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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

EPIC GAMES, INC.,

Plaintiff,

vs.

APPLE INC.,

Defendant.

Case No. _____

COMPLAINT FOR INJUNCTIVE RELIEF

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Plaintiff Epic Games, Inc. ("Epic"), by its undersigned counsel, alleges, with knowledge with respect to its own acts and on information and belief as to other matters, as follows:

NATURE OF THE ACTION

1. In 1984, the fledgling Apple computer company released the Macintosh—the first mass-market, consumer-friendly home computer. The product launch was announced with a breathtaking advertisement evoking George Orwell's *1984* that cast Apple as a beneficial, revolutionary force breaking IBM's monopoly over the computing technology market. Apple's founder Steve Jobs introduced the first showing of the 1984 advertisement by explaining, "it appears IBM wants it all. Apple is perceived to be the only hope to offer IBM a run for its money . . . . Will Big Blue dominate the entire computer industry? The entire information age? Was George Orwell right about 1984?"

2. Fast forward to 2020, and Apple has become what it once railed against: the behemoth seeking to control markets, block competition, and stifle innovation. Apple is bigger, more powerful, more entrenched, and more pernicious than the monopolists of yesteryear. At a market cap of nearly $2 trillion, Apple's size and reach far exceeds that of any technology monopolist in history.

3. This case concerns Apple's use of a series of anti-competitive restraints and monopolistic practices in markets for (i) the distribution of software applications ("apps") to users of mobile computing devices like smartphones and tablets, and (ii) the processing of consumers' payments for digital content used within iOS mobile apps ("in-app content"). Apple imposes unreasonable and unlawful restraints to completely monopolize both markets and prevent software developers from reaching the over one billion users of its mobile devices (*e.g.*, iPhone and iPad) unless they go through a single store controlled by Apple, the App Store, where Apple exacts an oppressive 30% tax on the sale of every app. Apple also requires software developers who wish to sell

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digital in-app content to those consumers to use a single payment processing option offered by Apple, In-App Purchase, which likewise carries a 30% tax.

4. In contrast, software developers can make their products available to users of an Apple personal computer (*e.g.*, Mac or MacBook) in an open market, through a variety of stores or even through direct downloads from a developer's website, with a variety of payment options and competitive processing fees that average 3%, a full ***ten times*** lower than the exorbitant 30% fees Apple applies to its mobile device in-app purchases.

5. The anti-competitive consequences of Apple's conduct are pervasive. Mobile computing devices (like smartphones and tablets)—and the apps that run on those devices—have become an integral part of people's daily lives; as a primary source for news, a place for entertainment, a tool for business, a means to connect with friends and family, and more. For many consumers, mobile devices are their primary computers to stay connected to the digital world, as they may not even own a personal computer. When these devices are unfairly restricted and extortionately "taxed" by Apple, the consumers who rely on these mobile devices to stay connected in the digital age are directly harmed.

6. Epic brings this suit to end Apple's unfair and anti-competitive actions that Apple undertakes to unlawfully maintain its monopoly in two distinct, multibillion dollar markets: (i) the iOS App Distribution Market, and (ii) the iOS In-App Payment Processing Market (each as defined below). Epic is not seeking monetary compensation from this Court for the injuries it has suffered. Nor is Epic seeking favorable treatment for itself, a single company. Instead, Epic is seeking injunctive relief to allow fair competition in these two key markets that directly affect hundreds of millions of consumers and tens of thousands, if not more, of third-party app developers.

7. Apple imposes unreasonable restraints and unlawfully maintains a total monopoly in the iOS App Distribution Market. To live up to its promise to users that "there's an app for that", Apple, after a short initial attempt to go it alone, opened up

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