



July 10, 2013

**MADIGAN: APPLE CONSPIRED WITH PUBLISHERS TO FIX E-BOOK PRICES***Federal Court Finds Apple Was “Essential Member” of Pricing Conspiracy*

**Chicago** — Attorney General Lisa Madigan today announced that the U.S. District Court for the Southern District of New York has found Apple Inc. liable for violating the antitrust laws by conspiring with five of the largest U.S. book publishers to fix the prices of e-books. The court found that Apple “was an essential member of the charged conspiracy and was fully complicit in the scheme to raise e-book prices.”

The court’s opinion explained that Apple coordinated with the publishers to drive up the price of e-books above Amazon’s \$9.99 price point beginning in 2010 when Apple unveiled its first e-book reader, the iPad. According to the opinion, Apple “played a central role” because it “promised each Publisher Defendant that it was getting identical terms” from Apple and that Apple “would only move forward if a critical mass of the major publishing houses agreed to its agency terms.” Because of Apple, the publishers were able to act in concert to raise market prices to \$12.99 or higher for e-book offerings.

“When companies fix their costs, customers pay the ultimate price,” Madigan said. “By colluding to fix the price of e-books, Apple and the publishers forced book buyers to pay millions more for e-books than they otherwise would have. Enforcing the state’s antitrust laws will ensure that people who purchased these items receive the full benefit of competitive pricing and choice in the marketplace.”

The court’s opinion comes after a three-week bench trial before Judge Denise Cote. The trial did not address the issue of damages, but the court found that the conspiracy raised e-book prices by 18.6% across all of the Publisher Defendants’ e-books. The 33 states and territories involved in the case, including Illinois, will seek to recover damages from Apple in a second trial to determine how much Apple should pay for its role in overcharging consumers.

The publishers, Hachette Book Group Inc., HarperCollins Publishers L.L.C., Simon & Schuster Inc., Holtzbrinck Publishers LLC d/b/a Macmillan, and Penguin Group (USA), Inc., settled before trial. Under the settlements, the publishers agreed to pay consumers nationwide more than \$166 million.

Bureau Chief Robert Pratt and Assistant Attorney General Chadwick Brooker handled these cases for Attorney General Madigan’s Antitrust Bureau.

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