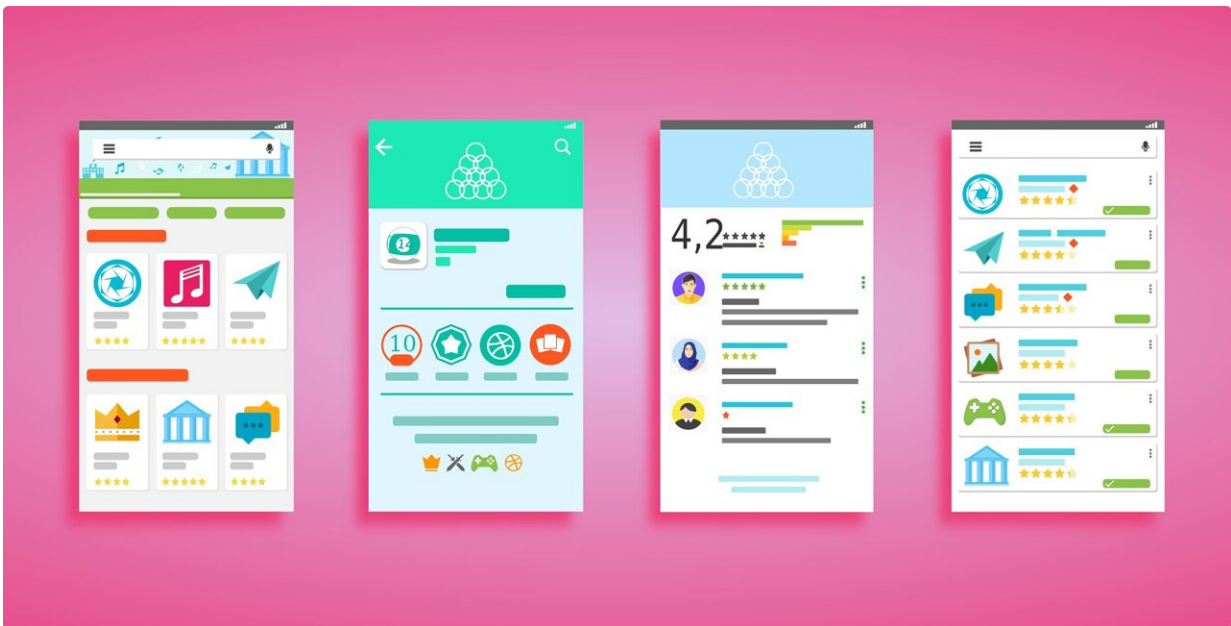


Apple wins reprieve in deadline to revamp App Store rules

December 9 2021, by Malathi Nayak



Credit: Pixabay/CC0 Public Domain

Apple Inc. won a delay to court-mandated changes to its App Store as the company appeals the ruling, marking a victory in a legal battle with Fortnite maker Epic Games Inc.

A federal appeals court on Wednesday granted Apple's request to halt a Dec. 9 deadline to comply with a judge's directive that the company allow [app developers](#) to steer customers to payment methods outside the

[store](#). The ruling is a significant victory for the iPhone maker as it fights a broad challenge by Epic Games Inc. to its domination of the \$142 billion mobile-app distribution market.

The world's most-valuable technology company has argued to the 9th Circuit Court of Appeals that the changes ordered by U.S. District Judge Yvonne Gonzalez Rogers "will harm customers, developers, and Apple itself." Now, the overhaul she ordered in September will be paused until Apple's appeal is resolved, which could take at least a year.

Apple briefly reached an intraday high on the news. The shares were up 2.1% to \$174.79 at 2:40 p.m. in New York.

Epic declined to comment and Apple had no immediate comment on the ruling.

In her ruling, Gonzalez Rogers vindicated Apple over Epic's claims that App Store policies violate [federal antitrust law](#) because they hurt developers and consumers while enriching the technology giant. But she held that Apple had violated California's unfair competition laws with its so-called anti-steering policy that forbids developers from using web links or other means within apps to inform consumers about payment methods outside the App Store.

Apple told the 9th Circuit that it had already satisfied half of the judge's order by changing its guidelines to allow "out-of-app communications" between all developers and users. The part of the order targeted in Apple's stay request involves in-app advertising and links.

Apple has shown "at minimum, that its appeal raises serious questions" on the lower court's ruling that it violated California's unfair competition law, the appeals court said in its order.

The iPhone maker continues to face a plethora of antitrust lawsuits in and outside the U.S. seeking to open up the App Store to competition, monopolization enforcement investigations brought by federal and state agencies, and legislative bids to restrict its business practices.

Bloomberg Intelligence has said that pressure on Apple to lower its App Store commissions on developers, which currently run as high as 30%, could squeeze revenue by \$2 billion to \$4 billion in a worst-case scenario.

Epic, maker of the popular Fortnite game, is also appealing the portions of Gonzalez Rogers' decision that went against it. Chief Executive Officer Tim Sweeney has said its [appeal](#) could take five years to be resolved, a time span that might include a trip to the U.S. Supreme Court.

Before Gonzalez Rogers' ruling, Apple announced two App Store changes, similar to the court's injunction, in settlements with small U.S. developers and the Japan Federal Trade Commission.

Apple is letting developers directly communicate with users about alternative payment methods, and next year it will begin allowing so-called "reader" apps—those that deal with media like video, photos and news—to point users to the web to subscribe, bypassing Apple's fees.

©2021 Bloomberg L.P.

Distributed by Tribune Content Agency, LLC.

Citation: Apple wins reprieve in deadline to revamp App Store rules (2021, December 9)
retrieved 3 August 2024 from

<https://techxplore.com/news/2021-12-apple-reprieve-deadline-revamp-app.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private

study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.