COLORADO ATTORNEY GENERAL SECURES $69 MILLION AGREEMENT WITH THREE U.S. PUBLISHING COMPANIES OVER E-BOOK PRICE-FIXING LAWSUIT

08/29/2012

COLORADO ATTORNEY GENERAL SECURES $69 MILLION AGREEMENT WITH THREE U.S. PUBLISHING COMPANIES OVER E-BOOK PRICE-FIXING LAWSUIT

DENVER – Colorado Attorney General John Suthers, along with the attorneys general of 54 other states, districts and U.S. territories, announced today that they have reached an antitrust settlement with three of the largest book publishers in the United States. Hachette Book Group Inc., HarperCollins Publishers L.L.C. and Simon & Schuster Inc. have agreed to pay a total of more than $69 million to consumers to resolve antitrust claims that they illegally conspired to fix the prices of electronic books (e-books). The companies also agreed to change the way they price e-books going forward.

"We will not tolerate publishers colluding to overcharge consumers millions of dollars for some of the most popular e-books," said Attorney General Suthers. "Today's settlement paves the way for consumers to receive restitution and promotes retail competition in the e-book market. Through our ongoing litigation against the remaining defendants, we hope to provide additional restitution to victimized consumers," Suthers continued.

The settlement and the associated civil antitrust lawsuit were both filed today in U.S. District Court for the Southern District of New York against Hachette, HarperCollins, and Simon & Schuster. The lawsuit alleges that the three settling publishers conspired (among themselves and with others) to increase retail e-book prices and eliminate retail price competition by imposing a distribution model in which the publishers set the prices.

The states' separate lawsuit against Apple, Macmillan, and Penguin, is continuing before the U.S. District Court for the Southern District of New York. Apple, Penguin, and Macmillan are not a part of today's announced settlement.

Under the proposed settlement agreement, which the court must approve, Hachette, HarperCollins and Simon & Schuster will compensate consumers who purchased certain e-books during the period of April 1, 2010 through May 21, 2012. Payments will begin 30 days after the court approval of the settlement becomes final. Eligible consumers will be notified by the retailer from which they purchased the e-book regarding the amounts they will receive, and the options for receiving their payments or credits. Consumers in Colorado are expected to receive approximately $1.5 million in total compensation.

The settling defendants will also pay approximately $7.5 million to the settling states for fees and costs.

Hachette, HarperCollins and Simon & Schuster have also agreed to terminate their existing agency agreements with certain retailers, requiring the publishers to grant retailers—such as Amazon and Barnes & Noble—the freedom to reduce the price of their e-book titles. For two years they will be prohibited from making any new agreements that constrain retailers’ ability to offer consumer discounts or other promotions which encourage the sale of e-books. For five years, Hachette, HarperCollins and Simon & Schuster will be forbidden from agreeing to any kind of “Most Favored Nation” clause that could undermine the effectiveness of the settlement agreement.

# # #

Attachments:
- e_books_settlement_8_29_12_final.pdf