



Department of Justice

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AT
(202) 514-2007
TTY (866) 544-5309

**REMARKS AS PREPARED FOR DELIVERY BY ACTING ASSISTANT ATTORNEY
GENERAL SHARIS A. POZEN AT THE E BOOKS PRESS CONFERENCE**

WASHINGTON, D.C.

Thank you Attorney General Holder. And thank you for your leadership on this important issue for consumers. And I am so glad that one of our enforcement partners, Attorney General Jepsen, could be here with us today.

It is important for the department to conclude its investigation and bring this action to maintain an open and competitive marketplace while we are in the early stages of this emerging technology—electronic books. Ensuring an open and competitive marketplace allows for innovation, which is good for businesses participating in that marketplace and is good for consumers.

Make no mistake, the antitrust laws are flexible and can keep pace with technology and a rapidly changing industry. This can be seen by our efficient and thorough investigation of this matter as well as the effective remedy we have proposed for three of the publishers.

Working with the state attorneys general and the European Commission truly makes this a global enforcement effort. Never before have we seen this kind of cooperation on a civil antitrust enforcement matter. I am grateful and proud of what we have been able to accomplish thus far.

The Attorney General provided details of the alleged conspiracy, which drove up e-book prices virtually overnight. I would just like to give you a flavor of the egregiousness of the alleged behavior, which took place at the highest levels of these publishing companies by providing you with some statements from our complaint.

We allege that CEOs of the publishers bemoaned the “wretched \$9.99 price point.” One executive said that, “the goal is less to compete with Amazon as to force it to accept a price level higher than 9.99.” And yet another said, “we’ve always known that unless other publishers follow us, there’s no chance of success in getting Amazon to change its pricing practices.” Our complaint also quotes Apple’s then-CEO Steve Jobs as saying, “the customer pays a little more, but that’s what you [he’s referring to the publishers here] want anyway.”

As you can see, we allege that these executives knew full well what they were doing. That is, taking steps to make sure the prices consumers paid for e-book were higher.

We believe the proposed settlement involving the three publishers—Hachette, HarperCollins and Simon & Schuster—will begin to undo the harm caused by the companies’ anticompetitive conduct, and will restore price competition so that consumers can pay lower prices for their e-books.

This remedy will restore competition to this important industry and benefit consumers.

By requiring the companies to allow retailers the freedom to lower the prices of their e-book titles, it will provide for a more open and fair marketplace.

The Attorney General mentioned that as part of the settlement, these companies will end their illegal most favored nation agreements with Apple and other e-book retailers. I want to stress that agreements between companies that are reached unilaterally are legal and appropriate. However, let me be clear, when companies get together and conspire to enter into agreements that eliminate price competition, it crosses the line. This kind of agreement is illegal and anticompetitive. That’s when the Antitrust Division will take action, as we have done today.

As the Attorney General mentioned, three of the companies—Apple, Macmillan and Penguin—have chosen to litigate this case. We will pursue vigorously our claims against those companies to ensure that consumers get the full benefits of the competition they deserve.

I too want to acknowledge our partners in this investigation, with whom we have been working for many months. The Attorneys General from Texas, Connecticut, Ohio and Pennsylvania are filing their own lawsuits today in federal court in Texas. They have led the efforts of 16 states and Puerto Rico on this matter, and they have been real partners in this endeavor.

Also, from the beginning of this administration, the Antitrust Division has worked diligently to enhance its cooperation with its international antitrust colleagues. This investigation is a shining example of how far we have come in our cooperation efforts.

I want to thank the efforts of the division’s dedicated staff on this matter. They know the industry well and they have worked tirelessly on behalf of consumers. I know that they will continue their fine work on this important matter.

And now, I would like to turn this over to Attorney General Jepsen who will say a few words about the states’ actions taken today. George.

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