

# Attorney General Mayes Sues Apple for Monopolizing Smartphone Markets

*Thursday, March 21, 2024*

**PHOENIX** – Attorney General Kris Mayes, joining the U.S. Justice Department and 15 other state and district attorneys general, today 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 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. 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 has used its monopoly power to block competition, stifle innovation, and extract higher prices from consumers,” said Attorney General Mayes. “No company, even one as big as Apple, is above the law. Apple’s anticompetitive behavior has violated antitrust law and harmed consumers. Holding Apple accountable is critical to ensuring a competitive market where innovation can flourish and consumers can access a wide range of affordable products and services. Fair competition protects consumer choice and encourages innovation, leading to better products and services for everyone.”

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, making it less innovative and less secure for users, so its customers have to keep buying iPhones.
- **Diminishing the Functionality of Non-Apple Smartwatches.** Apple has limited the functionality of third-party smartwatches, so 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.

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.

A copy of the complaint is available below.



Apple File Stamped Complaint 3.21.24.pdf (<https://www.azag.gov/sites/default/files/2024-03/Apple%20File%20Stamped%20Complaint%203.21.24.pdf>)

2.35 MB

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