Initial agreement:

The developer agreement for both the iOS and Android app stores allow Apple and Google to take a 30% tax for all in-app purchases. These in-app purchases are defined by apps which sell digital goods in contrast to digital marketplaces which vend physical goods/services (ie. Uber, Airbnb). This therefore encapsulates Epic’s very popular game Fortnite which uses an in-game currency called VBucks for buying character skins. This agreement includes a clause which prevents developers from including different payment methods to bypass the tax on these in-game purchases.

Breach of agreement:

Epic introduced a new direct-payment system in its extremely popular game Fortnite. This direct-payment system offered a cheaper price for the same in-game goods thus directly infringing upon these developer agreements.

Behaviour after breach:

Apple and Google both responded by taking Fortnite off their respective app stores for breaking its rules.

Epic responded with a civil lawsuit against Apple and Google accusing monopolistic practices and anti-competitive actions in these markets, harming device makers, app developers, app distributors, payment processors, and consumers.

Along with this lawsuit Epic parodied Apple’s 1984 advert which accused IBM as being a monopoly, this obviously inferring Apple as being hypocritical due to its monopolistic practices.

Epic’s lawsuit terms

Google counts

1. Sherman Act 2
   1. Unlawful monopoly maintenance in the Android app distribution market
   2. Unlawful monopolization and monopoly maintenance in the Android in-app payment processing market
2. Sherman Act 1 & California Cartwright Act
   1. Unreasonable restraints of trade concerning Android app distribution market: OEMs and DDA
   2. Unreasonable restraints of trade concerning Android in-app payment processing market
   3. Tying Google Play Store to Google Play Billing
3. California Unfair Competition Law

Apple counts

1. Sherman Act 2
   1. Unlawful monopoly maintenance in the iOS app distribution market
   2. Denial of essential facility in the iOS app distribution market
2. Sherman Act 1 & California Cartwright Act
   1. Unreasonable restraints of trade in the iOS app distribution market
   2. Unreasonable restraints in the iOS in-app payment processing market
   3. Tying the app store in the iOS app distribution market to in-app purchase in the iOS in-app payment processing market
3. California unfair competition law

Apples Counter Claimant Lawsuit Against Epic

1. Breach of contract
2. Breach of implied covenant of good faith and fair dealing
3. Quasi-contract/unjust enrichment
4. Intentional interference with prospective economic advantage
5. Conversion
6. Declaratory judgement
7. Indemnification

Googles Counter Claimant

Epic alleging Apple was violating antitrust law. Epic also revealed that Apple threatened to terminate the developer account used to support the company’s Unreal Engine platform, which would prevent Epic from developing future games for iOS or Mac.