

Attorney General Aaron M. Frey Sues Apple for Monopolizing Smartphone Markets

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Frey Joins the Justice Department and 15 States in Consumer Protection Enforcement Suit

AUGUSTA – Attorney General Aaron M. Frey has joined the Justice Department and 15 state and district attorneys general in filing a civil antitrust lawsuit against Apple for monopolization or attempted monopolization of smartphone markets in violation of Section 2 of the Sherman Act.

The complaint, filed in the United States District Court for the District of New Jersey, alleges that Apple illegally maintains a monopoly over smartphones by selectively imposing contractual restrictions on, and withholding critical access points from, developers. Apple undermines apps, products, and services that would otherwise make users less reliant on the iPhone, promote interoperability, and lower costs for consumers and developers. Apple exercises its monopoly power to extract more money from consumers, developers, content creators, artists, publishers, small businesses, and merchants, among others. Through this monopolization lawsuit, the Justice Department and state Attorneys General are seeking relief to restore competition to these vital markets on behalf of the American public.

“Apple knows that people rely on its products and we believe it used that reliance to lock in consumers and limit their options,” said Attorney General Frey. “This type of behavior violates all the principles of a competitive marketplace and ultimately hurts consumers.”

As alleged in the complaint, Apple has monopoly power in the smartphone and performance smartphones markets, and it uses its control over the iPhone to engage in a broad, sustained, and illegal course of conduct. This anticompetitive behavior is designed to maintain Apple’s monopoly power while extracting as much revenue as possible. The complaint alleges that

Apple's anticompetitive course of conduct has taken several forms, many of which continue to evolve today, including:

- **Blocking Innovative Super Apps.** Apple has disrupted the growth of apps with broad functionality that would make it easier for consumers to switch between competing smartphone platforms.
- **Suppressing Mobile Cloud Streaming Services.** Apple has blocked the development of cloud-streaming apps and services that would allow consumers to enjoy high-quality video games and other cloud-based applications without having to pay for expensive smartphone hardware.
- **Excluding Cross-Platform Messaging Apps.** Apple has made the quality of cross-platform messaging worse, less innovative, and less secure for users so that its customers have to keep buying iPhones.
- **Diminishing the Functionality of Non-Apple Smartwatches.** Apple has limited the functionality of third-party smartwatches so that users who purchase the Apple Watch face substantial out-of-pocket costs if they do not keep buying iPhones.
- **Limiting Third Party Digital Wallets.** Apple has prevented third-party apps from offering tap-to-pay functionality, inhibiting the creation of cross-platform third-party digital wallets.

The complaint also alleges that Apple's conduct extends beyond these examples, affecting web browsers, video communication, news subscriptions, entertainment, automotive services, advertising, location services, and more. Apple has every incentive to extend and expand its course of conduct to acquire and maintain power over next-frontier devices and technologies.

For over a century, the Department has enforced the antitrust laws against illegal monopolies, deploying the Sherman Act to unfetter markets and restore competition. As alleged in the complaint, the Department is seeking equitable relief on behalf of the American public to redress Apple's long-running, pervasive anticompetitive conduct.

Apple Inc. is a publicly traded company incorporated in California and headquartered in Cupertino, California. In fiscal year 2023, Apple generated annual net revenues of \$383 billion and net income of \$97 billion. Apple's net income exceeds any other company in the Fortune 500 and the gross domestic products of more than 100 countries.

Maine joined the U.S. Department of Justice, along with the Attorneys General of New Hampshire, New Jersey, Arizona, California, Connecticut, Michigan, Minnesota, New York, North Dakota, Oklahoma, Oregon, Tennessee, Vermont, Wisconsin, and the District of Columbia in filing this complaint.

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