



**Key Quotes and Excerpts from the House Judiciary Committee’s
Antitrust Subcommittee Report:
*Investigation of Competition in the Digital Marketplace: Majority Staff Report and
Recommendations*
October 6, 2020**

<https://judiciary.house.gov/news/documentsingle.aspx?DocumentID=3429>

| | |
|--|---|
| <i>App Distribution</i> | <ul style="list-style-type: none">● “Apple has not produced any evidence that the App Store is not the sole means of distributing apps on iOS devices and that it does not exert monopoly power over app distribution.” (p. 334) |
| <i>Communication with Users</i> | <ul style="list-style-type: none">● “Apps are not permitted to communicate with iOS users that the app may be available for purchase at a lower price outside the App Store, provide links outside of the app that may lead users to find alternative subscription and payment methods, or offer their own payment processing mechanism....Apps that violate Apple’s policies can be removed from the App Store, losing access to the only means of distributing apps to consumers with iOS devices.” (p. 338-9) |
| <i>IAP</i> | <ul style="list-style-type: none">● “... Apple owns the iOS operating system as well as the only means to distribute software on iOS devices....Apple prohibits alternatives to the App Store and charges fees and commissions for some categories of apps to reach customers. It responds to attempts to circumvent its fees and commissions with removal from the App Store. Because of this policy, developers have no other option than to play by Apple’s rules to reach customers who own iOS devices. Owners of iOS devices have no alternative means to install apps on their phones.” (p. 341)● “Apple’s monopoly power over app distribution on iPhones permits the App Store to generate supra-normal profits. These profits are derived by extracting rents from developers, who either pass on price increases to consumers, or reduce investments in innovative new services. Apple’s ban on rival app stores and alternative payment processing locks out |

| | |
|---------------------------------|---|
| | <p>competition, boosting Apple’s profits from a captured ecosystem of developers and consumers” (p. 345)</p> <ul style="list-style-type: none">• “Internal Apple communications reviewed by Subcommittee staff indicate that Apple has leveraged its power over the App Store to require developers to implement IAP or risk being thrown out of the App Store. Then-Apple CEO Steve Jobs once explained, “there will be some roadkill because of it. I don’t feel guilty” when confronted with developer complaints about Apple’s commission and requirement to use IAP.” (p. 348) |
| <i>Self-Preferencing</i> | <ul style="list-style-type: none">• “Subcommittee staff reviewed communications between Apple employees that demonstrate an understanding inside Apple that pre-loading apps could be advantageous when competing against third-party apps.” (p. 352)• “Apple’s position as the provider of iOS enabled it to designate the App Store as the sole means for app developers to distribute software to iPhone users. Apple’s public statements, including testimony by Mr. Cook that Apple’s apps “go through the same rules” as more than 1.7 million third-party apps appear to be inconsistent with Apple’s actual practices. In this case, Apple leveraged its control of iOS and the App Store to give its own apps preferential treatment, and applied a different set of rules than third-party apps, punishing them for the very conduct Apple engaged in.” (p. 361) |