Agreement Reached with Apple Over E-Book Price Fixing Claims

Massachusetts Consumers Could Receive More Than $12 Million in Compensation; Total Relief Amount Contingent on Pending District Court Appeal by Apple

BOSTON – A proposed settlement with Apple Inc. over the alleged price-fixing of its electronic books (E-books) has been reached, Attorney General Martha Coakley announced today. Contingent upon the resolution of Apple’s appeal of a U.S. District Court verdict from 2013, consumers nationwide will receive a total of $400 million, with Massachusetts consumers estimated to receive more than $12 million in refunds.

The agreement also remains subject to approval by the U.S. District Court for the Southern District of New York. It would resolve claims for consumer damages brought by Massachusetts and attorneys general from 32 other states, and would avoid a trial previously scheduled for August 2014.

"Price collusion amongst competitors is unacceptable and this agreement will ensure that those responsible are held accountable," AG Coakley said. "We are hopeful that this settlement will go through so that affected consumers can receive significant refunds as a result of these violations."

Under the terms of the settlement, the exact amount of consumer relief is contingent upon the affirmation of a U.S. District Court’s July 2013 verdict that Apple violated federal and state antitrust laws by orchestrating a conspiracy with five publishers – Penguin Group (USA), Inc. (now part of Penguin Random House); Holtzbrinck Publishers LLC d/b/a Macmillan; Hachette Book Group Inc.; HarperCollins Publishers LLC; and Simon & Schuster Inc. – to artificially raise prices for E-books between 2010 and 2012 in order to eliminate retail price competition.

The appeal is currently pending before the United States Court of Appeals for the Second Circuit. If the District Court’s ruling is definitively affirmed on appeal, consumers nationwide will receive relief, including those represented by private counsel in a related class action. If not, the settlement provides for a smaller recovery or no recovery if appellate courts definitively reverse the verdict.

E-book purchasers nationwide are already entitled to refunds totaling $166 million in settlement funds paid by the five publishers involved in the conspiracy. Massachusetts consumers are due more than $5 million from these funds in compensation pursuant to these settlements.

This matter is being handled by Assistant Attorney General Michael Franck and Antitrust Division Chief William Matlack.

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