

## Publishers ink \$69 mn deal in ebook price-fixing case

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US prosecutors announced Thursday that the top three US publishing houses have inked a \$69 million deal to close the book on charges that they schemed to fix prices of digital titles.

Hachette Book Group, HarperCollins [Publishers](#) and Simon & Schuster Inc. have agreed to compensate ebook buyers to resolve antitrust claims, according to a joint statement by 55 attorneys general.

"While publishers are entitled to their profits, consumers are equally entitled to a fair and open marketplace," Connecticut Attorney General George Jepsen said in a statement.

"This settlement will provide restitution to those customers who were harmed by this price-fixing scheme, but it also will restore competition in the ebook market for consumers' long-term benefit."

The settlement was announced along with news that a civil antitrust lawsuit has been filed in US district court in New York state against the trio of publishers and others in the business.

Publishers "conspired and agreed to increase retail ebook prices for all consumers," according to court documents.

The settlement and the freshly-filed suit stem from a two-year antitrust investigation by the US Department of Justice and attorneys general in Connecticut and Texas, according to Jepsen.

[Prosecutors](#) cited evidence showing that publishers prevented retail price competition, resulting in buyers paying tens of millions of dollars more for ebooks.

"This action sends a strong message that this sort of anti-competitive behavior will not be accepted," Jepsen said.

The settlement deal, which requires court approval, calls for Hachette, HarperCollins and Simon & Schuster to compensate people who bought ebooks from April 2010 to May 21, 2012 priced on an "agency" model.

The [publishing houses](#) have also agreed to terminate existing agreements with retailers such as Amazon and Barnes & Noble, freeing them to cut ebook prices.

A case against Apple and "non-settling" publishers Penguin and Macmillan is pending in US district court in New York, according to Jepsen.

The US lawsuit said the publishers conspired with Apple to end the longstanding "wholesale model" in which ebooks were sold to retailers, which had the power to set their own prices.

They replaced this with a so-called "agency model" where publishers would set prices charged by retailers for the ebooks. Under the arrangement, Apple was guaranteed a 30 percent commission on each ebook sold.

Prior to the introduction of Apple's iPad, online retail giant Amazon sold electronic versions of many new best sellers for \$9.99.

After the agency model was adopted, the prices rose to \$12.99 and higher, the suit said, and price competition among retailers was

"unlawfully eliminated."

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