New update! And probably the last one.
The reason I am posting this so late is because I just finished playng Serious Sam with my brother on LAN, and it was great game(I played Renegade on LAN too after wards for few minutes but about that later)!
I went to Best Buy and asked them if the adapter on desktop was compatible with the adapter on the laptop, and they said yes. So I decided to listen to Kanezor this time, and I assigned Different IP and same mask to each computer, and then it worked.

This network still has one minor glitch, but it still works.
- After I assign IP address to the Win98 Desktop, I have to reboot, and after I am finished playing, I have to change the settings of the Network card back to way they were before, otherwise I won't be able to Connect to the Internet(unlike in Win XP where you can assign Alternate IP address).

Hits for playing Renegade(or probably any other game) on LAN:
- You can use same CD key on LAN with Renegade (I think that with 2 computers only)
- You do not need to run the network setup wizard at all(it did not work on the Win98 anyway)
- You do not need a switch, crossover cable is enough(for 1vs1 for course)