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Emerging Technology Marketing Consultants

14 April 2012
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Dear Mr. Read:

This letter is in response to the request for comments during 60 day review period for the proposed settlement with HarperCollins, Hachette Book Group and Simon & Schuster.

Prior to the establishment of the agency model by HarperCollins, Hachette Book Group, Simon & Schuster, Macmillan, and Penguin—Amazon exhibited predatory pricing of its electronic books. This dumping prevented other distributors from entering the market. By requiring that purchasers of its Kindle can only purchase electronic books from Amazon was a refusal to deal—third line forcing—a violation of the U.S. Restrictive Trade Practices Act. Furthermore, Amazon practices price discrimination—for the same title, a purchase from the United States bookstore will result in either a 70% or 35% royalty, depending on the country the buyer is located in.

The U.S. Department of Justice has taken no action to stop this abusive conduct by Amazon. It failed to enforce antitrust law that promotes and maintains market competition.

The terms and conditions of the agency model addressed the negligence by the Department of Justice by restricting Amazon's erogenous conduct. The result is that Apple, Barnes&Noble, Google, and many other companies are able to compete in this market.

The illusion of prices for electronic books having risen is largely the result that Amazon's ability to price dump has been minimized. The proposed settlement is an abuse of authority that intimidates publishers by threatening them with a long and expensive lawsuit. The settlement will reduce competition, enabling renewed market distribution monopolization by Amazon. It is contrary to the purpose of antitrust law.

Sincerely,

Mark Duncan