



# Department of Justice

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## **JUSTICE DEPARTMENT ISSUES STATEMENT ON U.S. DISTRICT COURT RULING THAT APPLE VIOLATED ANTITRUST LAWS**

WASHINGTON – Assistant Attorney General Bill Baer in charge of the Department of Justice’s Antitrust Division made the following statement today after the U.S. District Court for the Southern District of New York found that Apple Inc. violated Section 1 of the Sherman Act by conspiring to raise e-book prices and end e-book retailers’ freedom to compete on price:

“This result is a victory for millions of consumers who choose to read books electronically. After carefully weighing the evidence, the court agreed with the Justice Department and 33 state attorneys general that executives at the highest levels of Apple orchestrated a conspiracy with five major publishers – Hachette, HarperCollins, Macmillan, Penguin and Simon & Schuster – to raise e-book prices. Through today’s court decision and previous settlements with five major publishers, consumers are again benefitting from retail price competition and paying less for their e-books.

“As the department’s litigation team established at trial, Apple executives hoped to ensure that its e-book business would be free from retail price competition, causing consumers throughout the country to pay higher prices for many e-books. The evidence showed that the prices of the conspiring publishers’ e-books increased by an average of 18 percent as a result of the collusive effort led by Apple.

“Companies cannot ignore the antitrust laws when they believe it is in their economic self-interest to do so. This decision by the court is a critical step in undoing the harm caused by Apple’s illegal actions.

“I am proud of the outstanding work done by the trial team. The Antitrust Division will continue to vigorously protect competition and enforce the antitrust laws in this important business, and in other industries that affect the everyday lives of consumers.”

### **Background**

On April 11, 2012, the department filed a civil antitrust lawsuit in the U.S. District Court for the Southern District of New York against Apple, Hachette Book Group (USA), HarperCollins Publishers L.L.C., Holtzbrinck Publishers LLC, which does business as Macmillan, Penguin Group (USA) Inc. and Simon & Schuster Inc., for conspiring to end e-book

retailers' freedom to compete on price by taking control of pricing from e-book retailers and substantially increasing the prices that consumers paid for e-books.

At the same time that it filed the lawsuit, the department reached settlements with three of the publishers – Hachette, HarperCollins and Simon & Schuster. Those settlements were approved by the court in September 2012. The department settled with Penguin on Dec. 18, 2012, and with Macmillan on Feb. 8, 2013. The Penguin settlement was approved by the court in May 2013. Final approval of the Macmillan settlement is pending before the court. Under the settlements, each publisher was required to terminate agreements that prevented e-book retailers from lowering the prices at which they sell e-books to consumers and to allow for retail price competition in renegotiated e-book distribution agreements.

The department's trial against Apple, which was overseen by Judge Denise Cote, began on June 3, 2013. The trial lasted for three weeks, with closing arguments taking place on June 20, 2013. The court has not yet scheduled a hearing to address the parties' proposed remedies.

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