

Apple, publishers sued for alleged price fixing: report

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A man navigates through the new iPad 2 during its launch in the Philippines at an Apple store. Five book publishers and computer manufacturer Apple have been sued for allegedly colluding to drive up the price of e-books, lawyers for the plaintiffs said.

Five book publishers and computer manufacturer Apple have been sued for allegedly colluding to drive up the price of e-books, lawyers for the plaintiffs said.

The class-action suit, filed in the [US District Court](#) here, claims HarperCollins, Hachette, Macmillan, Penguin and Simon & Schuster had worked with [Apple](#) to break Internet retailer Amazon.com's discount pricing strategy and help Apple's iPad compete with the Kindle marketed by Amazon.

According to the suit, the [publishers](#) believed that Amazons popular Kindle e-reader device and the companys discounted pricing for e-books would increase the adoption of e-books, and feared Amazons discounted pricing structure would permanently set consumer expectations for lower prices, even for other e-reader devices.

"Fortunately for the publishers, they had a co-conspirator as terrified as they were over Amazons popularity and pricing structure, and that was Apple," said Steve Berman, an attorney representing consumers.

"We intend to prove that Apple needed a way to neutralize Amazons Kindle before its popularity could challenge the upcoming introduction of the iPad, a device Apple intended to compete as an e-reader," Berman added.

The complaint claims that the five publishing houses forced Amazon to abandon its discount pricing and adhere to a new agency model, in which publishers set prices and extinguished competition so that retailers such as Amazon could no longer offer lower prices for e-books.



A woman holds the new Amazon Kindle 2 at its launch in New York City. Five book publishers and computer manufacturer Apple have been sued for allegedly colluding to drive up the price of e-books, lawyers for the plaintiffs said.

If Amazon attempted to sell e-books below the publisher-set levels, the publishers would simply deny Amazon access to the title, the complaint claims.

The defendant publishers control 85 percent of the most popular fiction and non-fiction titles.

According to the lawsuit, Apple and publishers were concerned that Amazon's \$9.99 uniform pricing for bestsellers would create market pressures for other e-booksellers -- including Apple -- to do the same, cutting into profitability.

The named plaintiffs included Anthony Petru, a resident of Oakland, California, and Marcus Mathis, a resident of Natchez, Mississippi.

The law firm Hagens Berman, which posted the complaint on its website, announced the filing of the suit on August 9.

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