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What a Schott! Apex Court Verdict on Key Concepts Under the Competition Act

In the landmark ruling of CCI vs. Schott Glass, the Supreme Court sheds light on the nuances of the Competition Act. The court affirmed that achieving success in business endeavors is not a wrongdoing, emphasizing the necessity for the CCI to conduct an effects-based analysis.

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Supreme Court of India

It's been a marathon, not a sprint. Fifteen long years since a complaint was filed before India's fair-trade regulator, the Competition Commission of India (**CCI**), the saga has come to an end when the Supreme Court gave its verdict in a landmark competition law case in

CCI v. Schott Glass India Pvt. Ltd. & Anr. The decision marks a significant moment, where the apex court dives deep into the substantive aspects of the law prohibiting a dominant enterprise from abusing its market power under the Competition Act, 2002 (**Competition Act**). This precedent isn't just about Schott Glass; it sets out how dominant businesses in India will be viewed and regulated.

Success is not an Offence

One of the most reassuring takeaways for businesses is the Supreme Court's reiteration of a simple but sometimes forgotten principle: being 'big is not bad'. The decision explicitly states: "*Competition law is not designed to humble the successful or to clip the wings of enterprises that have, through industry and innovation, secured a commanding share of the market*." The core purpose of antitrust laws, the Supreme Court clarified,(i) is to preserve the competitive process, (ii) ensuring rivals can genuinely challenge incumbents, (iii) consumers benefit from efficiencies, and (iv) innovation isn't stifled by artificial barriers. Success, by itself, is not an offense.

Crucially, the Supreme Court accepted that if a dominant enterprise's business practices have a clear, legitimate and proportionate rationale, it does not constitute an abuse. These are commonly referred to as "objective justifications" – valid grounds a dominant enterprise can put forth for its conduct. For example, providing discounts to a customer based on purchase volumes can be justified if aimed at ensuring a steady flow of output for the producer, as manufacturing efficiency often relies on stable demand. The Supreme Court clarifies that conduct backed by such objective justifications, which do not otherwise harm consumers or competition, aligns with the Competition Act.

Effects Based Analysis: The Mandatory Standard

The Supreme Court has given a definitive ruling that the CCI must undertake an "effects-based analysis" when considering whether an enterprise has abused its dominant position. In other words, the CCI must demonstrate that the conduct under scrutiny has the "effect" of causing competition distortion or consumer harm. While legislative reports, such as the Raghavan Committee Report (2000) and the Report of the Competition Law Review Committee (2019), consistently noted this requirement, the CCI has undertaken a case by case approach. For example it treated certain actions by dominant firm to be *per-se* illegal, while undertaking a full effects analysis in other cases.

By clarifying that an effects-based analysis is an "*obligatory component*" of the CCI's inquiry into a dominant enterprise's conduct, the Supreme Court brings India's legal standards in line with global best practices in abuse of dominance cases. Jurisdictions like the European Union, United States, and Singapore, all mandate an effects-based analysis. Notably, a recent 2024 decision by the European Court of Justice, which dealt with loyalty-based rebates given by Intel, similarly reaffirmed that there can be no presumption of abuse, particularly when a dominant enterprise offers objective justifications for its conduct.

Procedural Fairness: A Non-negotiable

The Supreme Court also delivered a sharp critique of the CCI for its "serious procedural lapse" in denying Schott India the right to cross-examine key witnesses. Cross-examination is a necessary procedural safeguard, particularly when such witness statements form the basis of CCI's findings. Interestingly, the Supreme Court noted that amendments brought to the law in 2024 indicated that the legislative intent towards providing a right to cross-examination always existed. In the Supreme Court's opinion, such procedural irregularities are sufficient to sound the death knell to the CCI's proceedings. This reinforces the criticality of due process and the importance of the right to challenge evidence.

A Measured Approach

In closing, while the Supreme Court's clarifications on key aspects of abuse of dominance are a welcome development, the introduction of the settlement and commitment regime offers hope that protracted litigation of this nature will soon become a relic of the pre-settlement era. The decision also comes with a timely reminder: as India aspires to become a global manufacturing and technology hub, competition law enforcement must strike a balance between discipline and dynamism. As the global discourse shifts toward greater scrutiny of digital markets, the Supreme Court's measured approach is a reminder that competition law must remain a constructive force in India's rapidly evolving market.

(Co-authored by *Ishaan Chakrabarti, Sarthak Mishra)*

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