

# Microsoft Licensing Facts, Things you should know

## Microsoft OEM Product Licensing Highlights

4.1 The enclosed individual software licenses may only be distributed with fully assembled PCs (which include a minimum of CPU, motherboard, hard drive, power supply and case). In other words, if you open the box, you must distribute the enclosed software license(s) with a fully assembled PC(s) only.

4.2 Under the terms of the End User License Agreement (EULA), you are the licensor and the license is between you and the end-user. You are granting the end-user rights that are defined in the EULA.

When you distribute an individual software license for a desktop operating system (e.g. Windows) or application software (e.g. Office) on a fully assembled PC (as defined in Section 4) you must preinstall the software on the PC's hard drive using the OEM preinstallation kit (OPK). This preinstallation requirement does NOT apply to server software. For information on the OPK please see [www.microsoft.com/oem/sblicense/OPK](http://www.microsoft.com/oem/sblicense/OPK). You can not copy or modify the OPK or distribute the OPK to the end user.

If the individual software unit includes a COA or COA/POL label, the system builder installing the software must affix the COA or COA/POL label to the outside of the fully assembled PC in a visible, easily accessible area. Please see COA & Hologram page for more information on this subject.

Under the terms of the EULA, use of the individual software license will be limited to the first (a) 30 days after the end user launches Microsoft Windows XP or Server 2003 software or (b) 50 times the end user launches Microsoft Office software; unless the system builder activates the software as described in its setup sequence or the end user activates the software as described during its launch. You must provide the following or similar notice in a clear and conspicuous manner to end users before their purchase of the software (e.g., in advertisements, packaging or point of purchase materials):

Certain Microsoft® software product(s) included with this computer may use technological measures for copy protection. In such event, you will not be able to use the product if you do not fully comply with the product activation procedures. Product activation procedures and Microsoft's privacy policy will be detailed during initial launch of the product, or upon certain reinstallations of the software product(s) or reconfigurations of this computer, and may be completed by Internet or telephone (toll charges may apply).

15.1 You must not advertise, provide a separate price for, or otherwise market or distribute individual software licenses, or any part of them, as separate items from the fully assembled computer system or nonperipheral computer component, as applicable; except to the extent necessary to advertise, set a price or fee, or otherwise market or distribute Microsoft software that you are expressly authorized by Microsoft to market or distribute as separate items from the fully assembled computer system or nonperipheral computer component, as applicable. Except



**ALERT MICRO SYSTEMS, INC.**

701 North 4th Street, Coeur d'Alene, Idaho 83814  
(208) 667-3185 Fax (208) 667-1654  
[www.alertmicro.com](http://www.alertmicro.com) [sales@alertmicro.com](mailto:sales@alertmicro.com)

## Microsoft Licensing Facts, Things you should know

as granted in this license, you may not use, run, distribute, copy, modify, display, repackage, or reassemble any individual software licenses or hardware units, or any part of them.

### Used / Refurbished PCs

What is a Used PC?

A used PC is a computer system that has had few or no hardware changes. The license for OEM software on a used PC may not be transferred to a new or different PC. However, the entire used PC, including the software media, manuals, and Certificate of Authenticity, may be transferred to another end user along with the software license rights.

What is a Refurbished PC?

A refurbished PC is a computer system that has had substantial hardware modifications that *may* require a new operating system license—because the modifications have essentially created a "new" PC.

Generally, you may upgrade or replace all of the hardware components on your customer's computer and the end user may maintain the license for the original Microsoft OEM operating system software, with the exception of an upgrade or replacement of the **motherboard**.

An upgrade of the **motherboard** is considered to result in a "new personal computer" to which Microsoft OEM operating system software cannot be transferred from another computer. If the **motherboard** is upgraded or replaced, for reasons other than a defect, then a new computer has been created and the license of new operating system software is required.

If the **motherboard** is replaced because it is defective, you do NOT need to acquire a new operating system license for the PC. The replacement motherboard must be the same make/model or the same manufacturer's replacement/equivalent, as defined by that manufacturer's warranty.

The reason for this licensing rule primarily relates to the end-user license agreement (EULA) and the support of the software covered by that EULA. The EULA is a set of usage rights granted to the end-user by the PC manufacturer and relates only to rights for that software as installed on that particular PC. The System Builder is required to support the software on that individual PC. Understanding that end users, over time, upgrade their PC with different components, Microsoft needed to have one base component "left standing" that would still define that original PC. Since the **motherboard** contains the CPU and is the "heart and soul" of the PC, when the **motherboard** is replaced (for reasons other than defect) a new PC is essentially created. The original System Builder, therefore, can not be expected to support this new PC that they in effect, did not manufacture.



**ALERT MICRO SYSTEMS, INC.**

701 North 4th Street, Coeur d'Alene, Idaho 83814  
(208) 667-3185 Fax (208) 667-1654  
www.alertmicro.com sales@alertmicro.com

# Microsoft Licensing Facts, Things you should know

## Downgrade Rights

What are Downgrade Rights?

Downgrade rights are an end-user right and are documented in the product End-user license agreement. Downgrade rights refer to the ability of your customers to acquire the most recent version of Microsoft software but continue to run a previous version until they are ready to upgrade.

When and Why Would Customers Use Downgrade Rights?

Your customer is purchasing a new computer system and it needs to run the same operating system as their existing 10 systems—Windows 2000 Professional. You can preinstall Windows XP Professional on the new computer system, then offer your customer the added service of installing Windows 2000 Professional on your customers' behalf. The downgrade media must be supplied to you from the end user and must come from a legally licensed version of Microsoft retail, OEM/System Builder, or volume license channels.

If the end customer decides to downgrade, they can use one legal version of the downgrade media for multiple installations. The end customer does not need to have one set of Windows 2000 Professional media for each PC they are downgrading because they have acquired legitimate full operating system licenses for Windows XP Professional, which gave them the right to downgrade. Your customer can run Windows 2000 Professional until they are ready to upgrade the system to Windows XP Professional—and at that time they would already be licensed for the Windows XP they purchased with this new machine.

## Transfer of OEM Licenses

Transferring Ownership

The end user license agreement (EULA) is granted to the end user by the System Builder and relates to the license on the PC with which it was originally distributed. Because the System Builder is required to support the license on that original PC, a System Builder can not support a license that has been moved from a PC they manufactured to one that they did not. This is one of the key reasons why an OEM System Builder license can't be transferred. To put it simply, OEM software is tied to the original computer system on which it was installed.

However, the entire PC may be transferred to another end user along with the software license rights. When transferring the PC to the new end user the original software media, manuals (if applicable) and Certificate of Authenticity (COA) must be included. It is also advisable to include the original purchase invoice or receipt. The original end user cannot keep any copies of the software.



**ALERT MICRO SYSTEMS, INC.**

701 North 4th Street, Coeur d'Alene, Idaho 83814  
(208) 667-3185 Fax (208) 667-1654  
[www.alertmicro.com](http://www.alertmicro.com) [sales@alertmicro.com](mailto:sales@alertmicro.com)

# Microsoft Licensing Facts, Things you should know

## Volume Licensing

Microsoft's Volume Licensing programs provide volume pricing for customers acquiring five or more software licenses through an authorized reseller. The following information pertains to the United States and Canada only. For information about how to acquire licenses in other countries, please see [Microsoft licensing sites worldwide](#).

**Note: Microsoft's volume licensing programs do not offer full licenses for Microsoft operating systems. To be legally licensed, a customer must acquire their full Windows license via:**

- OEM software preinstalled on a new fully assembled computer system at time of purchase, or
- Retail product (Full Package Product)



**ALERT MICRO SYSTEMS, INC.**

701 North 4th Street, Coeur d'Alene, Idaho 83814  
(208) 667-3185 Fax (208) 667-1654  
[www.alertmicro.com](http://www.alertmicro.com) [sales@alertmicro.com](mailto:sales@alertmicro.com)