

# EU accuses Apple of antitrust breach over App Store rules

30 April 2021, by Kelvin Chan



In this Tuesday, Jan. 26, 2021 file photo, European Commissioner for Europe fit for the Digital Age Margrethe Vestager speaks during a news conference on European project in battery value chain at the European Commission headquarters in Brussels. European Union regulators are accusing Apple of violating the bloc's antitrust rules, alleging that the company distorts competition for music streaming through rules for its App Store. The EU's executive Commission said Friday, April 30, 2021, it objected to Apple's way of doing business, which it said ends up costing consumers more and limiting their choices. (AP Photo/Francisco Seco, Pool, File)

European Union regulators accused Apple on Friday of violating the bloc's antitrust laws, alleging the iPhone maker distorts competition for music streaming by imposing unfair rules for rival services in its App Store.

The EU's executive Commission said it objected to Apple's rules for [music](#) streaming services that compete with its Apple Music service, saying they end up costing consumers more and limiting their choices.

The charges underscore the pressure Apple faces from EU regulators in Brussels, who have opened

multiple investigations into the company. It also highlights the long-running feud between Apple and [popular music](#) streaming service Spotify over payments and app distribution.

One of the main concerns outlined by the EU centers on Apple's practice of forcing app developers selling digital content to use its in-house payment system, which charges a 30% commission on all subscriptions.

The EU's investigation, which was sparked by a complaint from Spotify, found that fees end up being passed on to consumers.

A second EU concern is that Apple prevents developers from telling users about cheaper ways to pay for subscriptions that don't involve going through an app.

Apple rejected the charges, saying it was proud of its role in helping Spotify grow into a music streaming giant. The company also noted that Spotify doesn't pay Apple a commission for 99% of its paid subscribers.

"Once again, they want all the benefits of the App Store but don't think they should have to pay anything for that," Apple said in a statement. "The Commission's argument on Spotify's behalf is the opposite of fair competition."

The EU's competition commissioner, Margrethe Vestager, said while Spotify had grown despite Apple's rules, they appeared to hurt smaller music streaming players like Deezer and Soundcloud.

"Our concern is that Apple distorts competition in the music streaming market to the benefit of its own music streaming service, Apple Music," she told reporters in Brussels.

Vestager noted that Apple Music isn't subject to the same rules, which hurts rivals by raising their costs,

reducing their profit margins and making them less attractive on the App Store. She said the problem is not the fee itself, but that Apple only charges it on payments for digital content and not other services such as transport or food deliveries. The EU's investigation found it typically pushed up the price of a monthly subscription to 12.99 euros (\$15.70) from 9.99 euros, she said.

Spotify refuses to use Apple's app payment system to sell premium subscriptions, instead requiring customers to go through its website. [Epic Games, which makes the popular video game Fortnite, has also filed an EU antitrust complaint against Apple.](#) When it tried to bypass the App Store with its own payment system, Apple kicked out the Fortnite app.

Apple's ban on communicating with customers means app makers can't get the same insights into their users that Apple does, such as the reason for canceling a subscription, Vestager said.

"Not only are they not allowed to mention their websites or any link to them in their own apps," Vestager said. "They are also not allowed to send emails to users that created an account in the app in order to inform them about cheaper alternatives."

Apple has 12 weeks to respond to the EU's objections. Under EU competition law, companies could offer a remedy—Vestager indicated she thought "Apple should end the infringement" and not do anything that would have the same effect. Or else, companies could be fined up to 10% of their annual revenue for breaches. For Apple, which reported \$274.5 billion in revenue in its latest financial year, that could mean a fine of up to \$27.4 billion.

Spotify welcomed the EU's move. It's "a critical step toward holding Apple accountable for its anticompetitive behavior, ensuring meaningful choice for all consumers and a level playing field for app developers," the company's chief legal officer, Horatio Gutierrez, said in a statement.

© 2021 The Associated Press. All rights reserved.

This material may not be published, broadcast, rewritten or redistributed without permission.

APA citation: EU accuses Apple of antitrust breach over App Store rules (2021, April 30) retrieved 29

November 2021 from <https://techxplore.com/news/2021-04-eu-accuses-apple-antitrust-breach.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.*