

Apple e-book price-fixing case

The U.S. Supreme Court has rejected Apple's appeal in its iBooks antitrust lawsuit, leaving the iPad maker to pay a \$450 million penalty for conspiring with five publishers to artificially inflate e-book prices

Traditional wholesale pricing model



Publisher: Sells printed book to bookseller at discount, typically 50%

Bookseller: Chooses how much to sell to customer



2010: Apple launches iBooks. Apple and five publishers switch from **wholesale** pricing to so-called **agency pricing**. Publishers set prices and receive 70% of retail price – Apple takes 30% commission. Publishers agree not to sell at discount to Apple's rivals, including Amazon

Agency pricing model



Deal lifts price of best-selling e-books to between \$12.99 and \$14.99

