IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

CAMPUS BOOK COMPANY, INC.; BJJ CORPORATION; CBSKY, INC.; CBSNM, INC.; and RENTTEXT.COM, INC.	§	
each individually and as representatives of all others similarly situated,	§	
Plaintiffs,	§	**CASE NO. __________________**
v.	§	**CLASS ACTION COMPLAINT**
MCGRAW-HILL GLOBAL EDUCATION HOLDINGS, LLC; PEARSON EDUCATION, INC.; , CENGAGE LEARNING, INC.; BARNES & NOBLE EDUCATION, INC.; BARNES & NOBLE COLLEGE BOOKSELLERS, LLC; FOLLETT HIGHER EDUCATION GROUP, INC.; and EDUCATIONAL PUBLISHERS ENFORCEMENT GROUP,	§	**DEMAND FOR JURY TRIAL**
Defendants.	§	

Plaintiffs Campus Book Company, Inc., BJJ Corporation, CBSKY, Inc., CBSNM, Inc., and Renttext.com, Inc. (collectively, the "**Plaintiff Retailers**"), who on their own behalf and on behalf of others similarly situated (the "**Independent Collegiate Retailers**") file this Class Action Complaint against defendants Cengage Learning, Inc., McGraw-Hill Global Education Holdings, LLC, and Pearson Education, Inc. (collectively, the "**Publishers**"), Barnes & Noble Education, Inc., Barnes & Noble College Booksellers, LLC (collectively, "**Barnes & Noble**"), and Follett Higher Education Group, Inc. ("**Follett**") (Barnes & Noble and Follett are collectively referred to herein as the "**Defendant Retailers**"), and Educational Publishers Enforcement Group ("**EPEG**" or the "**Trade Association**") (the Publishers, the Defendant Retailers, and EPEG are collectively referred to herein as the "**Defendants**"), and respectfully allege the following:

I. NATURE OF THE ACTION AND SUMMARY OF THE ALLEGATIONS

1. This antitrust case is about the Publishers and the Defendant Retailers lining their pockets at the expense of financially-vulnerable college students and the Plaintiff Retailers. And, what's more, the Publishers and the Defendant Retailers eliminated from the marketplace those who could prevent them from doing so, including the Plaintiff Retailers and other Independent Collegiate Retailers like them. Amidst trends of market-shifting and revenue decline in the higher education course materials industry, the Publishers and the Defendant Retailers conspired to protect their historical price increases and stranglehold on the market. The Publishers collectively devised and agreed on a plan to force upon the market a product that *must be purchased anew* from the Publishers *by every single college student every single semester* and those purchases can be made only from the Defendant Retailers, thereby eliminating all substitute products and retail competitors, including the significant secondary market for course materials. The product at issue is ironically called "Inclusive Access" ("**Inclusive Access**" or "**Inclusive Access Materials**"). In reality, it should be called "Exclusive Access" as there is nothing inclusive about it. Designed by collusion and agreement, the product specifically *limits* access to higher education course materials and is exclusive to the conspiracy's members, resulting in the elimination of competition, the elimination of access to materials, universities, and students, and higher prices, among other anticompetitive effects.

2. This case challenges the Defendants' conspiracy and their improper acquisition and use of monopoly power to irreparably harm the higher education course materials market by eliminating competition and thereby eliminating any consumer choice. They disguised their anti-

competitive actions as technological advancements, but that was not their true purpose or effect. The Defendants' anticompetitive behavior has and will continue to destroy any competitive market for course materials in higher education. The Defendants' anticompetitive behavior harms the entire market—it results in a complete lack of choice for students, exponentially higher prices for students, and reduction in quality and variety of products and services offered to students. It further has stifled innovation in the marketplace and eliminated and otherwise harmed through improper means the Defendants' competitors and any secondary product markets, including those of the Plaintiff Retailers and other Independent Collegiate Retailers.

3. The long-running conspiracy between and among the Defendants intends to and does artificially limit capacity and reduce supply, eliminate access, and eliminate secondary markets and competitors in the market for course materials at colleges and universities. The conspiracy's end goal and result is eliminating competitors and raising prices. The Defendants have accomplished the conspiracy through agreements in restraint of trade, concerted refusals to deal and group boycotts, exclusive dealing, targeted misinformation and coercion campaigns, and other exclusionary and anticompetitive conduct. The Defendants also have separately and collectively acquired, enhanced, and maintained monopoly power through exclusionary and other anticompetitive conduct.

4. The Defendants' illegal actions have and will ultimately result in a total monopoly and foreclosure of the market for the sale of course materials at every college and university, as well as the complete elimination of any competition for the sale of course materials. Under the Defendants' currently-enacted plan, each semester, every student enrolled at each college or university must purchase course materials in a single format—Inclusive Access—from a single source—the Defendant Retailers—dictated by a single group—the Publishers (or, for colleges or

universities without a Defendant Retailer, by the Publishers themselves or at another exclusive publisher partner as dictated by the Publisher). The Defendants' plan eliminates consumer (student) choice for course material type or place of purchase at any college or university. And for these forced Inclusive Access course materials, prices will rise while quality, service, and innovation will decline, unchecked by any competitive market forces.

* * *

5. The Plaintiff Retailers and members of the Class are retailers who sell and rent course materials to students at independent collegiate retail stores located around colleges and universities (the "**Universities**") throughout the United States and also online. The Plaintiff Retailers' and the Class members' success and profitability depend on their ability to compete fairly for student purchases of course materials, which also helps ensure that students receive the lowest, most competitive prices and terms in the marketplace.

6. Higher education course materials consist of traditional printed textbooks and other materials, as well as digital textbooks and e-textbooks, which have been used as an alternative to traditional, hard copy materials. Students historically obtain e-textbooks by purchasing access codes (or unique serial numbers) that are used to unlock digital textbooks that sometimes also include homework, assignments, quizzes, tests, and/or other learning software online (collectively, these higher education course materials are referred to as "**Course Materials**").

7. The Publishers manufacture and sell and/or rent Course Materials and control at least 80%, and reportedly closer to 90%, of the market nationwide. They have been the dominant firms in the market for the last 30 years. The Association of American Publishers estimates the new Course Materials market in the United States is over $3 billion. The market for Course Materials is captive; although students are the Course Materials' end consumers, the Universities

(and their faculty) select which Course Materials the students must purchase. Thus, the Publishers market Course Materials to the Universities, not their students, and the Publishers generally do not market the Course Materials on price or other aspects important to students. In a properly functioning market, the Publishers would compete with each other to publish Course Materials for each University's classes and that competition would include the type, content, quality, service, and price of Course Materials.

8. The Publishers have always made available for sale and sold Course Materials to both Defendant Retailers and Plaintiff Retailers. The Defendant Retailers contract with the Universities for an "on-campus" location that sells and rents Course Materials. The Plaintiff Retailers and Independent Collegiate Retailers, which include both brick-and-mortar locations as well as online sellers and platforms, compete with the Defendant Retailers to sell and rent Course Materials to students (including bids to become the "on-campus" location).

9. For Universities that lease or subcontract their collegiate retail operations (rather than having them run by the institution itself), each such University has one lease-operated collegiate retailer, who has generally paid the University for the right to operate the on-campus store. The Defendant Retailers operate over 50% of the on-campus stores nationwide, and they normally compete with each other to operate each University's on-campus store.

10. Historically, the higher education Course Materials market included full and open competition between retailers. Universities and faculty members selected Course Materials; publishers made available and sold such Course Materials to *all* retailers at the same price; and the students searched for competitive pricing and terms on those Course Materials—ultimately making purchases either from the Defendant Retailers (or, if not lease-operated, the institution's own on-campus store) or from the Plaintiff Retailers or other Independent Collegiate Retailers (in physical

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