INDIANAPOLIS – Indiana Attorney General Greg Zoeller announced today he joined more than 30 states in an antitrust lawsuit against Apple Inc. and two publishing companies for price-fixing the costs of electronic books.

The multistate lawsuit against Apple, Macmillan and Penguin Group comes after a two-year investigation by the U.S. Department of Justice’s Anti-Trust Division and attorneys’ general offices.

"Price-fixing to eliminate competition is a lose-lose situation for consumers and the market," Zoeller said. "Companies that violate antitrust laws have to be held accountable and that’s why we have decided to join other states in this important lawsuit. This action is intended to help ensure the e-book market remains competitive and fair."

Zoeller said the complaint alleges the defendants conspired to raise the prices of electronic books, known as e-books, violating state and federal antitrust laws. The states seek damages, restitution, civil penalties and injunctive and equitable relief to prevent the illegal business practices from continuing.

For years, retailers sold e-books through a traditional wholesale-retail distribution model under which retailer outlets like Amazon or Barnes & Noble set prices. In 2010, before Apple entered the e-book market, bestsellers cost $9.99 which was a price set by Amazon.

According to the investigation, Macmillan and Penguin conspired with Apple to shift their distribution model to allow publishers to set prices and sell e-books directly to consumers. This change allowed the defendants to artificially increase prices which accounted for the new bestseller pricing of $12.99 and $14.99.

The complaint said the publishers and Apple relied on contract terms that forced e-book retail outlets to sell their products at the same price therefore eliminating price competition. Under the agreement, Apple was guaranteed a 30 percent commission on e-books sold through its iBookstore.

According to the complaint, “By preventing the competitive pricing of e-books, Defendants have deprived the Plaintiff States and their consumers of the benefits of the competition that federal and state
antitrust laws, consumer protection laws and/or unfair competition statutes and related state laws are designed to promote, preserve, and protect."

This amended complaint will first need to be approved by the U.S. District Court for the Southern District of New York. The lawsuit alleges e-book customers nationwide paid more than $100 million in overcharges that they wouldn't have paid without the agreements.


The U.S. Department of Justice also recently filed an antitrust lawsuit against Apple and five book publishers.

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