

## **U.S. Blames Apple for 2010 e-Book Price Hike**

Larry Neumeister, Associated Press

NEW YORK (AP) — A U.S. government lawyer opened a civil trial by portraying Apple Inc. as a corporate bully that swaggered into the market for electronic books in 2010, forcing an end to price competition and costing consumers hundreds of millions of dollars.

The Justice Department attorney, Lawrence Buterman, said Monday a dramatic price increase in e-books was "no accident or unforeseen outcome" but the result of a deliberate plan by Apple and five book publishers to eliminate Seattle-based Amazon.com's \$9.99 bargain price for popular e-books.

He asked U.S. District Judge Denise Cote, who is overseeing a trial expected to last several weeks, to find that the computer company had violated anti-trust laws.

Apple lawyer Orin Snyder sharply disputed the government's claims, saying the company had been waiting eagerly for its chance to show it had enhanced competition and improved the e-book industry.

"Apple is going to trial because it did nothing wrong," he said. "Apple did not conspire with any publisher individually, collectively or otherwise to raise industry prices."

He called the government's case bizarre, saying: "Even our government is fallible, and sometimes the government just gets it wrong."

Buterman said the scheme to boost prices to \$12.99 and \$14.99 was encouraged by Steve Jobs, the late founder of the Cupertino, Calif.-based computer giant. The lawyer said he would display emails and other correspondence that showed Jobs was active in the company's efforts to control e-book prices as Apple was preparing to launch the iPad.

The nonjury trial results from a lawsuit last year that accused the company of seeking to enter the market for e-books in 2010 in a way that would guarantee it 30 percent profits. A separate court proceeding could be conducted to quantify harm to consumers.

"Apple's conduct cannot be excused," Buterman said. "Consumers in this country paid hundreds of millions of dollars more for e-books than they would have."

But Snyder said a ruling against Apple would mark the first time in anti-trust law

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history in which a new entrant in a market was condemned when its presence benefited consumers.

He said Apple entered an "e-book market that was broken, lacked innovation, lacked competition and was heading nowhere good."

He said publishers fought a pricing arrangement that the government said would guarantee Apple 30 percent profits, so it defies logic to insist there was collusion.

"The government is asking your honor to proceed on a perilous path," Snyder said.

The trial's first witness, Kevin Saul, testified that Apple knew publishers were interested in charging higher prices for e-books when it entered the market. He said Apple arranged a different pricing model with publishers than Amazon.com had because Apple realized it would lose money otherwise.

He said Apple was indifferent to how its competitors dealt with publishers.

"We were focused solely on opening an e-books store for Apple," Saul said.

Five publishers named in the lawsuit have settled. The judge had urged Apple to do the same, though she assured Apple a fair trial Monday, saying: "The deck is not stacked against Apple unless the evidence stacks the deck against Apple."

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