Alleged Conspiracy by Apple, Visa, and Mastercard Sparks Class Action Lawsuit

A proposed class action has been filed against tech giant Apple and credit card giants Visa and Mastercard. Mirage Wine & Spirits, a beverage retailer, claims that the trio conspired to stifle competition in point-of-sale payment card network services, resulting in inflated fees for merchant credit and debit transactions.

Unlawful Agreements:
Mirage Wine & Spirits alleges that Apple entered unlawful agreements with Visa and Mastercard, effectively refraining from competing with these credit card companies. The complaint, filed in East St. Louis, Illinois, suggests that in exchange, Visa and Mastercard paid Apple a portion of transaction fees for purchases made on their networks through Apple's Mobile Wallet service.

Financial Incentives:
According to the lawsuit, Apple received what the complaint terms as a "very large and ongoing cash bribe" from Visa and Mastercard, amounting to hundreds of millions of dollars annually. This alleged financial arrangement is a means to secure Apple's cooperation in not competing in the mobile payment sector.

Android Comparison:
The lawsuit draws attention to the contrast between Apple and Google, highlighting that Android-based devices permit third-party mobile wallets, unlike Apple's iPhones. This distinction adds weight to the argument that Apple's practices hinder competition in the mobile payment landscape.

Silent Responses:
Currently, Apple, Visa, and Mastercard representatives have not provided immediate comments on the allegations. The legal team representing Mirage Wine & Spirits has also refrained from quick commentary. On behalf of "at least many thousands" of merchants, the proposed class action seeks triple damages under U.S. antitrust law.

Ongoing Legal Battles:
This is not the first time Apple has been entangled in payments-related legal disputes. Earlier this year, a U.S. judge ruled that Apple must face claims from payment card issuers alleging coercion of iPhone users into using Apple Pay. In a separate case, peer-to-peer payment platforms Venmo and Cash App accused Apple of stifling competition.

EU Antitrust Concerns:
Apple is also grappling with antitrust issues in Europe. Last year, EU regulators accused the company of obstructing rivals' access to tap-and-go transaction technology. Recent reports suggest Apple has proposed allowing rivals access to its mobile payments systems to address these concerns.

Antitrust Claims Against Visa and Mastercard:
Visa and Mastercard, independent of the Apple lawsuit, have faced numerous antitrust claims from merchants related to transaction fees. A U.S. appeals court recently upheld a $5.6 billion antitrust class-action settlement involving over 12 million retailers, who argued that the credit card companies unlawfully fixed fees for credit and debit cards.

Don’t be a silent ninja! Let us know your thoughts in the comment section below.