

Attorney General Clark Sues Apple for Monopolizing Smartphone Markets

Press Releases
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Attorney General Charity Clark, along with the U.S. Justice Department and 15 other state and district Attorneys General, filed 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 today in the U.S. 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.

"Consumers and small businesses are harmed when their choices are restricted and costs artificially inflated by monopolistic companies manipulating the market," said Attorney General Clark. "I have joined this lawsuit to hold Apple accountable for their anticompetitive practices which have harmed Vermonters and the entire industry."

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 cloudstreaming 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.

A copy of the complaint can be found <u>here</u>.

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Annotated, as well as the Vermont Secretary of State's most recent guide to compliance, available at https://sos.vermont.gov/elections/.



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