Schuette Announces Michigan Consumers To Receive $1.8 Million From Settlement In E-Books Price-Fixing Lawsuit

August 30, 2012

LANSING - Attorney General Bill Schuette today announced Michigan consumers will be reimbursed up to $1.8 million as part of a national price-fixing settlement with three of the nation’s largest book publishers. 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 nationwide to resolve antitrust claims of an alleged unlawful conspiracy to fix the prices of electronic books (E-books). They have also agreed to change the way they price E-books going forward.

"Price-fixing undermines the free market and sticks consumers with the bill," said Schuette. "If Michigan consumers purchased e-books from these publishers, they will now be eligible for compensation."

The settlement is the result of a civil antitrust complaint filed in U.S. District Court for the Southern District of New York against Hachette, HarperCollins, and Simon & Schuster, which alleges that the three settling publishers and others, "conspired and agreed to increase retail E-book prices for all consumers" and "agreed to eliminate E-book retail price competition between E-book outlets, such that retail prices to consumers would be the same regardless of the outlet patronized by the consumer."

Under the settlement agreement, which must be approved by the court, Hachette, HarperCollins and Simon & Schuster will compensate consumers who purchased E-books from Hachette, HarperCollins, Simon & Schuster during the period of April 1, 2010 through May 21, 2012. Customers who purchased E-books published by Penguin and Macmillan during the same time period may also be eligible for compensation, since prices for those E-books were also affected.

Payments will begin 30 days after the court approval of the settlement becomes final. Consumers in Michigan are expected to receive up to $1.8 million in total compensation. Consumers will be notified at a later date if they are eligible to receive compensation. The settling defendants will also pay approximately $7.5 million to the states for fees and costs.

In addition to paying the $69 million consumer compensation, Hachette, HarperCollins and Simon & Schuster have agreed to terminate their existing agency agreements with certain retailers, requiring the publishers to grant those retailers - such as Amazon and Barnes & Noble - the freedom to reduce the prices of their E-book titles. Additionally, new agreements may not constrain retailers' ability to offer consumer discounts or other promotions which encourage the sale of E-Books.

The settlement agreement also precludes the publishers from further conspiring or sharing competitively sensitive information with their competitors or entering into any kind of contract that could undermine the effectiveness of the settlement agreement.
This settlement does not affect the lawsuit filed by Attorney General Schuette and 30 other state attorneys general and the attorneys general of the District of Columbia and Puerto Rico alleging Apple, Inc. conspired with publishers Penguin and Macmillan to artificially raise e-book prices. That lawsuit was also filed in federal court in the Southern District of New York and remains ongoing. The trial for that case is scheduled to begin in June of 2013.

The Michigan Antitrust Reform Act (MARA) prohibits price-fixing agreements because such agreements undermine competitive market forces, causing artificially higher prices for consumers. If a consumer has evidence of an actual agreement to fix prices in any market, they are encouraged to contact Attorney General Bill Schuette's Consumer Protection Division at 1-877-765-8388 or file a complaint online at www.michigan.gov/ag.