

Book 'em Dano

By Reg P. Wydeven
May 26, 2012

As I wrote in prior articles, this summer we'll be going to Disney World to celebrate my parents' 50th wedding anniversary. There will be long car rides to the airport and long flights. The kids have talked about bringing books and video games to entertain themselves. As I mentioned, I'll have my smart phone to read comic books, listen to music and play games.

When I got my phone, it came preprogrammed with the Amazon.com Kindle application, which allows me to read electronic books on my phone. Of course, the first e-books I downloaded were the 'Star Wars: Lost Tribe of the Sith' series. The books were free and were written by Wisconsin's own John Jackson Miller. Jackson is one of our family's favorite authors, as every year Appleton's Chimera Hobby Shop graciously hosts the author on Free Comic Book Day, where he has autographed books and posters for us.

I haven't purchased any e-books for my phone yet, though. I have amassed a collection of hundreds of Star Wars and Star Trek books over the years from rummage sales, online auction sites and thrift stores. On average, I've paid less than twenty-five cents per book. That's why it's harder for me to justify the expense of an e-book, especially when I still prefer the feel of a good book in my hands.

While I have been accused of being cheap, the cost of e-books may not be a figment of my frugal imagination.

Last week U.S. District Judge Denise Cote refused to dismiss lawsuits alleging that Apple and various publishing houses conspired to drive up the price of electronic books.

Earlier this year the U.S. government joined 15 states in suing Apple and publishers Hachette, HarperCollins, Simon & Shuster (publisher of Star Trek books!), Holtzbrinck Publishers (doing business as Macmillan), and The Penguin Publishing Co. Ltd. (doing business as Penguin Group). The government reached a settlement with the first three publishers, but is pursuing its suit against Apple, Holtzbrinck and Penguin.

According to the suit, Apple conspired with the publishers in the fall of 2009 to increase e-book prices above the standard \$9.99 charged by Amazon.com for the Kindle. As Apple was preparing to launch the iPad, the portable electronics juggernaut and the publishers were purportedly worried that Amazon was charging too little for e-books compared to their hardcover counterparts, which typically cost \$20 or more.

By charging so little, Amazon was accused of selling e-books at a loss to entice customers, forcing competitors to correspondingly lower their prices in the process. Amazon had a lot of sway, as Judge Cote noted in her decision that by 2010, the online retailer was responsible for 90% of e-books sales in the U.S.

She also cited Apple founder Steve Jobs, who spoke about agreements between the publishers and Apple, saying they would cause prices to "be the same" at Apple and Amazon.com. Cote's decision also stated that Jobs told the publishers that "the customer pays a little more, but that's what you want anyway."

Apple countered by claiming it worked with the publishers to merely improve the efficiencies of distribution. Apple insists it has fostered innovation and competition by introducing its iBookstore in 2010 and said customers had benefited from e-books that are more interactive and engaging.

Judge Cote didn't buy it, holding that Apple had a "strong incentive" to encourage publishers to agree on price-fixing for e-book sales so that its iBookstore could engineer "a fundamental shift in an entire industry."

It'll be interesting to see how this lawsuit plays out. In the meantime, instead of using my smart phone for e-books, I'll use its GPS to find rummage sales.

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