

## **States Throw The Book at Publishers Over e-book Price-fixing**

### **Local News**

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Posted on : August 30, 2012 at 4:05 am

Washington State Attorney General Rob McKenna, along with the attorneys general of 54 states, territories and the District of Columbia, today announced an antitrust settlement with three of the largest book publishers in the United States. "We believe publishers illegally fixed e-book prices and that as a result, consumers paid more — millions more — for these products," McKenna said. "Today's settlement paves the way for \$2 million in restitution for Washington state consumers and turns the page on the way e-books are priced. Competition will be restored." 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 to resolve the claims. The settlement is in conjunction with a civil antitrust lawsuit filed in U.S. District Court for the Southern District of New York against Hachette, HarperCollins, and Simon & Schuster. The states allege that the three publishers and others, including non-settling publishers Macmillan and Penguin (collectively, the "Agency Five" publishers), "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, so that retail prices to consumers would be the same regardless of which outlet they patronized." As a result, the states allege that consumers paid millions of dollars more for their e-books.

The lawsuit and today's settlement come from a two-year investigation conducted by the Connecticut and Texas Attorneys General and U.S. Department of Justice's Antitrust Division. Under the proposed agreement, which the court must approve, the three publishers will compensate consumers who purchased e-books from any of the Agency Five between April 1, 2010 and May 21, 2012. Payments will begin 30 days after final court approval of the settlement. In addition to paying restitution, the settling defendants will also pay to the states approximately \$7.5 million in fees and costs. The three publishers 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. For two years they will be prohibited from making any new agreements limiting retailers' ability to offer consumer discounts or other promotions which encourage the sale of e-books. The proposed settlement agreement also precludes the three publishers from further conspiring or sharing competitively sensitive information with their competitors for five years. Also for five years, Hachette, HarperCollins and Simon & Schuster will be forbidden from entering into any agreement that could undermine the effectiveness of this settlement. Another case against non-settling publishers—Penguin Group, Inc. and Holtzbrinck Publishers LLC (doing business as Macmillan) and Apple, Inc., remains pending in the Southern District of New York.