Apple Found Guilty Of Fixing Ebook Prices, Says It’s “Done Nothing Wrong” And Will Appeal

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While publishers have agreed to a settlement in the ebook price-fixing case involving Apple and all the major book publishers, the federal judge has ruled that Apple is guilty of fixing ebook prices with its iBookstore, according to [Reuters](http://www.reuters.com/article/2013/07/10/us-apple-ebooks-idUSBRE9690GE20130710). In a separate lawsuit, attorneys will now have to recover damages on behalf of consumers in the coming months.

**Update:** An Apple spokesperson has provided TechCrunch with the following statement.

*Apple did not conspire to fix ebook pricing and we will continue to fight against these false accusations. When we introduced the iBookstore in 2010, we gave customers more choice, injecting much needed innovation and competition into the market, breaking Amazon’s monopolistic grip on the publishing industry. We’ve done nothing wrong and we will appeal the judge’s decision.*

Back in April 2012, the DOJ wrote an [antitrust complaint](http://techcrunch.com/2012/04/11/u-s-files-antitrust-charges-against-apple-book-publishers/) against Apple and six major book publishers in the U.S. Initially, Apple [found](http://techcrunch.com/2012/05/25/apple-doj-ebook-lawsuit-response/) the complaint “fundamentally flawed” and “absurd.”

The six book publishers (now [five](http://techcrunch.com/2013/04/05/penguin-random-house-the-worlds-largest-book-publisher-that-will-counter-amazon/)) all caved, leaving Apple as the only remaining contender in the case. In a similar ebook lawsuit with the European Commission, Apple settled the antitrust case without admitting that it was guilty.

“Apple played a central role in facilitating and executing that conspiracy”

When the iBookstore was unveiled in 2010, the so-called agency pricing model took over ebook stores. Amazon was the big guy and Apple the newcomer. Publishers were scared of Amazon’s dominance. For both physical books and ebooks, Amazon used to name their prices. Publishers wanted Apple to grab market share and give them better margins. Instead of paying $9.99 for new releases, books were priced at $12.99 or $14.99. In addition to raising prices, Apple forced publishers to put the same price tag on the Kindle Store, the iBookstore and every other ebook store.

“Apple played a central role in facilitating and executing that conspiracy,” wrote Judge Denise Cote in her ruling. “Apple seized the moment and brilliantly played its hand. Through the vehicle of the Apple agency agreements, the prices in the nascent e-book industry shifted upward, in some cases 50 percent or more for an individual title,” she added. [PaidContent](http://paidcontent.org/2013/07/10/court-rules-apple-fixed-ebook-prices-led-an-illegal-conspiracy/) has obtained the full [ruling](http://www.scribd.com/doc/152920247/Cote-Ruling-in-DOJ-v-Apple).

According to [the WSJ](http://online.wsj.com/article/SB10001424127887324425204578597453053469898.html), both Penguin Group and HarperCollins didn’t want Apple’s caps on pricing but eventually had to agree to Apple’s terms. Publishers then used the iBookstore as a strong convincing point against Amazon. Russell Grandinetti, VP of Kindle content, testified in the DOJ lawsuit that the publishers threatened to remove their catalogs on the Kindle Store. The company had to switch the platform to the same agency model.

As part of the lawsuit, publishers and ebook stores will have to end the agency pricing model for two years.

http://techcrunch.com/2013/07/10/apple-guilty-of-fixing-ebook-price-in-doj-lawsuit/