1 beta and the documentation, and you have what we call
2 evangelism events, which we, you know, spent -- if you
3 get into the -- certainly into the '90s, we were
4 spending hundreds of millions of dollars on spreading
5 the information about the new systems.

6 The reason for that is very clear, which is
7 that the popularity of that new system is going to
8 depend on whether or not you've spread the word to let
9 people write applications in such a way that they show
10 off those features. And so we always, just for business
11 reasons, made sure that we were getting lots of
12 information out, not only to our own application
13 developers, but also to third-party developers as well.

14 Q. Let me break down the question, Mr. Gates.

15 Did Microsoft applications developers get
16 information from Microsoft systems developers at times
17 in advance of it being given to outside applications
18 developers?

19 A. Let me give an example of how a new feature
20 would be created. Many of the features in Windows, in
21 new versions, were suggested by application developers.

22 And so let's say a third party comes to us and
23 says, "Here's something that I've had to do up in my
24 application. It would be better if you would do it down
25 in the system software." And so as he's describing,

1 which you wouldn't know for sure because plans always
2 change, but there's no significant business impact of
3 knowing that before the 18-month boundary. If you want
4 to take advantage of the new product, you take the
5 betas, do the work, and you put out a product.

6 Q. And within that 18-month boundary, certain
7 changes may occur with a product, correct?

8 A. You mean between the 18 months and the
9 release?

10 Q. Yes.

11 A. Well, in the sense that you might think you're
12 18 months away and it turns out you're not 18 months
13 away, yes. In the sense -- really, once you get down to
14 nine or twelve months, things are pretty locked down.
15 You know, if you really want to explore these time
16 magnitudes, it's best to do it in the context of a
17 particular product because -- and I'm talking about a
18 pretty major release when I'm giving you these types of
19 time ranges.

20 A minor release, people would never write an
21 application product to be dependent on a minor release.
22 It just doesn't happen because you get the negative,
23 that most systems don't have that minor release, and,
24 you know, the positive is not enough, thinking of the
25 customer, to say, "Okay. I'm going to depend on this