

The Silicon Valley salary cartel

Google, Apple and others face multi-billion dollar US antitrust class action



Ever felt like you don't get paid enough? Well, for around 60,000 employees of tech giants like Google and Apple, they were oh so right.

There's a class action on foot in the US alleging that tech heavyweights like Apple, Google, Intel and Adobe formed an illegal cartel in which they agreed not to poach each other's employees. The effect was to illegally fix the market for tech workers. It's reported that, if successful, damages could exceed \$9 billion. That's a B, not an M. Billion. And on top of that, new documents revealed last week potentially implicate around 20 new companies in the cartel. It's a veritable who's who of Silicon Valley.

In the US and Australia alike, there are strong anti-cartel laws. The gist is that making agreements with your competitors is bad. First you are likely to be investigated by the competition regulator. Here it's the ACCC. In the US, it's the Department of Justice. Next you are likely to pay pecuniary penalties. In Australia, maximum penalties start from \$10 million. Last comes the civil action by the people affected by the cartel. That's where you pay the mega bucks.

Big cartels like the Silicon Valley salary cartel are routinely hung out to dry, and not just in the US. In Australia, the last great cartel was the air cargo price fixing cartel. Altogether the airlines involved have paid around \$60 million in penalties so far. And the class action is just firing up.

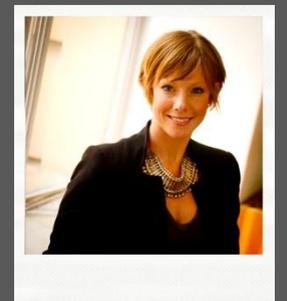
What's interesting about this case is that the conduct of the companies was really blatant and open. They clearly didn't think that colluding with your competitors to not poach each other's employees could be illegal behaviour. But it's no different from any other kind of market carve-up. Whether buying or selling, computers or people, agreeing not to compete is a cartel and it can get you in big trouble.

Questions? Give us a call.



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