



# Memory and System Warranty

## Separating Fact from Fiction

**FACT** Adding Dataram memory to your server or workstation will not void your system warranty.

OEM sales representatives are desperate for your business, especially in today's highly competitive server market and sluggish global economy. The utterance of the phrase "...using third-party memory will void your warranty" is nothing more than a scare tactic employed by the sales representative with the sole intention of persuading you to keep your memory purchase with them. This is especially the case since the most lucrative margin dollars your OEM sales representative will realize from a server sale happens to be contained in the memory content. When customers are offered quality Dataram products at SIGNIFICANT savings, competitive sales representatives typically resort to this form of behavior.

**FACT** Such ploys that link the purchase of memory to the purchase of a system and its warranty are a violation of U.S. law.

In legal terms, this type of ploy is referred to as a "tie-in sales provision." In general, such provisions are illegal. They are specifically prohibited in the consumer market by section 102(c) of the Magnuson-Moss Warranty Act of 1975 (15 United States Code section 2302(c)).

In the workstation and server markets, such ploys can violate sections 1 and 2 of the Sherman Antitrust Act (15 United States Code sections 1 and 2). As the United States Supreme Court has stated:

The essential characteristic of an invalid tying arrangement lies in the seller's exploitation of its control over the tying product [here, the computer system] to force the buyer into the purchase of a tied product [here, the memory module sold by the system manufacturer] that the buyer either did not want at all, or might have preferred to purchase elsewhere on different terms. When such "forcing" is present, competition on the merits in the market for the [memory module] is restrained and the Sherman Act is violated. – Jefferson Parish Hospital District No. 2 v. Hyde, 466 U.S. 2 (1984).

Companies and individuals that violate the antitrust laws are subject to a wide range of sanctions, including having triple damages imposed against them. The important point is that, regardless of their legality, these types of sales ploys are intended to intimidate and pressure unsophisticated purchasers into spending substantially more than they should for memory upgrades.

### Magnuson-Moss

**The Magnuson-Moss Warranty Act, passed by Congress in 1975, is the federal law that governs consumer product warranties.**

**Specifically, the Magnuson-Moss Act prohibits certain activities related to tie-in sales provisions which are NOT allowed in consumer warranties. Manufacturers cannot require consumers to purchase items or services in order to keep their warranty valid.**

**Essentially, the act states that:**

**A warrantor cannot require the consumer of their product (a server) to buy an additional product or service (OEM memory) to be used with the original product in order to maintain the original product warranty. In other words, you cannot be required to add the server manufacturer's memory to maintain the warranty on the system. Also, the server manufacturer cannot state that the system warranty is void if other "brands" of peripherals are used.**

**Server manufacturers such as IBM have already demonstrated their understanding of this topic as depicted in the following statement, "Installation of the Dataram Corporation product does not void the IBM hardware product warranty."<sup>1</sup>**

<sup>1</sup> Source: International Technical Support Agreement - [http://memory.dataram.com/\\_documents/Dataram-IBM\\_Summary\\_Letter.pdf](http://memory.dataram.com/_documents/Dataram-IBM_Summary_Letter.pdf)

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