

BOOKSTORE

3 E. Jackson Street
Sylva, NC 28779
Phone: (828) 586-9499
Fax: (828) 586-9499
www.citylightsnc.com


John Read
Chief, Litigation III Section
Antitrust Division
U.S. Department of Justice
450 5th Street, NW, Suite 4000
Washington, DC 20530

June 19, 2012

Dear Mr. Read:

The position taken by the Department of Justice in its suit against Apple and five major publishers with agency model pricing for e-books is bad for consumers of books because it is bad for competition. Placing even more power in the hands of the bookselling monopoly Amazon.com by allowing it to resume predatory pricing of ebooks is a mistake that will have dire consequences including severely limiting the selection of quality books as well as the channels through which readers discover books. As the owner of a rural, independent bookstore with both a downtown and online presence, I am deeply concerned that the DOJ is conflating widgets with intellectual property, thus further tilting the playing field as my business struggles to compete with a behemoth that already has unfair advantages such as selling merchandise to our neighbors on a tax-free basis. Unlike a printed book, an ebook is not a hybrid commodity; with the latter, a buyer purchases only a limited licence to view intellectual property owned by an author and/or publisher. In the case of ebooks, the retailer invests only in promoting the work, not paying the publisher until after a sale is completed. This amounts to a consignment rather than a wholesale arrangement, and so the publisher should be free to set prices for their products without fear of having their content devalued by a mass-merchandiser who would use borrowed intellectual property as a loss leader. If there was collusion between certain publishers and Apple to set prices, the DOJ should handle that as a matter separate from the general practice of agency model pricing which promotes competition and reader choice. I respectfully submit that the draft settlement agreement between the DOJ and Hachette, Simon & Schuster and HarperCollins be revised accordingly. Thank you for your consideration.

Cordially,



Christopher Wilcox, owner

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