AG Gansler Secures Relief for E-book Consumers from Apple

Agreement resolves retailer's participation in E-book price-fixing scheme

$9.36 million in damages due Maryland consumers contingent upon pending decision by federal appeals court

Baltimore, MD (July 16, 2014) - Attorney General Douglas F. Gansler today announced that he has secured a proposed settlement to provide consumer relief from Apple Inc. related to the company's participation in a price-fixing conspiracy in the E-book marketplace. The settlement agreement, which remains subject to approval by the U.S. District Court for the Southern District of New York, would resolve claims for consumer damages and civil penalties brought by Maryland and 32 other states and territories. Maryland consumers account for over two percent of E-book purchases nationwide and could receive up to $9.36 million depending on the outcome of a pending federal appeals court ruling.

"Maryland consumers lost millions of dollars due to this price-fixing scheme, and this settlement will compensate those who have been harmed," said Attorney General Gansler. "Those who violate our antitrust laws with collusion of this type are attempting to keep retail prices artificially high and profit from the harm they do to the average consumer."

Under the terms of the settlement, the amount to be received by consumers is contingent upon the resolution of Apple's appeal of a previous ruling by the U.S. District Court in July 2013. That ruling found that Apple violated antitrust laws by orchestrating a conspiracy with five publishers to artificially raise prices for E-books between 2010 and 2012. That appeal is currently pending before the United States Court of Appeals for the Second Circuit.

Consumers nationwide - including those represented by private counsel in a related class action - will receive $400 million if the court's ruling is ultimately affirmed. If the appellate courts do not affirm the lower court's ruling, the settlement provides for a smaller recovery or no recovery if Apple is ultimately determined not to have violated the antitrust laws.
Combined with previous E-book publisher settlements, the proposed settlement filed today would reimburse consumers more than double their actual damages, assuming the liability finding against Apple Inc. is upheld on appeal. E-book consumers nationwide have already received compensation from $166 million in settlement funds paid by the five publishers involved in the conspiracy - 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.

In making the announcement, Attorney General Gansler thanked Antitrust Division Chief Ellen Cooper, Assistant Attorney General Schonette Walker and Antitrust Division Deputy Chief John Tennis for their work on this case.

For more information on the previous related settlements, visit:
http://www.oag.state.md.us/Press/2014/032514a.html
http://www.oag.state.md.us/Press/2012/082912a.html