Cuccinelli announces suit against Apple and e-book publishers

31 states and two territories allege that publishers conspired with Apple to fix prices of e-books

RICHMOND (May 11, 2012) - Attorney General Ken Cuccinelli announced today that he has joined a lawsuit against Penguin, MacMillan, and Apple, Inc., alleging that the companies violated state and federal antitrust laws by conspiring to fix the prices of e-books.

"We do not want businesses interfering with the markets by illegally conspiring to fix prices," Cuccinelli said.

The states filed a motion today with the United States District Court for the Southern District of New York, seeking permission to file an amended complaint, which alleges that the publishers, unhappy that competition among retailers had pushed e-book prices to a level they believed to be too low, conspired to raise the prices of e-books by adopting a different model of distribution. Previously, e-books were sold wholesale to booksellers, who then set the retail price. As a mechanism to allow them to fix prices, the publishers and Apple agreed to adopt an agency model of distribution, in which the authority to set prices was taken away from the retailers, eliminating price competition. This agreement resulted in e-book consumers being overcharged by more than $100 million.

The suit seeks injunctive relief to eliminate the market effects of the agreement, as well as to compensate consumers who were overcharged for e-books.

The initial suit filed by Texas and Connecticut was joined by Alaska, Arizona, Colorado, Illinois, Iowa, Maryland, Missouri, Ohio, Pennsylvania, Puerto Rico, South Dakota, Tennessee, Vermont, and West Virginia. The amended complaint filed today adds Virginia, Alabama, Arkansas, Delaware, the District of Columbia, Idaho, Indiana, Kansas, Louisiana, Massachusetts, Michigan, Nebraska, New Mexico, New York, North Dakota, Utah, and Wisconsin.

A link to the complaint can be found by clicking here.

More about Attorney General Cuccinelli

Photos of the attorney general
A copy of this news release may be found on the attorney general's web site here.

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