Roll No: | | | | | | | | | | | |

PRESIDENCY UNIVERSITY

GAIN MORE KNOWLEDGE
REACH GREATER HEIGHTS

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956
Approved by AICTE, New Delhi | Approved By BCI
Bengaluru

Mid Term Examinations - October 2026

Date: 05/10/2026 **Time:** 11:45 AM - 01:15 PM

Course Code: LAW4021 **Course Name:** Competition Law

Semester: Ninth Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2	CO3
Marks	22	12	56

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	Purpose theory examines whether an agreement was intended to restrict competition, regardless of actual outcome. Effect theory examines the actual or likely effect of the agreement on competition in the relevant market, regardless of intent. Indian law primarily follows the effects-based (AAEC) approach.	2	CO1	BT1
2	Under Section 2(c), a cartel is an association of producers, sellers, distributors, traders or service providers who, by agreement, limit, control or attempt to control the production, distribution, sale or price of, or trade in goods or provision of services.	2	CO2	BT1
3	This may be exempted under the proviso to Section 3(3), which excludes joint ventures that increase efficiency in production, supply, distribution, storage, acquisition, or control of goods or services from the per se prohibition on horizontal agreements.	2	CO3	BT3
4	A hub-and-spoke cartel involves competitors ("spokes") indirectly coordinating anti-competitive conduct through a common intermediary such as a supplier or platform (the "hub"), rather than communicating directly — for example, competing sellers on an e-commerce platform coordinating prices through a shared pricing algorithm.	2	CO3	BT2
5	An anti-competitive agreement is an agreement between enterprises, persons, or associations regarding production, supply, distribution, or control of goods/services that causes or is likely to cause an appreciable adverse effect on competition (AAEC) within India.	2	CO3	BT1

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT

ANSWER KEY

PTO (Please Turn Over)

6	• *ntroduction:* Distinguish structuralist (size/concentration-based) versus behavioral (conduct/effects-based) regulatory philosophies. • MRTP approach — focused on curbing "concentration of economic power" through asset/market-share thresholds and pre-entry restrictions, informed by the Hazari Report's findings. • Criticism of MRTP approach — penalized efficient large firms merely for their size; discouraged economies of scale and legitimate growth; enforcement was slow, and the MRTP Commission passed relatively few substantive orders over its existence. • Competition Act approach — shifts focus to actual anti-competitive conduct (agreements, abuse of dominance, harmful combinations) and their effects on the market, allowing firms to grow through legitimate efficiency and innovation. • Advantages — better aligns with consumer welfare standard; avoids penalizing efficiency; enables India's industrial sector to compete globally without artificial constraints on scale. • Limitations/challenges in practice — conduct-based regulation demands greater institutional capacity (economic expertise, data analysis, investigative resources); CCI's enforcement, while more robust than the MRTP Commission's, still faces challenges of delayed adjudication and resource constraints, particularly in complex digital-market cases.	10	CO1	BT4
7	• *Introduction:* Note these three reports represent three successive stages in India's regulatory philosophy — anti-concentration, reform-within-MRTP, and complete overhaul — spanning roughly four decades. • Hazari Report (1965) — earliest inquiry; found that industrial licensing had led to concentration of economic power among large business houses; directly resulted in enactment of the MRTP Act, 1969, embedding an "anti-concentration" philosophy in Indian economic law. • Sachar Committee Report (1978) — reviewed the MRTP Act's working after roughly a decade of operation; recommended strengthening MRTP Commission powers and widening the scope of restrictive trade practices; represented an internal reform effort within the existing structuralist framework rather than a paradigm shift. • Raghavan Committee Report (2000) — undertaken in the context of post-1991 liberalization; recommended a complete philosophical shift from anti-monopoly/structuralist regulation to pro-competition/conduct-based regulation; directly resulted in the enactment of the Competition Act, 2002, replacing the MRTP Act entirely. • Comparative evaluation — Hazari Report was diagnostic/foundational (identified the problem of concentration); Sachar Committee was corrective/incremental (attempted to fix the existing MRTP framework); Raghavan Committee was transformative/paradigm-shifting (recommended replacing the framework entirely in response to changed economic conditions).	10	CO1	BT4

PART C: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**

ANSWER KEY

8	• *Introduction:* Frame the issue under the proviso to Section 3(3) (joint venture exemption) and, secondarily, Section 3(5)(i) (IP exemption) once patents are developed. • Explain the JV exemption — agreements entered into "by way of joint venture" are excluded from the per se prohibition on horizontal agreements if they increase efficiency in production, supply, distribution, storage, acquisition, or control of goods or services. • Apply to facts — a shared R&D facility for developing new materials, which neither manufacturer could develop as efficiently alone, is a strong candidate for the efficiency-enhancing JV exemption, particularly since it pertains to innovation/product development rather than pricing or output coordination. • Discuss subsequent IP considerations — once patents are jointly developed, any licensing conditions attached to their use (e.g., restrictions on sub-licensing, field-of-use limitations) may separately be assessed under Section 3(5)(i), which exempts reasonable conditions necessary to protect the resulting IP rights. • Discuss limits of the exemption — the exemption would not extend to any coordination on pricing, output, or market allocation for the manufacturers' downstream furniture products; if the "joint venture" is used as a pretext to also align on final product pricing, that conduct would fall outside the exemption and remain subject to Section 3(3) scrutiny. •	10	CO3	BT3
9	• *Introduction:* Frame the issue as whether distribution channel differences (online vs. offline) justify treating the same underlying product as separate relevant markets. • Explain the general principle — relevant market definition ordinarily focuses on the product itself and consumer substitutability, not the mode of distribution, unless the distribution channel materially affects the nature of the product/service offered or consumer purchasing behavior. • Apply demand-side analysis — examine whether consumers view online-only purifiers (without installation/service) and offline purifiles (with installation/service) as substitutable; if consumers requiring professional installation and after-sales support are not willing to switch to a self-install online-only option, this suggests a degree of product differentiation rather than pure channel differentiation. • Discuss counter-view — if the core product (the purifier itself) is functionally identical and the value-added services (installation, after-sales) can be reasonably valued/unbundled or independently obtained by online purchasers (e.g., through third-party service providers), the products may still be considered substitutable and thus within the same relevant market, with online and offline being merely different distribution channels rather than separate markets.	10	CO2	BT3

PART D: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
10	**1. Relevant provision** The arrangement would primarily fall under Section 3(3)(c) of the Competition Act, 2002, which deals with agreements between enterprises that share or allocate markets or sources of production or provision of services. Because the parties are competitors, this is a horizontal agreement. **2. Application** The three platforms have agreed: • Platform A → City 1 • Platform B → City 2 • Platform C → City 3 Consequently, consumers in each city lose the ability to choose between these competing platforms. The arrangement therefore directly reduces competition by allocating geographical markets among competitors.	10	CO3	BT4

ANSWER KEY

11	**Application to the facts** PharmaNova has a valid patent and is licensing its patented drug-delivery technology. A condition restricting the licensee from unauthorised use, reproduction or exploitation of the patented technology may potentially be protected under Section 3(5), because such conditions can be necessary to protect the patent. However, the present restriction goes further. PharmaNova is not merely preventing the licensees from copying or misusing its patented technology. It is preventing them from: "producing competing products using alternative technologies." This is significant because the restriction appears to prevent competition even through technologies that are not covered by PharmaNova's patent. **3. Is Section 3(5) an absolute exemption?** No. Section 3(5) does not give an IP holder a blanket immunity from competition law. The important questions are: 1. Is the restriction connected with protection of the patent? 2. Is it reasonable? 3. Is it necessary for protecting the patent right? 4. Does it go beyond what is required to protect the IP right? Therefore, simply stating that: "We own a patent" is insufficient. The company must demonstrate that the particular restriction is reasonably necessary for protecting that patent.	10	CO3	BT4

PART E: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
12	**Relevant law — Section 3** Section 3(1) prohibits agreements that cause or are likely to cause an appreciable adverse effect on competition (AAEC). Importantly, an "agreement" is defined broadly and can include an arrangement, understanding or concerted action, whether or not it is written. The three food-delivery platforms are competitors. Therefore, if their use of the algorithm involves coordination of their pricing decisions, the arrangement could raise concerns under Section 3(3)(a), which covers agreements that directly or indirectly determine purchase or sale prices. **2. Is merely using the same software illegal?** Not necessarily. The mere fact that three competitors purchase or use the same commercially available software does not by itself establish an anti-competitive agreement. The crucial question is whether the platforms have knowingly coordinated their pricing behaviour, or whether the algorithm facilitates such coordination.	10	CO3	BT4

ANSWER KEY

13	**1. Nature of the agreement** All four companies are competitors operating at the same level of the market. Therefore, their arrangement is a horizontal agreement. The fact that they met through an industry association does not by itself make the arrangement lawful. The substance of their agreement is relevant. 2. Price fixing – Section 3(3)(a) The companies have agreed to: "maintain a minimum price for steel." This amounts to an agreement that directly or indirectly determines purchase or sale prices, attracting Section 3(3)(a). Price fixing between competitors is a classic example of a horizontal anti-competitive agreement. The companies are no longer independently determining their prices based on their individual costs, demand, supply and competitive strategies. **3. Output restriction – Section 3(3)(b)** The companies have also agreed to: "reduce their monthly production by 10%." This restricts or controls the production or supply of goods, attracting Section 3(3)(b). By artificially reducing supply, the companies intend to prevent prices from falling. Thus, the arrangement contains two separate forms of prohibited conduct: • Price fixing – Section 3(3)(a) • Output restriction – Section 3(3)(b)	10	CO3	BT3

ANSWER KEY